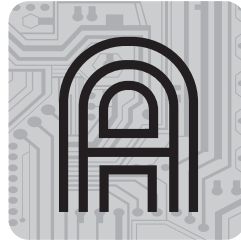


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, 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.



AMTEL HOLDINGS BERHAD

[Registration No.: 199601037096 (409449-A)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- I. PROPOSED BONUS ISSUE OF UP TO 32,518,033 NEW ORDINARY SHARES IN AMTEL HOLDINGS BERHAD ("AHB" OR "COMPANY") ("AHB SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 2 EXISTING AHB SHARES ("PROPOSED BONUS ISSUE OF SHARES"); AND**
- II. PROPOSED ISSUANCE OF UP TO 48,777,049 FREE WARRANTS IN AHB ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 AHB SHARES HELD ON AN ENTITLEMENT DATE, WHICH IS AFTER THE BONUS ENTITLEMENT DATE ("PROPOSED ISSUE OF FREE WARRANTS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

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

The Extraordinary General Meeting of AHB ("EGM") will be conducted virtually through live streaming from the broadcast venue at AHB Group Office, Boardroom, No. 7, Jalan PJS 7/19, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 27 January 2021 at 11.00 a.m., or at any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed herein.

A member entitled to participate, speak and vote at the EGM is entitled to appoint up to two (2) proxies to participate, speak and vote on his/ her behalf. In such event, the completed and signed Proxy Form must be deposited at the Poll Administrator of the Company at Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to EGM-support.Amtel@megacorp.com.my, not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Proxy Form shall not preclude you from participating, speaking and voting at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Monday, 25 January 2021 at 11.00 a.m.

Date and time of the EGM : Wednesday, 27 January 2021 at 11.00 a.m.

This Circular is dated 4 January 2021

DEFINITIONS

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

Act	:	Companies Act 2016
AHB or the Company	:	Amtel Holdings Berhad [Registration No. 199601037096 (409449-A)]
AHB Group or Group	:	AHB and its subsidiaries, collectively
AHB Share(s) or the Share(s)	:	Ordinary share(s) in AHB
Board	:	Board of Directors of AHB
Bonus Entitlement Date	:	A date to be determined and announced later by our Board, on which the names of the shareholders of the Company must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to participate in the Proposed Bonus Issue of Shares
Bonus Share(s)	:	Up to 32,518,033 new AHB Shares to be issued pursuant to the Proposed Bonus Issue of Shares
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
Bursa Securities	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Circular	:	This circular dated 4 January 2021
Depositories Act	:	Securities Industry (Central Depositories) Act 1991
Director(s)	:	The director(s) of AHB and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
EGM	:	Extraordinary General Meeting of the Company
Entitled Holders Warrant	:	Shareholders of AHB whose names appear in the Record of Depositors of the Company on the Warrants Entitlement Date
EPS	:	Earnings per share
FYE	:	Financial year ended/ ending
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	18 December 2020, being the latest practicable date prior to the printing and despatch of this Circular
Market Day(s)	:	Any day from Mondays to Fridays (inclusive of both days), which is not a public holiday and on which Bursa Securities is open for trading of securities
NA	:	Net assets attributable to the owners of the Company
Official List	:	A list specifying all securities that have been admitted for listing on Bursa Securities and not removed

DEFINITIONS (CONT'D)

Proposed Bonus Issue of Shares	:	Proposed bonus issue of up to 32,518,033 Bonus Shares on the basis of 1 Bonus Share for every 2 existing AHB Shares held on the Bonus Entitlement Date
Proposed Issue of Free Warrants	:	Proposed issuance of up to 48,777,049 Warrants on the basis of 1 Warrant for every 2 AHB Shares held on the Warrants Entitlement Date
Proposals	:	Collectively, the Proposed Bonus Issue of Shares and the Proposed Issue of Free Warrants
Record of Depositors	:	A record consisting names of depositors established by Bursa Depository under the Rules of Bursa Depository
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the Depositories Act
UOBKH or the Adviser	:	UOB Kay Hian Securities (M) Sdn Bhd [Registration No. 199001003423 (194990-K)]
VWAP	:	Volume weighted average market price
Warrant Holders	:	The holders of the Warrants
Warrant(s)	:	Up to 48,777,049 free warrants in AHB to be issued pursuant to the Proposed Issue of Free Warrants
Warrants Entitlement Date	:	A date, which will be after the Bonus Entitlement Date, to be determined and announced later by our Board, on which the names of the shareholders of the Company must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to participate in the Proposed Issue of Free Warrants

Unless otherwise stated and wherever applicable, the amount represented in this Circular has been rounded to the nearest whole sen, for ease of reference.

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

References to "**you**" or "**your(s)**" in this Circular are made to shareholders of AHB and references to "**our Company**" or "**the Company**" or "**we**" or "**us**" or "**our**" or "**ourselves**" are made to our Company, and where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, references to "**Board**" are to our Board of Directors and "**Management**" are to our Executive Directors and key management personnel as at the LPD of this Circular.

Any reference in this Circular to any act or enactment is a reference to that act or 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 specified.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. You are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposals before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposals	<u>Proposed Bonus Issue of Shares</u> AHB proposes a bonus issue of up to 32,518,033 Bonus Shares on the basis of 1 Bonus Share for every 2 existing AHB Shares held on the Bonus Entitlement Date.	Section 2
	<u>Proposed Issue of Free Warrants</u> AHB proposes an issuance of up to 48,777,049 Warrants on the basis of 1 Warrant for every 2 AHB Shares held on the Warrants Entitlement Date.	Section 3
Rationale for the Proposals	<u>Proposed Bonus Issue of Shares</u> - To reward our shareholders for their loyalty and continued support; - To increase the number of AHB Shares held by our shareholders, while maintaining their percentage of equity shareholding in us; - To potentially improve trading liquidity of AHB Shares traded in the market at an affordable Share price i.e. lower trading price, without affecting our market capitalisation size; and - To encourage greater participation by our shareholders and/or investors and to potentially widen our shareholder base.	Section 4.1
	<u>Proposed Issue of Free Warrants</u> - To reward our shareholders for their continued support by enabling them to participate in our derivative without incurring any costs; - To provide our shareholders an alternative means to participate and trade in the equity of AHB; - To provide our shareholders an opportunity to further increase their equity participation in AHB by exercising the Warrants at a pre-determined price during the exercise period. Our shareholders may also benefit from potential capital gain in the event of Share price appreciation through the exercise of the Warrants; - To strengthen our capital base, as and when the Warrants are exercised; and	Section 4.2

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	To raise funds as and when the Warrants are exercised to fund AHB Group's working capital and partial repayment of AHB Group's borrowings as highlighted in Section 3.5 of this Circular without the need of incurring interest cost as in the case of bank borrowings.	
Interested parties and any conflict of interest from the Proposals	- None of our Directors, major shareholders and/ or chief executive and/ or persons connected with them has any interest, whether direct or indirect, in the Proposals, save for their respective entitlements as shareholders of AHB under the Proposals, which are also available to all other shareholders of AHB. - UOBKH is an independent party, which has no conflict of interest or potential conflicts of interest arising from its role as the Adviser for the Proposals.	Section 9 and Appendix II
Approvals required	The Proposals are subject to the following approvals being obtained: i. Bursa Securities, the approval of which was obtained on 15 December 2020, for the admission of the Warrants to the Official List, listing and quotation of the Bonus Shares, Warrants and new AHB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities; ii. Our shareholders at the forthcoming EGM; and iii. Any other relevant authority and/ or third parties, if required.	Section 8
Board's recommendation	Our Board recommends that you VOTE IN FAVOUR for the resolutions pertaining to the Proposals, which will 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.	Section 12

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AMTEL HOLDINGS BERHAD

[Registration No.: 199601037096 (409449-A)]
(Incorporated in Malaysia)

Registered Office

No.7, Jalan PJS 7/19
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan

4 January 2021

Board of Directors

YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin (*Non-Independent Non-Executive Chairman*)
Dato' Koid Hun Kian (*Group Managing Director*)
Lim Hun Teik (*Executive Director*)
Siow Hock Lee (*Independent Non-Executive Director*)
Tan Woon Huei (*Non-Independent Non-Executive Director*)
Ir. Chew Yook Boo (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

I. PROPOSED BONUS ISSUE OF SHARES; AND

II. PROPOSED ISSUE OF FREE WARRANTS

1. INTRODUCTION

On 19 November 2020, UOBKH had, on behalf of our Board, announced that we proposed to undertake the following:-

- i. bonus issue of up to 32,518,033 Bonus Shares on the basis of 1 Bonus Share for every 2 existing AHB Shares held on the Bonus Entitlement Date; and
- ii. issuance of up to 48,777,049 Warrants on the basis of 1 Warrant for every 2 AHB Shares held on the Warrants Entitlement Date.

On 15 December 2020, UOBKH had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 15 December 2020, resolved to approve the following:-

- a. listing of and quotation for up to 32,518,033 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities;
- b. admission of the Warrants to the Official List and listing of and quotation for up to 48,777,049 Warrants to be issued pursuant to the Proposed Issue of Free Warrants on the Main Market of Bursa Securities; and
- c. listing of and quotation for up to 48,777,049 new AHB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities,

subject to the terms and conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE OF SHARES

As at the LPD, our total issued shares is 65,036,066 AHB Shares. For avoidance of doubt, we do not have any outstanding convertible securities nor do we retain any treasury shares as at the LPD.

2.1 Basis and number of Bonus Shares

The Proposed Bonus Issue of Shares entails the issuance of up to 32,518,033 Bonus Shares on the basis of 1 Bonus Share for every 2 existing AHB Shares held on the Bonus Entitlement Date. The actual number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares will depend on our total number of issued Shares on the Bonus Entitlement Date.

In determining entitlements under the Proposed Bonus Issue of Shares, fractional entitlements, if any, shall be disregarded and dealt with in such manner as our Board in its absolute discretion deems fit and expedient, and in our best interest.

The price of AHB Shares will be adjusted pursuant to the Proposed Bonus Issue of Shares. Purely for illustrative purpose only, based on the 5-day VWAP of AHB Shares and the daily VWAP of AHB Shares for the 3-month period up to and including the LPD, the theoretical ex-bonus price ("**TEBP**") of AHB Shares is as follows:-

	Before the Proposed Bonus Issue of Shares Market price/ Share RM	After the Proposed Bonus Issue of Shares TEBP/ Share RM
Last transacted price as at the LPD	1.810	1.207
5-day VWAP up to the LPD	1.823	1.215
Lowest 3-month daily VWAP (28 September 2020)	0.795	0.530

Based on the above, the Proposed Bonus Issue of Shares is in compliance with Paragraph 6.30 (1A) of the Listing Requirements which requires the listed issuer to ensure that its share price adjusted for a bonus issue is not less than RM0.50 based on the daily volume weighted average share price during the 3-month period before the application date.

The Proposed Bonus Issue of Shares will not be implemented on a staggered basis.

2.2 No capitalisation of reserves

Our Board has resolved that the implementation of the Proposed Bonus Issue of Shares shall be undertaken without any capitalisation from our reserves and that the Bonus Shares shall be issued as fully paid Shares at nil consideration. The issued share capital in RM value terms will not be affected albeit an increase in the number of Shares in issue pursuant to the Proposed Bonus Issue of Shares.

As the Proposed Bonus Issue of Shares is undertaken without capitalisation from our reserves, it allows us to conserve our reserves.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing AHB Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid before the Bonus Entitlement Date.

The Bonus Shares will be credited directly into the respective Central Depository System (CDS) accounts of shareholders who hold AHB Shares on the Bonus Entitlement Date and no physical share certificates will be issued as the Bonus Shares are prescribed securities under Section 14(5) of the Depositories Act.

For avoidance of doubt, the Bonus Shares will be entitled to the Warrants.

2.4 Listing of and quotation for the Bonus Shares

Approval has been obtained from Bursa Securities vide its letter dated 15 December 2020 for the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities. The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next Market Day following the Bonus Entitlement Date.

A notice of allotment of the Bonus Shares will be issued and despatched to shareholders who hold AHB Shares on the Bonus Entitlement Date within 4 Market Days after the date of listing of and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

3. DETAILS OF THE PROPOSED ISSUE OF FREE WARRANTS

3.1 Basis and number of Warrants

The Proposed Issue of Free Warrants entails the issuance of up to 48,777,049 Warrants on the basis of 1 Warrant for every 2 AHB Shares held by the Entitled Warrant Holders. It is the intention of our Board to announce the Bonus Entitlement Date first and the announcement of the Warrants Entitlement Date after the completion of the Proposed Bonus Issue of Shares.

Based on the number of AHB Shares in issue as at the LPD and assuming the Proposed Bonus Issue of Shares has been completed, our enlarged number of issued shares will be up to 97,554,099 AHB Shares. As such, a total of up to 48,777,049 Warrants will be issued pursuant to the Proposed Issue of Free Warrants.

The basis for the Proposed Issue of Free Warrants was determined after taking into consideration the following:-

- i. amount of proceeds that could potentially be raised as and when the Warrants are exercised during the exercise period of the Warrants;

- ii. dilutive effects arising from the full exercise of the Warrants on our consolidated EPS as set out in Section 6.4 of this Circular; and
- iii. compliance with Paragraph 6.50 of the Listing Requirements, which requires that the number of new AHB Shares that will arise from all outstanding Warrants, when exercised, shall not exceed 50% of the total number of issued Shares (excluding treasury shares and before the exercise of the Warrants) at all times.

In determining the entitlements under the Proposed Issue of Free Warrants, fractional entitlements, if any, shall be disregarded and dealt with in such manner as our Board in its absolute discretion deems fit and expedient, and in our best interest.

The Warrants will be issued in registered form and constituted by a deed poll to be executed by us ("**Deed Poll**"). The indicative salient terms of the Deed Poll are set out in **Appendix I** of this Circular.

The Warrants Entitlement Date will be a date to be determined and announced after the Bonus Entitlement Date, hence the Bonus Shares will be entitled to the Warrants.

The Proposed Issue of Free Warrants is not intended to be implemented in stages over a period of time.

3.2 Basis and justification of determining the issue price and exercise price of Warrants

The Warrants will be issued at no cost to the Entitled Warrant Holders.

Our Board has fixed the exercise price of the Warrants at RM0.65 per Warrant, which represents a discount of approximately 29.9% to the TEBP of AHB Shares of RM0.927 each, calculated based on the 5-day VWAP of AHB Shares up to and including 18 November 2020, being the last traded day of AHB Shares immediately preceding the date of announcement of the Proposals, of RM1.390 each.

Our Board, in determining the exercise price of the Warrants, has taken into consideration amongst others, the following:-

- i. the TEBP of AHB Shares of RM0.927 each, calculated based on the 5-day VWAP of AHB Shares up to and including 18 November 2020, being the last traded day of AHB Shares immediately preceding the date of announcement of the Proposals of RM1.390 each, subject to a discount of not more than 30%;
- ii. the prevailing market conditions and the historical market price of AHB Shares;
- iii. the Warrants being exercisable at any time within a 3-year period from the date of issuance of the Warrants; and
- iv. the potential future earnings of AHB Group.

3.3 Ranking of the new AHB Shares to be issued arising from the exercise of the Warrants

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

3.4 Listing of and quotation for the Warrants and new AHB Shares to be issued arising from the exercise of the Warrants

Bursa Securities had, vide its letter dated 15 December 2020, approved the following:-

- i. admission of the Warrants to the Official List and the listing of and quotation for the Warrants; and
- ii. listing of and quotation for up to 48,777,049 new AHB Shares to be issued pursuant to the exercise of the Warrants,

subject to the conditions as set out in Section 8 of this Circular.

3.5 Utilisation of proceeds

The Proposed Bonus Issue of Shares will not raise any funds for us and the Warrants will not raise any immediate funds for us when issued as the Warrants will be issued without any cost to the Entitled Warrant Holders. The amount of proceeds to be raised from the exercise of the Warrants would depend on the actual number of Warrants exercised during the exercise period of the Warrants. As such, the exact quantum for utilisation of the proceeds to be used cannot be determined at this juncture.

For illustration purpose, assuming all the Warrants are exercised at the exercise price of RM0.65 per Warrant, we will raise gross proceeds of up to approximately RM31.71 million. For clarity, any proceeds raised, as and when the Warrants are exercised, shall be utilised for the following:-

- i. working capital of AHB Group which may include payment of trade and other payables (which includes payment for administrative expenses such as staff salaries, welfare and training and other expenses such as utilities and office upkeep and maintenance). Based on the latest unaudited quarterly results of AHB Group for the 9-month financial period ended 31 August 2020, AHB Group's trade and other payables stood at approximately RM11.66 million and the average trade and other payables turnover ratio was 102 days.

The allocation of the proceeds to be utilised for each component of working capital is subject to AHB Group's operating requirements at the time of utilisation, and such allocation shall be determined at our Board's discretion; and

- ii. partial repayment of AHB Group's borrowings. The allocation of the proceeds to be utilised for the partial repayment of AHB Group's borrowings is subject to the actual number of Warrants being exercised by the holders of the Warrants during the exercise period of the Warrants and AHB Group's total borrowings at material time. Hence, the annual savings in interest payments cannot be reasonably determined at this juncture.

As at the LPD, AHB Group's total borrowings which consist of bank overdrafts only stood at approximately RM0.44 million.

As at the LPD, AHB Group's cash and cash equivalent stood at approximately RM23.76 million (net of cash deposits with licensed banks under lien) and we have sufficient working capital for the next 12 months. Any proceeds raised from the exercise of the Warrants will be used as additional funds for AHB Group's working capital requirements as well as partial repayment of borrowings. The indicative time frame for the utilisation of the proceeds raised is as follows:-

- i. For working capital, within 12 months from the receipt of proceeds; and
- ii. For partial repayment of borrowings, within 3 months from the receipt of proceeds.

The indicative breakdown of the allocation of the proceeds raised from the exercise of the Warrants between working capital and partial repayment of borrowings will be determined by our Board as it deems fit and pending the utilisation of proceeds raised from the exercise of the Warrants, such proceeds will be placed with licensed financial institutions or short-term money market instruments. Any interest income received from such deposits or instruments will be used as additional working capital for AHB Group.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

4.1 Proposed Bonus Issue of Shares

Our Board intends to undertake the Proposed Bonus Issue of Shares to reward our shareholders in the form of Bonus Shares for their loyalty and continued support as the Proposed Bonus Issue of Shares serves to:-

- i. increase the number of AHB Shares held by our shareholders at no cost to be incurred by our shareholders, while maintaining their percentage of equity shareholding held in us;
- ii. potentially result in an improved trading liquidity of AHB Shares traded in the market at an affordable Share price i.e. lower trading price, without affecting our market capitalisation size; and
- iii. encourage greater participation by our shareholders and/ or investors and to potentially widen our shareholder base.

In addition, the implementation of the Proposed Bonus Issue of Shares via the adoption of the enhanced bonus issue framework (without capitalisation of reserves) will not affect our reserves and the total NA of AHB Group.

4.2 Proposed Issue of Free Warrants

Our Board intends to undertake the Proposed Issue of Free Warrants to reward our shareholders in the form of Warrants for their loyalty and continued support as the Proposed Issue of Free Warrants serves to:-

- i. reward our shareholders for their continued support by enabling them to participate in our derivative without incurring any costs;
- ii. provide our shareholders an alternative means to participate and trade in the equity of AHB;
- iii. provide our shareholders an opportunity to further increase their equity participation in AHB by exercising the Warrants at a pre-determined price during the exercise period. Our shareholders may also benefit from potential capital gain in the event of Share price appreciation through the exercise of the Warrants;
- iv. strengthen our capital base, as and when the Warrants are exercised; and
- v. provide an appropriate avenue to raise funds as opposed to other fund raising exercises in view that it will progressively raise proceeds as and when the Warrants are exercised to fund AHB Group's working capital and partial repayment of AHB Group's borrowings as highlighted in Section 3.5 of this Circular without the need of incurring interest cost as in the case of bank borrowings. This will consequently improve the gearing level of AHB Group.

4.3 Other equity fund raising exercises in the past 12 months

For shareholders' information, we had on 7 September 2020, announced a private placement of up to 10,839,413 AHB Shares, representing up to 20% of the then total number of issued Shares pursuant to Sections 75 and 76 of the Act ("**Private Placement**"). On 19 October 2020, 10,839,000 AHB Shares were issued and allotted at an issue price of RM0.724 each and were listed and quoted on the Main Market of Bursa Securities on 20 October 2020, raising total gross proceeds of approximately RM7.85 million. The status of the utilisation of the said gross proceeds as at the LPD is set out below:-

Private Placement	Expected timeframe for utilisation	Amount allocated RM'000	Amount utilised as at the LPD RM'000
Setting up of manufacturing line ^{*1}	Within 12 months from the receipt of placement funds	1,500	72
Working capital ^{*2}	Within 12 months from the receipt of placement funds	6,299	6,143
Expenses in relation to the Private Placement	Upon completion of the Private Placement	48	48
Total		7,847	6,263

Notes:-

^{*1} The proceeds earmarked for setting up of manufacturing line will be used for the purchase of machinery such as output display system, auto screwing machine, screwing machine jig, auto visual measuring instrument machine and conveyor belt. All machinery and equipment required for the setting up of the production and assembly line will be sourced from local manufacturers. The setting up of manufacturing line is intended to cater for the manufacturing of AHB Group's in-house design built-in-toll reader ("**BITR**") and digital video recorder ("**DVR**") products. The aforementioned products will be supplied to local automobile manufacturers and overseas automobile manufacturers in the future as well.

The manufacturing line is expected to have a production capacity of 12,000 units/ month for BITR and 5,000 units/ month for DVR products:-

Type of machinery	Quantity	Total cost RM	Production capacity Units per month	Expected production output Units per month
Production and assembly line for:-				
i. BITR	3 lines	580,000	4,000 per line (12,000 total)	3,000 per line (9,000 total)
ii. DVR	1 line	365,000	5,000	4,000
Quality control and testing system	1	555,000	-	-
Total		1,500,000		

^{*2} The proceeds earmarked for working capital will be used for amongst others, to finance inventories and payment to creditors for manufacturing activities in the Information and Communication Technology ("**ICT**") segment and payment to subcontractors to fulfil AHB Group's existing and new contracts in the Telecommunications, Infrastructure and Services ("**TIS**") segment.

The breakdown of the working capital utilised up to the LPD is as follows:-

Working capital items	Amount utilised RM'000
Payment to creditors and purchase of inventories for ICT segment	4,643
Payment to subcontractors for TIS segment	1,500
	6,143

The Private Placement was completed on 20 October 2020. Save for the Private Placement, we have not undertaken any other equity fund-raising exercises in the past 12 months up to the date of this Circular.

5. INDUSTRY OVERVIEW AND OUTLOOK OF AHB GROUP

5.1 Overview and outlook for the Malaysian economy

For 2019 as a whole, the Malaysian economy expanded by 4.3% (2018: 4.7%).

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

The Malaysian economy experienced the full impact of the COVID-19 pandemic in the second quarter of 2020, with the real gross domestic product ("**GDP**") contracting by 17.1%. The contraction was mainly attributed to the imposition of the Movement Control Order ("**MCO**") to contain the outbreak. Though affecting all sectors in the economy, the move was necessary to flatten the COVID-19 curve and save lives. Hence, the Government has announced several stimulus packages totalling RM305 billion to support both households and businesses. 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 GDP is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. With the bold and swift measures undertaken Malaysia has been recognised as one of the most successful countries in managing the socio-economic impact of the pandemic.

Domestic demand is expected to contract by 3% in 2020, with private and public sectors' spending declining by 3.2% and 2.1%, respectively. In the first half of 2020, domestic demand declined significantly by 7.7%, amid restricted movements to contain the COVID-19 pandemic. Nevertheless, the announcement of various stimulus packages and the gradual resumption of economic activities are expected to restore business and consumer confidence in the second half of the year. Hence, domestic demand is anticipated to turnaround to 1.5% during the period and expand further by 6.9% in 2021.

Private consumption declined by 6% during the first half of 2020, affected by the implementation of the MCO. However, household spending is anticipated to pick up during the second half of the year, on the back of various stimulus packages aimed at providing support to households and businesses. The measures include a moratorium on loan repayments, temporary optional reduction in employees' contributions to the Employees Provident Fund and discounts on electricity bill as well as low interest rates. As a result, private consumption is projected to rebound by 4.2% in the second half, cushioning overall consumption activities, which is expected to record a marginal decrease of 0.7% in 2020.

Private consumption is anticipated to increase by 7.1% in 2021, mainly supported by higher disposable income arising from buoyant domestic economic activities, stronger export earnings, accommodative financial stance, extension of tax relief on childcare and favourable stock market conditions. Better job prospects, following broader improvement in the economy and measures addressing employability, are also expected to contribute to household spending. Furthermore, the expected recovery in the tourism-related industries following tax incentives on domestic tourism expenses for households will also provide additional impetus to private sector spending. As the nation rapidly shifts towards adopting digitalisation, the broader availability of various e-commerce platforms and rollout of 5G technology will facilitate economic activities.

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

In line with the reopening of the economy from earlier COVID-19 containment measures and improving external demand conditions, the Malaysian economy recorded a smaller contraction of 2.7% in the third quarter of 2020. This recovery is seen across most economic sectors, particularly the manufacturing sector, which turned positive on account of strong electrical and electronics (E&E) production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally adjusted basis, the economy turned around to register an expansion of 18.2% in the third quarter of 2020 (2Q 2020: -16.5%).

Domestic demand recorded a smaller decline of 3.3% in the third quarter of 2020 (2Q 2020: -18.7%), driven by improvements in both consumption and investment activity. Household spending was mainly supported by gradual recovery in income conditions, while investment activity benefited from the ease of containment measures. Net exports rebounded to record a positive growth of 21.9% in the third quarter of 2020 (2Q 2020: -38.6%), driven by a larger improvement in exports vis-à-vis imports.

Private consumption recovered significantly from the trough in the second quarter to record a smaller contraction of 2.1% in the third quarter of 2020 (2Q 2020: -18.5%). Household spending improved with further loosening of movement restrictions, while broad income conditions gradually recovered amid resumption of economic activities. The improvement in spending was reflected in the uptrend across most retail and financing data during the quarter. Private consumption activity was also supported by stimulus measures such as the EPF i-Lestari withdrawals, wage subsidies and sales tax reduction for cars.

Public consumption registered a higher growth of 6.9% (2Q 2020: 2.3%), benefitting from increased Government spending on supplies and services and faster expansion in emoluments.

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

5.2 Overview and outlook of the information and communication technology industry in Malaysia

The services sector contracted by 6.7% in the first half of 2020 largely due to worldwide travel bans, domestic movement restrictions and quarantines, which severely affected the tourism-related subsectors and airlines. Among the subsectors that have been severely affected include wholesale and retail trade, food & beverages and accommodation, transportation and storage as well as real estate and business services. Nevertheless, the information and communication subsector expanded as online transactions increased significantly during the MCO.

The information and communication subsector expanded by 5.8% in the first half of 2020, primarily supported by higher usage of internet, particularly online transactions, entertainments, educational and work from home ("WFH") activities. The subsector is projected to expand further by 7.1% in the second half of the year buoyed by various Government initiatives. The initiative include a tax exemption of up to RM5,000 for information, communication and technology equipment to support WFH activities and individual income tax relief of up to RM2,500 on the purchase of digital devices.

For the year, the information and communication subsector is anticipated to accelerate by 6.4% as WFH activities, virtual communication and online businesses become the new normal. In 2021, the subsector is projected to expand by 7.9%, with the fifth generation cellular network (5G) spectrum facilitating e-commerce and e-learning activities. The roll-out of the National Fourth Industrial Revolution (4IR) Policy and Digital Economy Blueprint in the fourth quarter of 2020 is expected to enhance the productivity and competitiveness of the subsector. The formation of the Malaysian Digital Economy Task Force, which focuses on digital technology, cybersecurity, trade and digital content is expected to support the accelerate of the subsector.

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

Activity in the services sector recovered substantially, with growth recording a smaller contraction of 4.0% in 3Q 2020 (2Q 2020: -16.2%). The wholesale and retail trade subsector showed a marked improvement, with accelerated sales in the motor vehicles segment following the Sales and Services Tax (SST) exemptions, as well as better performance of the retail trade segment, supported by higher demand for necessities. The recovery, however, was weighed down by subdued spending on non-essential retail goods, such as durable goods and recreational activities. In addition, tourism activity remained weak due to continued closure of international borders, affecting key sub-sectors such as food and beverage and accommodation, as well as transport and storage. Nevertheless, relaxation on movement restrictions enabled resumption of domestic travel activity, and facilitated an incipient restoration of activity in these sub-sectors. Meanwhile, the finance and insurance sub-sector registered positive growth, supported by higher capital market activity, particularly from domestic retail participants, as well as higher net interest and fee income. In addition, growth in the information and communication sub-sector continued to improve amid higher demand for data communication services, particularly driven by the rise of remote working arrangements.

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

5.3 Impact of COVID-19 MCO on the operations and financial performance of AHB Group

The recent ongoing COVID-19 outbreak has caused global economic slowdown since early 2020. As the Malaysian Government enforced the MCO on 18 March 2020, any travel and social gathering had been restricted as well as closure of non-essential businesses.

Our ICT and TIS businesses had also suspended operations during the MCO. Notwithstanding the temporary suspension of operations during the MCO, the impact of COVID-19 on AHB Group's financial performance for the FYE 30 November 2020 was limited as AHB Group had gradually resumed operations since Mid May 2020 after the lifting of travel restriction within the recovery MCO period. Operationally, AHB Group will continue to comply with the Standard Operating Procedures introduced by Malaysia's Ministry of Health.

Moving forward, we expect to face some challenges from the implementation of any new rules imposed by local governments and requirements arising from the COVID-19 pandemic situation. Nevertheless, we will endeavour to comply with any such rules/ requirements and ensure that our business operations are able to function at its optimum capacity.

With the positive news on the development of the vaccines, lifting of travel restrictions, opening up of cross-border travel and normalisation of businesses, we do not foresee that AHB Group's future financial performance will be materially and adversely affected by the COVID-19 pandemic. However, there can be no assurance that any prolonged adverse development arising from MCO, COVID-19 and/ or any other external factors will not have material adverse effect on the financial performance and operations of AHB Group.

5.4 Future prospects of AHB Group

AHB Group is principally involved in 2 business segments as follows:-

- i. ICT which include telematics and navigation products and services, automotive related products, geographical information system and related products and services; and
- ii. TIS which include installation, jointing and testing of utilities, telecommunication and fibre optic cables and associated civil works.

AHB Group's revenue and segmental profit/ loss before tax for the past 3 financial years up to the FYE 30 November 2019 is set out as follows:-

	Audited FYE 30 November		
	2017	2018	2019
	RM'000	RM'000	RM'000
Revenue			
ICT	19,949	39,462	53,972
TIS	12,774	10,933	9,198
	32,723	50,395	63,170
Segment profit/ (loss) before tax			
ICT	(1,893)	1,153	6,582
TIS	167	864	844
	(1,726)	2,017	7,426

Our ICT and TIS segments recorded revenue of RM53.97 million and RM9.20 million, representing approximately 85.4% and 14.6%, respectively, of AHB Group's total revenue of RM63.17 million for the FYE 30 November 2019.

As highlighted in Section 5.1 of this Circular, Malaysia's economy registered a 17.1% contraction in the second quarter of 2020 due to the implementation of national lockdown policies in Malaysia and many countries worldwide in response to the COVID-19 pandemic that restricted many businesses from operating as usual.

Our business activities were similarly affected when the Movement Control Order was implemented on 18 March 2020. Nevertheless, we had progressively resumed our business operations since Mid May 2020 by adhering to the Standard Operating Procedures introduced by Malaysia's Ministry of Health while majority of our staff continue to work from home to support our business operations.

Following the resumption of our business operations, we will continue to focus on improving our existing products in terms of quality, design and functionality to ensure our products remain competitive and meet the requirements of our customers whilst maintaining a lean organisation structure which promotes operation efficiency and cost effectiveness.

Further, as set out in Section 4.3 of this Circular, we had raised proceeds of up to RM7.85 million from the Private Placement. We will utilise RM1.50 million of the proceeds for the setting up of a manufacturing line for our in-house design BTR and DVR, which we believe will enable us to fulfil existing orders received and ensure we have sufficient capacity to cope with increasing market demand (both domestic and overseas) in the future as well. We had also allocated RM6.30 million of the proceeds to fund our working capital requirements for our ICT and TIS segment, thus ensuring AHB Group has sufficient cash to weather any operational headwinds that may arise in the short term.

After taking into consideration the above and the outlook of the Malaysian economy and ICT industry as set out in Sections 5.1 and 5.2 of this Circular, we are cautiously optimistic that AHB Group will be able to continue delivering positive results and in turn, enhance shareholders' value in AHB Group.

(Source: Management of AHB)

6. EFFECTS OF THE PROPOSALS

The effects of the Proposals on the issued Share capital, NA per Share and gearing ratio of AHB Group, earnings and EPS of AHB Group and our substantial shareholders' shareholdings (on the assumption that no Shares are purchased pursuant to our share buy-back mandate), are set out below:-

6.1 Issued share capital

The pro forma effects of the Proposals on our issued share capital are set out below:-

	No. of Shares	RM
Issued Share capital as at the LPD	65,036,066	40,148,639
No. of Shares to be issued pursuant to the Proposed Bonus Issue of Shares	32,518,033	-
	97,554,099	40,148,639
No. of Shares to be issued pursuant to the full exercise of Warrants	48,777,049	31,705,082 ^{*1}
Enlarged issued Share capital	146,331,148	71,853,721

Note:-

^{*1} Assuming all Entitled Warrant Holders exercise their Warrants at the exercise price of RM0.65 per Warrant

6.2 NA per Share and gearing ratio

Based on the latest audited consolidated statements of financial position of AHB Group as at latest audited FYE 30 November 2019, the pro forma effects of the Proposals on the NA per Share and gearing ratio of AHB Group are as follows:-

	I		II	
	Audited as at FYE 30 November 2019	Subsequent events up to the LPD	After Proposed Bonus Issue of Shares	After I and assuming full exercise of the Warrants
	RM	RM	RM	RM
Share capital	32,301,203	40,148,639 ^{*1}	40,148,639	71,853,721 ^{*3}
Other reserves	197,179	197,179	197,179	197,179
Retained earnings	17,526,066	17,478,066	17,268,066 ^{*2}	17,268,066
Shareholders' fund/ NA	50,024,448	57,823,884	57,613,884	89,318,966
No. of Shares in issue	54,197,066	65,036,066 ^{*1}	97,554,099	146,331,148
NA per Share (RM)	0.92	0.89	0.59	0.61
Total borrowings (RM)	503,206	503,206	503,206	503,206
Gearing ratio (times)	0.01	0.01	0.01	0.01

Notes:-

^{*1} After taking into account the issuance and allotment of 10,839,000 Shares at RM0.724 per Share pursuant to the Private Placement on 19 October 2020 and after deducting the expenses of approximately RM48,000 in relation to the Private Placement

^{*2} After deducting the estimated expenses of approximately RM210,000 in relation to the Proposals

^{*3} Assuming all Entitled Warrant Holders exercise their Warrants at the exercise price of RM0.65 per Warrant

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6.3 Substantial shareholders' shareholdings

The Proposed Bonus Issue of Shares will not have any effect on the shareholdings of the substantial shareholders of AHB as the Bonus Shares will be allotted on a pro-rata basis to all the shareholders. However, the number of AHB Shares held by the substantial shareholders will increase proportionately as a result of the Proposed Bonus Issue of Shares.

The Proposed Issue of Free Warrants will not have any effect on the shareholdings of the substantial shareholders of AHB. Assuming all Entitled Warrant Holders exercise their respective Warrants during the exercise period of the Warrants, the number of AHB Shares held by the substantial shareholders will increase proportionately arising from the exercise of the Warrants into new AHB Shares.

For illustration purpose, the pro forma effects of the Proposals on the shareholdings of the substantial shareholders of AHB are as follows:-

	I						II											
	Shareholdings as at the LPD						After the Proposed Bonus Issue of Shares						After I and assuming full exercise of the Warrants					
	<-----Direct----->		<-----Indirect----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
Substantial shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Koid Hun Kian	8,286,088	12.74	8,124,203 ^{*1}	12.49	12,429,132	12.74	12,186,304 ^{*1}	12.49	18,643,698	12.74	18,279,456 ^{*1}	12.49						
Gainfactor Sdn Bhd	8,169,400	12.56	-	-	12,254,100	12.56	-	-	18,381,150	12.56	-	-						
Simfoni Kilat Sdn Bhd	3,993,137	6.14	-	-	5,989,705	6.14	-	-	8,984,557	6.14	-	-						
Koid Siang Loong	1,559,733	2.40	1,800,000 ^{*2}	2.77	2,339,599	2.40	2,700,000 ^{*2}	2.77	3,509,398	2.40	4,050,000 ^{*2}	2.77						

Notes:-

⁴¹ Deemed interested by virtue of shares held by spouse and/ or child pursuant to Section 59(1)(c) of the Act and shares held by virtue of his interest in Simfoni Kilat Sdn Bhd pursuant to Section 8(4) of the Act

² Deemed interested by virtue of his interest in Bai Yun Mountain Trading (M) Sdn Bhd pursuant to Section 8(4) of the Act

6.4 Earnings and EPS

The Proposals are not expected to have any material effect on the earnings of AHB Group for the FYE 30 November 2021. However, assuming the earnings of AHB Group remain unchanged, the EPS of AHB Group for the FYE 30 November 2021 will be proportionately diluted as a result of the increase in the number of AHB Shares in issue pursuant to the Proposed Bonus Issue of Shares, and as and when the Warrants are exercised into new AHB Shares.

The potential effects of the exercise of the Warrants on the future earnings and EPS of AHB Group will depend upon, amongst others, the number of Warrants exercised at any point in time and the benefits to be accrued to AHB Group from the utilisation of proceeds raised from the exercise of the Warrants.

6.5 Convertible securities

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

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of AHB Shares traded on Bursa Securities for the past 12 months from January 2020 to December 2020 are set out below:-

	High RM	Low RM
2020		
January	0.680	0.615
February	0.640	0.500
March	0.555	0.470
April	0.550	0.470
May	0.550	0.490
June	0.550	0.495
July	0.740	0.535
August	0.950	0.690
September	0.850	0.740
October	1.470	0.800
November	2.030	1.110
December	1.900	1.680
Last transacted market price of AHB Shares as at 18 November 2020 (being the latest trading day prior to the announcement on the Proposals)		RM1.43
Last transacted market price on the LPD		RM1.81

(Source: Bloomberg)

8. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals:-

- i. Bursa Securities for the following:-
 - a. listing of and quotation for up to 32,518,033 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
 - b. admission of the Warrants to the Official List and listing of and quotation for up to 48,777,049 Warrants to be issued pursuant to the Proposed Issue of Free Warrants; and

- c. listing of and quotation for up to 48,777,049 new AHB Shares to be issued pursuant to the exercise of the Warrants,

on the Main Market of Bursa Securities, the approval of which has been obtained vide its letter dated 15 December 2020 subject to the following conditions:-

Conditions	Status of compliance
a. AHB and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals	To be complied
b. AHB and UOBKH to inform Bursa Securities upon the completion of the Proposals	To be complied
c. AHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed	To be complied
d. AHB and UOBKH are required to make the relevant announcements for Bonus Shares pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements	To be complied
e. AHB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

ii. the approval of our shareholders at the EGM; and

iii. any other relevant authority, if required.

Save for the completion of the Proposed Bonus Issue of Shares, the Proposed Issue of Free Warrants is not conditional upon any other proposals undertaken or to be undertaken by us.

The Proposed Bonus Issue of Shares is not conditional upon the implementation of the Proposed Issue of Free Warrants and any other proposals undertaken or to be undertaken by us.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/ or chief executive of AHB and/ or persons connected with them has any interest, whether direct or indirect, in the Proposals, save for their respective entitlements as shareholders of AHB under the Proposals, which are also available to all other shareholders of AHB.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposals to be completed in the first quarter of 2021.

The tentative timetable in relation to the Proposals are set out below:-

Timeline	Events
27 January 2021	Convening of EGM
Early February 2021	Announcement of Bonus Entitlement Date

Timeline	Events
End February 2021	• Bonus Entitlement Date • Listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities
Early March 2021	• Announcement of Warrants Entitlement Date
Mid March 2021	• Warrants Entitlement Date
End March 2021	• Listing of and quotation for the Warrants on the Main Market of Bursa Securities

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, which are the subject matter of this Circular, our Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposals, which include, but are not limited to, the basis and number of Bonus Shares and Warrants to be issued, the rationale and justifications, and the pro forma effects of the Proposals on AHB Group, is of the opinion that the Proposals are in our best interest. Accordingly, our Board recommends that you **VOTE IN FAVOUR** for the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

13. EGM

Our EGM, the notice of which is enclosed in this Circular, will be conducted virtually through live streaming from the broadcast venue at AHB Group Office, Boardroom, No. 7, Jalan PJS 7/19, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 27 January 2021 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

A member entitled to participate, speak and vote at the EGM is entitled to appoint up to 2 proxies to participate, speak and vote on his/ her behalf. As such, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, to be deposited at the Poll Administrator of the Company at Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to EGM-support.Amtel@megacorp.com.my, not less than 48 hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Proxy Form shall not preclude you from participating, speaking and voting at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of our Board
AMTEL HOLDINGS BERHAD

DATO' KOID HUN KIAN
Group Managing Director

APPENDIX I - INDICATIVE SALIENT TERMS OF THE DEED POLL

The indicative salient terms of the Deed Poll are as follows:-

Issue size	Up to 48,777,049 Warrants.
Form and denomination	The Warrants will be issued in registered form and constituted by the Deed Poll.
Tenure	3 years commencing from and inclusive of the date of issuance and allotment of the Warrants (" Issue Date ").
Exercise period ("Exercise Period")	The Warrants may be exercised at any time after the Issue Date and ending at 5.00 p.m. on the Expiry Date, provided that if such day falls on a day which is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
Exercise price ("Exercise Price")	RM0.65 or such other exercise price as may be adjusted under the provisions of the conditions as set out in the Deed Poll.
Exercise rights	The rights of a Warrant Holder to subscribe for 1 new AHB Share at the Exercise Price at any time during the Exercise Period, subject to the adjustments in accordance with the provisions of the conditions as set out in the Deed Poll.
Expiry date ("Expiry Date")	The Market Day falling immediately before the 3 rd anniversary of the Issue Date of the Warrants, if such day falls on a day which is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
Mode of exercise	The Warrant Holders are required to lodge a subscription form with the Company's 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 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.
Participating rights of the Warrant Holders	The Warrant Holders will not be entitled to any voting right in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such Warrant Holders exercise their Warrants into new Shares.
Adjustments in the exercise price and/or number of Warrants	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of unexercised Warrants held by each Warrants Holders shall be adjusted, calculated or determined by the Board in consultation with an adviser appointed by the Company and certified by the auditors of AHB in the event of alteration to the share capital of the Company at any time during the tenure in accordance with the provisions of the Deed Poll.
Transferability	The Warrants will only be transferable in accordance with the provisions of the Deed Poll subject always to the provisions of the Depositories Act and the Rules of Bursa Depository
Board lot	For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise of 100 Warrants unless otherwise revised by the relevant authorities.
Rights on winding up, liquidation, compromise and/or arrangement	If a resolution is passed for a members' voluntary winding-up of the Company or 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: (a) 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 Warrant Holders, or some persons designated by them for such purposes by a special resolution will be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant Holders; and

APPENDIX I - INDICATIVE SALIENT TERMS OF THE DEED POLL (CONT'D)

	(b) in any other case, every Warrant Holder shall be entitled (upon and subject to the conditions) to exercise the exercise rights 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 from the granting of the court order approving the compromise or arrangement, as the case may be, by the irrevocable surrender of his Warrants to the Company, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights attached to such Warrants to the extent specified in the exercise notice and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the Shares to which he 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 exercise rights of the Warrants shall lapse and cease to be valid for any purpose.
Modification of rights of the Warrant Holders	Any modification to the Deed Poll may be effected only by deed polls, executed by the Company and expressed to be supplemental to the Deed Poll and subject to the requirements on modification of rights set out in the Deed Poll being complied with. Any such modification shall however be subject to the approval of Bursa Securities and/or any other relevant authorities where required.
Listing status	The Warrants will be listed on the Main Market of Bursa Securities.
Governing law	Laws of Malaysia.

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APPENDIX II - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

UOBKH, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to AHB for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, AHB Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no knowledge of any proceedings pending or threatened against AHB Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect AHB Group's financial position or business.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by AHB Group that has not been provided for which, upon becoming enforceable, may have a material impact on AHB Group's financial results/ position:-

	RM'000
Approved and contracted for:-	
- Purchase of investment properties	1,013
- Property, plant and equipment	3,665
	<u>4,678</u>

6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on AHB Group's financial results/ position:-

	RM'000
Company level	
<u>Contingent liabilities - Secured</u>	
The maximum exposure to credit risk amount represents the outstanding credit facilities of the subsidiaries and associate company guaranteed by AHB	<u>1,064</u>

APPENDIX II - FURTHER INFORMATION (CONT'D)

RM'000**Group level**Contingent liabilities - SecuredBank guarantees^{*1}

542**Note:-**

^{*1} The bank guarantees were issued by a licensed financial institution on behalf of an associate company of AHB in respect of performance guarantees/ bonds for business contracts

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at No.7, Jalan PJS 7/19, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Constitution of AHB;
- ii. Audited consolidated financial statements of AHB Group for the past 2 financial years up to the FYE 30 November 2019 and the latest unaudited results for the 9-month financial period ended 31 August 2020;
- iii. Draft Deed Poll;
- iv. The letter of consent and declaration of conflict of interests referred to in Sections 2 and 3 above, respectively.

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AMTEL HOLDINGS BERHAD

[Registration No.: 199601037096 (409449-A)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Amtel Holdings Berhad ("**AHB**" or the "**Company**") will be conducted virtually through live streaming from the broadcast venue at AHB Group Office, Boardroom, No. 7, Jalan PJS 7/19, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan ("**Broadcast Venue**") on Wednesday, 27 January 2021 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 32,518,033 NEW ORDINARY SHARES IN AHB ("AHB SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF 1 BONUS SHARE FOR EVERY 2 EXISTING AHB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("BONUS ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE OF SHARES")

"THAT subject to the approvals of all relevant authorities and/ or parties (where applicable) being obtained, authority be and is hereby given to the Board of Directors of AHB ("**Board**") to issue and allot up to 32,518,033 Bonus Shares in the share capital of the Company credited as fully paid to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Bonus Entitlement Date on the basis of 1 Bonus Share for every 2 existing AHB Shares held;

THAT the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Bonus Issue of Shares, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing AHB Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid before the Bonus Entitlement Date;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue of Shares with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares."

ORDINARY RESOLUTION 2

PROPOSED ISSUANCE OF UP TO 48,777,049 FREE WARRANTS IN AHB ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 AHB SHARES HELD ON AN ENTITLEMENT DATE, WHICH IS AFTER THE BONUS ENTITLEMENT DATE, TO BE DETERMINED AND ANNOUNCED LATER ("WARRANTS ENTITLEMENT DATE") ("PROPOSED ISSUE OF FREE WARRANTS")

"**THAT** subject to the Ordinary Resolution 1 and the approvals of all relevant authorities and/ or parties (where applicable) being obtained, authority be and is hereby given to the Board to issue and allot up to 48,777,049 Warrants at the exercise price of RM0.65 per Warrant to be credited to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Warrants Entitlement Date on the basis of 1 Warrant for every 2 AHB Shares held in accordance with the provisions in the deed poll to be executed by the Company constituting the Warrants ("**Deed Poll**");

THAT the Board be and is hereby authorised to enter into and execute the Deed Poll on behalf of the Company with full powers to assent to any condition, modification, variation and/ or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient and in the best interest of the Company, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/ or amendments to the exercise price and/ or number of the Warrants as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and take all steps as the Board deems fit and/ or expedient in order and with full powers for the Board to implement, finalise and give full effect to the Deed Poll;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of the Warrants in accordance with the provisions of the Deed Poll and where required, to adjust the exercise price and/ or the number of the Warrants to be issued (including, without limitation, any additional Warrants as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll ("**Additional Warrants**");

THAT the Board be and is hereby authorised to issue and allot such appropriate number of new Shares pursuant to the exercise of the Warrants and Additional Warrants by the holders of the Warrants and Additional Warrants in accordance with the provisions of the Deed Poll;

THAT the Board be and is hereby authorised to deal with any fractional entitlements from the Proposed Issue of Free Warrants, if any, in such a manner at its absolute discretion as the Board may deem fit and expedient and in the best interest of the Company;

THAT the new AHB Shares to be issued pursuant to the exercise of the Warrants and Additional Warrants will, upon allotment and issuance, rank equally in all respects with the existing AHB Shares, save and except that the new AHB Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid to the shareholders of the Company, for which the entitlement date is prior to the date of allotment and issuance of the new Shares arising from the exercise of the Warrants or Additional Warrants;

THAT the proceeds to be raised from the exercise of the Warrants and Additional Warrants, be utilised for such purposes and in such manner as set out in Section 3.5 of the circular to shareholders of the Company dated 4 January 2021, and the Board be authorised with full powers to vary the manner and/ or purpose of the use of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Issue of Free Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Issue of Free Warrants."

By Order of the Board

TEE LEE LENG (MAICSA 7044742)
SSM Practicing Certificate No.: 202008001301
HOH YIT FOONG (LS 0018)
SSM Practicing Certificate No.: 201908000074
Company Secretaries

Selangor Darul Ehsan
4 January 2021

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 January 2021 shall be entitled to participate, speak and vote at this meeting.*
2. *A member of the Company entitled to participate, speak and vote at this meeting is entitled to appoint a proxy to participate, speak and vote in his stead.*
3. *The instrument appointing a proxy or Proxy Form and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority shall be deposited at the Poll Administrator of the Company at Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to EGM-support.Amtel@megacorp.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof at which the person named in such instrument proposes to vote.*
4. *A member shall be entitled to appoint up to two (2) proxies to participate, speak and vote at the meeting and that appointment shall be invalid unless the proportion of holdings represented by each proxy is specified.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*
7. *The EGM will be conducted virtually through live streaming from the Broadcast Venue, members are advised to refer to the Administrative Guide on the registration and voting process for the EGM.*



AMTEL HOLDINGS BERHAD

[Registration No.: 199601037096 (409449-A)]
(Incorporated in Malaysia)

CDS Account No.	
No. of shares held	

PROXY FORM EXTRAORDINARY GENERAL MEETING (Before completing this form, please refer to the notes)

*I/We (full name)

*NRIC No./Passport No./Company No. of (full address)

being a member of **AMTEL HOLDINGS BERHAD ("Company")** hereby appoint

Name	Email Address	Mobile No.	NRIC/Passport	Mailing Address
*And/or failing him/her (delete as appropriate)				

*or failing him/her, the Chairman of the meeting as *my/ our proxy to participate, speak and vote for *my/ our behalf at the Extraordinary General Meeting, which will be conducted virtually through live streaming from the broadcast venue at AHB Group Office, Boardroom, No. 7, Jalan PJS 7/19, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan ("**Broadcast Venue**") on Wednesday, 27 January 2021 at 11.00 a.m., or at any adjournment thereof.

*My/ our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	PROPOSED BONUS ISSUE OF SHARES		
2.	PROPOSED ISSUE OF FREE WARRANTS		

**Strike out whichever is not applicable*

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, at his discretion.

*The proportions of *my/ our holdings to be presented by *my/our proxies are as follows:*

Proxy 1	%
Proxy 2	%
Total	100%

Dated this day of 2021

.....
Signature of shareholder(s)/ Common Seal



Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 January 2021 shall be entitled to participate, speak and vote at this meeting.*
2. *A member of the Company entitled to participate, speak and vote at this meeting is entitled to appoint a proxy to participate, speak and vote in his stead.*
3. *The instrument appointing a proxy or Proxy Form and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Poll Administrator of the Company at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or by email to EGM-support.Amtel@megacorp.com.my, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof at which the person named in such instrument proposes to vote.*
4. *A member shall be entitled to appoint up to two (2) proxies to participate, speak and vote at the meeting and that appointment shall be invalid unless the proportion of holdings represented by each proxy is specified.*
5. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*
7. *The EGM will be conducted virtually through live streaming from the Broadcast Venue, members are advised to refer to the Administrative Guide on the registration and voting process for the EGM.*

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AFFIX
STAMP

The Poll Administrator of

AMTEL HOLDINGS BERHAD

[Registration No.: 199601037096 (409449-A)]

c/o **Mega Corporate Services Sdn Bhd**

Level 15-2, Bangunan Faber Imperial Court

Jalan Sultan Ismail, 50250 Kuala Lumpur

Malaysia

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Fold This Flap For Sealing