

**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, bank manager, solicitor, accountant or other professional advisers immediately.

This Circular has been reviewed by M&A Securities Sdn Bhd as the principal adviser to MAG Holdings Berhad ("**MAG**" or the "**Company**") for the Proposed Bonus Issue of Warrants. Bursa Malaysia Securities Berhad ("**Bursa Securities**") 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.



**MAG HOLDINGS BERHAD**

Registration No. 200401004611 (643114-X)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED BONUS ISSUE OF UP TO 471,677,652 WARRANTS ("WARRANT(S) C") ON THE BASIS OF 1 WARRANT C FOR EVERY 4 EXISTING ORDINARY SHARES IN MAG HOLDINGS BERHAD ("MAG SHARE(S)" OR "SHARE(S)") HELD BY THE ENTITLED SHAREHOLDERS OF MAG ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE OF WARRANTS")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**M&A SECURITIES SDN BHD**

Registration No. 197301001503 (15017-H)  
(A Wholly-Owned Subsidiary of Insas Berhad)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of MAG will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshbsb.net.my/> provided by SS E Solutions Sdn Bhd in Malaysia. The Notice of EGM, Administrative Guide together with the Form of Proxy are enclosed with this Circular.

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 Company's Registered Office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or fax to 03-6201 3121 or e-mail to [ir.mag@shareworks.com.my](mailto:ir.mag@shareworks.com.my) 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 at the EGM should you subsequently decide to do so.

Date and time of the EGM	: Friday, 15 October 2021 at 9.00 a.m., or any adjournment thereof
Last date and time for lodging the Form of Proxy of EGM	: Wednesday, 13 October 2021 at 9.00 a.m.
Meeting platform/ hosted by	: Securities Services e-Portal at <a href="https://sshbsb.net.my/">https://sshbsb.net.my/</a> provided by SS E Solutions Sdn Bhd in Malaysia

**This Circular is dated 30 September 2021**

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## DEFINITIONS

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

ACE Market	: ACE Market of Bursa Securities
Announcement	: Announcement dated 29 July 2021 pursuant to the Proposed Bonus Issue of Warrants
Board	: Board of Directors of MAG
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	: This circular to shareholders dated 30 September 2021
COVID-19	: An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Deed Poll B	: The deed poll constituting the Warrants B dated 10 August 2020
Deed Poll C	: The deed poll constituting the Warrants C and governing the rights of Warrant C Holders to be executed by the Company
EGM	: Extraordinary general meeting
Entitled Shareholders	: The shareholders of MAG whose names appear on MAG's Record of Depositors on the Entitlement Date
Entitlement Date	: 5:00 p.m. on a date to be determined by the Board and announced later, on which the names of shareholders of MAG must appear on the Record of Depositors of MAG as at the close of business on that date in order to be entitled to participate in the Proposed Bonus Issue of Warrants
EPS	: Earnings per Share
FPE	: Financial period ended
FYE	: Financial year ended or financial year ending, as the case may be
LAT	: Loss after taxation
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
LPD	: 20 September 2021, being the latest practicable date prior to the date of printing of this Circular
LPS	: Loss per Share
LTD	: 28 July 2021, being the last trading day immediately prior to the Announcement
LTIP	: Long term incentive plan
MAG or Company	: MAG Holdings Berhad (Registration No. 200401004611 (643114-X))

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**DEFINITIONS (Cont'd)**

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MAG Aquaculture	: MAG Aquaculture Sdn Bhd (formerly known as XW Aquaculture Sdn Bhd) (Registration No. 201801019236 (1281252-U)), a wholly-owned subsidiary of MAG
MAG Group or Group	: MAG and subsidiaries, collectively
MAG Shares or Shares	: Ordinary shares in MAG
Maximum Scenario	: Assuming that: <ul style="list-style-type: none"><li>(i) all outstanding Warrants B are exercised into new Shares prior to the Entitlement Date; and</li><li>(ii) all of the Unissued RCN are issued and converted into new Shares at the minimum conversion price of RM0.20 prior to the Entitlement Date, a total of 160,000,000 new MAG Shares will be issued.</li></ul>
Minimum Scenario	: Assuming that: <ul style="list-style-type: none"><li>(i) none of the outstanding Warrants B are exercised into new Shares prior to the Entitlement Date; and</li><li>(ii) none of the Unissued RCN are issued and converted into new Shares prior to the Entitlement Date</li></ul>
M&A Securities	: M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
NA	: Net assets
NCUBE	: North Cube Sdn Bhd (Registration No. 201601030422 (1201363-X)), a wholly-owned subsidiary of MAG
NCUBE Acquisition	: Acquisition of the entire equity interest in NCUBE at the purchase consideration of RM200 million to be satisfied via a combination of cash, MAG Shares and redeemable preference shares. The said acquisition was completed on 15 July 2021.
PAT	: Profit after taxation
Private Placement	: Private placement exercise of 331,548,600 Shares, which was completed on 14 July 2021
Proposed Bonus Issue of Warrants	: Proposed bonus issue of up to 471,677,652 Warrants C on the basis of 1 Warrant C for every 4 existing MAG Shares held by the Entitled Shareholders on the Entitlement Date
RCN	: Redeemable convertible notes of MAG
RCN Program	: Issuance of RCN with an aggregate principal amount of up to RM120 million which are convertible into a maximum of 600,000,000 MAG Shares at a minimum conversion price of RM0.20 each
Record of Depositors	: The record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd
RM and sen	: Ringgit Malaysia and sen, respectively

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**DEFINITIONS (Cont'd)**

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TEAP	: Theoretical ex-all price
Unissued RCN	: Unissued RCN with an aggregate principal amount of up to RM32 million which are convertible into 160,000,000 MAG Shares based on the minimum conversion price of RM0.20 each
Wakuba Farm	: Prawn aquaculture farm located at Kg Wakuba, Tawau, Sabah with a total land area of 97.9 hectares and 102 prawn cultivation ponds, which was acquired by MAG Aquaculture on 12 December 2019 at a purchase consideration of RM100.0 million
Warrants B	: 333,387,142 outstanding warrants 2020/2023 as at the LPD constituted by Deed Poll B at an exercise price of RM0.23
Warrants C	: Up to 471,677,652 warrants to be issued pursuant to the Proposed Bonus Issue of Warrants
Warrant C Holders	: any person for the time being holding Warrants C in the Company
5D-VWAMP	: 5-day volume weighted average market price

For the purpose of this Circular, all references to a time of day shall be a reference to Malaysian time unless otherwise stated. In this Circular, words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine gender and vice versa. References to persons shall, where applicable, include corporations.

Certain figures included in this Circular have been subject to rounding adjustments. All references to "Our Company" in this Circular are to MAG, references to "Our Group" are to our Company and our subsidiaries, collectively, and references to "we", "us", "our" and "ourselves" are to our Company, and where the context requires, shall include our subsidiaries.

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## EXECUTIVE SUMMARY

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**THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED BONUS ISSUE OF WARRANTS. SHAREHOLDERS OF MAG ARE ADVISED TO READ THE CIRCULAR AND ITS APPENDIX FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED BONUS ISSUE OF WARRANTS BEFORE VOTING AT THE FORTHCOMING EGM.**

Our Board is recommending our shareholders to vote **IN FAVOUR** of the resolution in relation to the Proposed Bonus Issue of Warrants to be tabled at the forthcoming EGM to be convened.

<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Summary</b>	: Up to 471,677,652 Warrants C will be issued on the basis of 1 Warrant C for every 4 existing MAG Shares, held by the Entitled Shareholders at the Entitlement Date.	Section 2
<b>Exercise price</b>	: The Warrants C will be issued at no cost to the Entitled Shareholders.  The exercise price of the Warrants C will be fixed by our Board at a later date after all relevant approvals have been obtained.	Section 2.5
<b>Rationale</b>	: The Proposed Bonus Issue of Warrants will:  (i) Enable our shareholders to participate in our convertible securities, which are tradable on the ACE Market of Bursa Securities, without incurring any cost;  (ii) Provide our existing shareholders with an opportunity to increase their equity participation in MAG at a pre-determined exercise price over the tenure of the Warrants C;  (iii) Allow our existing shareholders to benefit from any potential capital appreciation of the Warrants C; and  (iv) Strengthen the capital base and shareholders' funds of MAG as well as provide additional working capital for our Group, as and when the Warrants C are exercised.	Section 3
<b>Effects</b>	: (i) The Proposed Bonus Issue of Warrants will not have any immediate impact to our share capital as well as our Group's NA and earnings; and  (ii) When the Warrants C are exercised, our share capital and NA will increase. The exercise of the Warrants C will affect our Group's future earnings and EPS depending on the number of Warrants C exercised and the proceeds raised from the exercise of the Warrants C.	Section 4



**MAG HOLDINGS BERHAD**  
(Registration No. 200401004611 (643114-X))  
(Incorporated in Malaysia)

**Registered Office:**

No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan

30 September 2021

**Directors:**

Ng Min Lin (*Executive Chairman*)  
Yeoh Wooi Kia (*Independent Non-Executive Director*)  
Collin Goonting a/l O.S. Goonting (*Independent Non-Executive Director*)  
Datuk Lim Si Cheng (*Independent Non-Executive Director*)  
Melvin Lim Chun Woei (*Non-Independent Non-Executive Director*)

**To: Our Shareholders**

Dear Sir / Madam,

**PROPOSED BONUS ISSUE OF WARRANTS**

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**1. INTRODUCTION**

On 29 July 2021, M&A Securities had on behalf of our Board announced that we proposed to undertake the Proposed Bonus Issue of Warrants.

On 24 September 2021, M&A Securities had on behalf of our Board announced that Bursa Securities had vide its letter dated 24 September 2021 approved the following:

- (i) Admission to the Official List and listing and quotation for up to 471,677,652 Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- (ii) Listing and quotation for up to 471,677,652 new MAG Shares to be issued arising from exercise of the Warrants C.

Bursa Securities' approval is subject to the following conditions:

<u>Conditions</u>	<u>Status of Compliance</u>
1. MAG and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants.	To be complied
2. MAG and M&A Securities to inform Bursa Securities upon the completion of Proposed Bonus Issue of Warrants.	To be complied

<b>Conditions</b>	<b>Status of Compliance</b>
3. MAG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed.	To be complied
4. MAG to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants C as at the end of each quarter together with a detailed computation of listing fees payables.	To be complied

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS, TO SET OUT OUR BOARD'S OPINION AND RECOMMENDATION IN RELATION TO THE PROPOSED BONUS ISSUE OF WARRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT OUR COMPANY'S FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED WITH THIS CIRCULAR.**

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

## **2. DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS**

### **2.1 Basis and number of Warrants C to be issued**

The Proposed Bonus Issue of Warrants entails the issuance of up to 471,677,652 Warrants C on the basis of 1 Warrant C for every 4 existing MAG Shares held by the Entitled Shareholders on the Entitlement Date.

The basis of the Proposed Bonus Issue of Warrants of 1 Warrant C for every 4 existing MAG Shares was arrived at after taking into consideration, amongst others, compliance with Rule 6.51 of the Listing Requirements which states that a listed corporation must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50.00% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

As at the LPD, MAG has the following:

- (i) issued share capital of RM500,993,881 comprising 1,393,323,465 MAG Shares;
- (ii) Warrants B; and
- (iii) Unissued RCN.

On 24 March 2021, we had announced to undertake LTIP of up to 15% of our total issued share capital (excluding treasury shares) at any point of time over the duration of the LTIP for eligible directors of MAG and employees of MAG and its subsidiaries (excluding dormant subsidiaries). The LTIP comprises a share grant and an employees' share option scheme. The LTIP was effectively implemented on 7 July 2021.



For the purposes of the Proposed Bonus Issue of Warrants, we have undertaken not to grant any options/shares until the completion of the Proposed Bonus Issue of Warrants. Since the effective date of the LTIP on 7 July 2021 and up to the LPD, we have not granted any options/shares under the LTIP.

The actual number of Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants would depend on our issued share capital on the Entitlement Date, based on the following:

- Minimum Scenario** : Based on the total number of 1,393,323,465 issued Shares as at the LPD and assuming:
- (i) none of the outstanding Warrants B are exercised into new Shares prior to the Entitlement Date; and
  - (ii) none of the Unissued RCN are issued and converted into new Shares prior to the Entitlement Date.

**Number of Warrants C to be issued:**

348,330,866 Warrants C

- Maximum Scenario** : Based on the total number of 1,393,323,465 issued Shares as at the LPD and assuming:
- (i) all outstanding Warrants B are exercised into new Shares prior to the Entitlement Date; and
  - (ii) all of the Unissued RCN are issued and converted into new Shares at the minimum conversion price of RM0.20 prior to the Entitlement Date.

**Number of Warrants C to be issued:**

471,677,652 Warrants C

Fractional entitlements, arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded and shall be dealt with by our Board in such manner at its absolute discretion as it may deem fit and expedient in order to minimise the incidence of odd lots and in our best interest.

The Entitlement Date will be determined and announced at a later date by our Board upon receipt of all relevant approvals.

The Proposed Bonus Issue of Warrants will not be implemented in stages over a period of time.

## 2.2 Indicative salient terms of the Warrants C

The indicative salient terms of the Warrants are set out as follows:

<b>Terms</b>	<b>Details</b>
Issuer	: MAG
Issue size	: Up to 471,677,652 Warrants C
Form and denomination	: The Warrants C will be issued in registered form and will be constituted by Deed Poll C.

<b>Terms</b>	<b>Details</b>
Tenure	: 3 years commencing from and inclusive of the date of allotment and issuance of the Warrants C (" <b>Issue Date</b> ").
Exercise Period	: The Warrants C may be exercised at any time within the tenure of 3 years commencing on and including the Issue Date of the Warrants C until 5.00 p.m. (Malaysia time) on the Expiry Date (" <b>Exercise Period</b> ").  Any Warrants C not exercised during the Exercise Period will cease to be valid for any purpose and will be deemed to have lapsed.
Exercise Price	: The exercise price of the Warrants C shall be determined and fixed by our Board and announced at a later date, after obtaining the relevant approvals but before the Entitlement Date (" <b>Exercise Price</b> "). Kindly refer to Section 2.3 of this Circular for the basis of determining the exercise price of the Warrants C.
Exercise Rights	: Each Warrant C Holders shall entitle to subscribe for 1 new Share at any time during the Exercise Period and at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll C.
Expiry Date	: The day immediately preceding the 3 <sup>rd</sup> anniversary of the Issue Date. If such day is not a market day, then it shall be the market day immediately preceding the said non-market day.
Board lot	: For the purpose of trading on Bursa Securities, a board lot of Warrants C shall comprise 100 Warrants unless otherwise revised by the relevant authorities.
Mode of exercise	: The Warrant C Holders are required to lodge an exercise form with the Company's registrar, duly completed and signed together with payment either (i) 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 (ii) by way of internet bank transfer to the designated bank account of MAG or via online payment gateway for the Exercise Form lodged electronically for the aggregate of the exercise price payable when exercising their Warrants C to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustment in the Exercise Price and/or the number of Warrants C in the event of alteration to the share capital	: Subject to the provisions of the Deed Poll C, the Exercise Price and/or the number of unexercised Warrants C held by the Warrant C Holders shall, from time to time, be adjusted by our Board in consultation with an approved adviser appointed by us and certified by our auditors in the event of alteration to our share capital at any time during the tenure.
Status of the new MAG Shares to be issued pursuant to the exercise of the Warrants C	: The new MAG Shares to be issued upon the exercise of the Warrants C shall, upon allotment and issuance, rank <i>pari passu</i> in all respects with the then existing MAG Shares, save and except that they shall not be entitled to participate in any rights, allotments, dividends and/or other distributions, where the entitlement date of which precedes the date of allotment of the said new MAG Shares issued pursuant to the exercise of the Warrants C.

<b>Terms</b>	<b>Details</b>
Modification of rights of Warrant C Holder	<p>We may from time to time, without the consent or sanction of the Warrant C Holders but in accordance with the Deed Poll C, modify the Warrants C or the Deed Poll C, if such modification made does not materially prejudice the interest of the Warrant C Holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia, Rules of Bursa Depository, Securities Industry (Central Depositories) Act 1991 and/or the Listing Requirements.</p> <p>Save as provided above, any modification to the terms and conditions of the Deed Poll C may be effected only by a further deed poll, executed by us and expressed to be supplemental to the Deed Poll C and comply with the requirements of the Deed Poll C. Any of such modification shall however be subject to the approval of any relevant authority as required under the law in Malaysia and the Warrant C Holders by way of special resolution (if so required).</p>
Rights of Warrant C Holders	<p>The Warrants C do not confer on their holders any voting rights or any right to participate in any form of distribution other than on winding up, compromise or arrangement of the Company as set out in the Deed Poll C, until and unless such holders of Warrants C exercise their Warrants C for new Shares in accordance with the provisions of the Deed Poll C and such new Shares have been allotted and issued to such holders.</p>
Rights in the event of winding up, liquidation or an event of default	<p>If a resolution is passed for a members' voluntary winding-up of the Company or where there is 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 one (1) or more companies, then:</p> <ul style="list-style-type: none"> <li>(i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Issuer is the continuing corporation) to which the Warrant C Holders, or some persons designated by them for such purposes by a special resolution shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant C Holders; or</li> <li>(ii) in any other case, every Warrant C Holder shall be entitled at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement (whichever is the later but in both cases, not later than the end of the Exercise Period), by irrevocable surrender of his Warrants together with the duly completed exercise form and payment of the relevant Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the Exercise Rights represented by such Warrants, to the extent specified in the exercise form and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the New Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Issuer shall give effect to such election accordingly.</li> </ul> <p>Subject to the foregoing, if the Company is wound up or an order has been granted for such compromise or arrangement, all Exercise Rights which have not been exercised within six weeks of the passing of the resolution or the court order shall lapse and the Warrants C will cease to be valid for any purpose.</p>

<b>Terms</b>	<b>Details</b>
Listing	: The Warrants C will be listed and quoted on the ACE Market.
Transferability	: The Warrants C shall be transferable in accordance with the Securities Industry (Central Depositories) Act 1991 and the rules of Bursa Malaysia Depository Sdn Bhd.
Governing Law	: Laws of Malaysia.

### **2.3 Basis and justification for the exercise price of the Warrants C**

The Warrants C will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants C will be determined by our Board at a later date after all relevant approvals have been obtained. The exercise price will be determined after taking into consideration the following:

- (i) the historical price movement of MAG Shares;
- (ii) the TEAP of the Shares based on the 5D-VWAMP of the Shares up to and including the last trading day prior to the price-fixing date of Warrants C;
- (iii) the prevailing market conditions; and
- (iv) the future funding requirements of our Group.

In any event, the discount of the exercise price of the Warrants C shall not be more than 20.00% from the TEAP of MAG Shares computed based on the 5D-VWAMP of MAG Shares up to and including the price fixing date. This discount range was determined by our Board to stimulate more demand for the MAG Shares before the Entitlement Date, encourage the exercise of the Warrants C, as well as for the potential funding benefits of the Warrants C in future upon the exercise of Warrants C.

For illustrative purposes only, the indicative exercise price of the Warrants C is assumed to be RM0.15 each, which represents a discount of approximately 10.00% to the 5D-VWAMP of MAG Shares up to and including the LPD of RM0.17 per Share. Correspondingly, the TEAP of MAG Shares for the Proposed Bonus Issue of Warrants, computed based on the 5D-VWAMP of MAG Shares up to and including the LPD of RM0.17 per Share, is RM0.166 per Share. Thus, the indicative exercise price of RM0.15 represents a discount of approximately 9.64% to the TEAP.

Our Board wishes to emphasise that the indicative exercise price of RM0.15 should not be taken as an indication of or reference to the actual exercise price of the Warrants C, as it will only be determined and announced at a later date.

### **2.4 Ranking of the Warrants C and the new MAG Shares to be issued arising from the exercise of Warrants C**

The Warrant C Holders will not be entitled to any voting rights or participation in any form of distribution other than on winding-up, compromise or arrangement of MAG as set out in the Deed Poll C constituting the Warrants C in MAG until and unless such Warrant C Holders exercise their Warrants C into new MAG Shares.

The new MAG Shares to be issued upon the exercise of the Warrants C shall, upon allotment and issue, rank *pari passu* in all respects with the existing MAG Shares, save and except that they shall not be entitled to participate in any rights, allotments, dividends and/or other forms of distributions, where the entitlement date of which precedes the date of allotment of the said new MAG Shares issued pursuant to the exercise of the Warrants C.

## **2.5 Listing of and quotation for the Warrants C and the new Shares to be issued arising from the exercise of Warrants C**

Approval has been obtained from Bursa Securities, vide its letter dated 24 September 2021, for the following:

- (i) admission of the Warrants C to the Official List of Bursa Securities; and
- (ii) listing of and quotation for the Warrants C and new Shares to be issued arising from the exercise of the Warrants C,

on the ACE Market.

## **2.6 Utilisation of proceeds from the exercise of Warrants C**

The Proposed Bonus Issue of Warrants is not expected to raise any immediate funds as the Warrants C will be issued at no cost to the Entitled Shareholders.

The eventual proceeds to be raised from the exercise of the Warrants C (if any) is dependent on the number of Warrants C exercised during the tenure of the Warrants C as well as the exercise price of the Warrants C, which will be determined and fixed at a later date.

The gross proceeds to be raised upon full exercise of the Warrants C based on the indicative exercise price of RM0.15 per Share is up to approximately RM70.8 million under the Maximum Scenario.

The proceeds arising from the exercise of Warrants C will be utilised for the working capital requirements of our Group for the day-to-day operations, which may include, *inter-alia*, purchase of prawn fries and prawn feed, administrative expenses such as staff expenses (namely, salaries, allowances and social contributions such as Employees Provident Fund and Social Security Organisation), rental expenses, transportation costs and utilities.

The exact utilisation breakdown and the timeframe for full utilisation cannot be determined at this juncture as it would depend on timing of receipt of such proceeds as well as the actual requirements of our Group at the time of utilisation. Barring any unforeseen circumstances, such proceeds are expected to be utilised within 24 months from the date of receipt of the funds.

Pending the utilisation of proceeds, such proceeds shall be placed in deposits with financial institutions or short-term money market instruments. Interest derived from such deposits or gains from such money market instruments will be used for the working capital requirements of our Group for the day-to-day operations, which may include, *inter-alia*, purchase of prawn fries and prawn feed, administrative expenses such as staff expenses (namely, salaries, allowances and social contributions such as Employees Provident Fund and Social Security Organisation), rental expenses, transportation costs and utilities.

## 2.7 Details of equity fund-raising exercise undertaken in the past 12 months

Save as disclosed below, we have not undertaken any equity fund-raising exercise in the past 12 months before the announcement of the Proposed Bonus Issue of Warrants:

### (i) RCN Program

The commencement date for the RCN Program was on 23 August 2019. As at the LPD, a total of 88 sub-tranches (of RM1.0 million each) has been issued with a total amount raised of RM88.0 million. All the issued RCN have been converted into a total of 440,000,000 new MAG Shares at an issue price of RM0.20 per MAG Share. The remaining RCN with an aggregate principal amount of up to RM32 million which are convertible into 160,000,000 MAG Shares based on the minimum conversion price of RM0.20 each remain unissued as at the LPD. The RCN program is expected to expire on 22 August 2022.

As at the LPD, the status of the utilisation of gross proceeds from the RCN Program is as follows:

<b>Details</b>	<b>(b) Estimated timeframe for utilisation</b>	<b>Approved amount RM'000</b>	<b>Drawdown and utilised RM'000</b>	<b>Drawdown but not utilised RM'000</b>	<b>Amount remaining RM'000</b>
Financing the acquisition of Wakuba Farm <sup>(a)</sup>	Within 3 years	101,000	53,531	16,078	<sup>(c)</sup> 47,469
Working capital for the operation of Wakuba Farm	Within 6 months	9,000	8,421	-	579
<i>Estimated expenses in relation to the issuance of RCN:</i>					
- Setting up cost	Within 1 month	1,600	1,600	-	-
- Implementation cost	Within 3 years	8,400	8,370	-	30
<b>Total estimated proceeds</b>		<b>120,000</b>	<b>71,922</b>	<b>16,078</b>	<b>48,078</b>

### **Notes:**

(a) *Out of the RM101.0 million approved amount, RM50.0 million has been used as cash consideration for the acquisition of the Wakuba Farm (at a total purchase consideration of RM100.0 million) whilst the remaining RM51.0 million is earmarked for the scheduled repayment of term financing (including the financing cost) undertaken by MAG Aquaculture to part-finance the Wakuba Farm (As at the LPD, RM3.53 million out of the RM51.0 million earmarked has been utilised for repayment of the said term financing). The acquisition of the Wakuba Farm was completed on 12 December 2019.*

(b) *From the date of issuance of the respective sub-tranches.*

(c) *To be utilised based on the repayment schedule of the term financing undertaken by MAG Aquaculture to part-finance the Wakuba Farm.*

### (ii) Private Placement

On 24 March 2021, we had announced the Private Placement exercise. 250,000,000 of Shares were subscribed by the subscribers via the subscription agreements entered between the subscribers and MAG on 24 March 2021, at the subscription price of RM0.20 per Share, raising gross proceeds of RM50.00 million. The remaining 81,548,600 placement shares were placed out to third party investors at the issued price of RM0.18 per Share, which raised gross proceeds of approximately RM14.6 million. The acquisition of NCUBE and the listing of 331,548,600 placement shares pursuant to the Private Placement were completed on 14 July 2021.

As at the LPD, the status of the utilisation of proceeds from the Private Placement is set out below:

<b>Proposed utilisation</b>	<b>Amount raised (RM'000)</b>	<b>Amount utilised as at the LPD (RM'000)</b>	<b>Amount unutilised as at LPD (RM'000)</b>	<b>Expected timeframe for utilisation (from the listing date)</b>
Funding for the NCUBE Acquisition	60,000	60,000	-	-
Working capital	3,097	2,335	762	Within 12 months
Estimated expenses for the proposals announced on 24 March 2021	1,500	1,499	1	Within 1 month
<b>Total</b>	<b>64,597</b>	<b>63,834</b>	<b>763</b>	

### 3. RATIONALE FOR THE PROPOSED BONUS ISSUE OF WARRANTS

After due consideration of various methods, our Board is of the view that the Proposed Bonus Issue of Warrants is the most appropriate avenue of rewarding our existing shareholders as the Proposed Bonus Issue of Warrants will:

- (i) enable our existing shareholders to participate in our convertible securities, which are tradable on the ACE Market, without incurring any cost;
- (ii) provide our existing shareholders with an opportunity to increase their equity participation in our Company at a pre-determined exercise price over the tenure of the Warrants C;
- (iii) allow our existing shareholders to benefit from any potential capital appreciation of the Warrants C; and
- (iv) strengthen our capital base and shareholders' funds as well as provide additional working capital for our Group, as and when the Warrants C are exercised.

#### 3.1. Other information

##### (i) Financial information of our Group

A summary of our consolidated financial information for the FYE 31 December 2016 to FYE 31 December 2019 and 15-months FPE 31 March 2021 are set out below:

	<b>Audited</b>				<b>Unaudited</b>
	<b>FYE 31 December 2016</b>	<b>FYE 31 December 2017</b>	<b>FYE 31 December 2018</b>	<b>FYE 31 December 2019</b>	<b>(i)(ii) 15-months FPE 31 March 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	768,057	357,460	315,001	1,624	55,958
Gross profit / (Gross loss)	81,266	21,804	(588)	308	10,898
Profit before tax / (Loss before tax)	38,722	8,853	(26,396)	(28,544)	12,611
PAT/ (LAT) from continuing operation	26,881	(6,780)	(25,537)	(28,562)	12,611
PAT/ (LAT) from discontinued operation	-	-	-	(79,693)	-
Number of Shares	2,348,500	2,348,500	2,573,500	596,775	751,775
EPS/ (LPS) – continuing operation (sen)	1.01	(0.29)	(0.92)	(6.99)	1.91
EPS/ (LPS) – discontinued operation (sen)	-	-	-	(20.3)	-



	Audited				Unaudited (i)(ii) 15- months FPE 31 March 2021
	FYE 31 December 2016	FYE 31 December 2017	FYE 31 December 2018	FYE 31 December 2019	
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	234,850	285,259	296,693	346,680	374,396
Net assets	507,996	473,759	452,690	478,246	536,177
Net assets per Share	0.22	0.20	0.18	0.80	0.71
Total equity attributable to owners of the Company	507,996	473,759	452,690	478,246	536,177
Borrowings (interest-bearing)	27,090	-	196,858	50,295	51,107
Gearing ratio (times) <sup>(iii)</sup>	0.05	-	0.43	0.11	0.10
Current ratio (times) <sup>(iv)</sup>	13.47	49.83	3.42	9.69	5.59

**Notes:**

(i) We had on 6 October 2020 announced that our Board has resolved to approve the change of our FYE from 31 December to 30 June. Hence, the next set of audited financial statements shall be for a period of 18 months from 1 January 2020 to 30 June 2021.

(ii) Annualised revenue and PAT attributable to owners of the Company for 15-months FPE 31 March 2021

	RM'000
Annualised revenue	44,766
Annualised PAT	10,089

(iii) Computed by taking the total borrowings of our Group over the total equity attributable to owners of the Company.

(iv) Computed by taking total current assets over total current liabilities of our Group.

**FYE 31 December 2017 vs FYE 31 December 2016**

In FYE 31 December 2017, our Group recorded lower revenue of RM357.46 million as compared with RM768.06 million in FYE 31 December 2016, representing a decrease of 53.5%. The decrease in revenue was mainly due to the drop in the overall sales volume of our production, blending and marketing of peanut and other edible vegetable oil, and peanut trading business ("**Cooking Oil Business**") due to production curbs faced by our Group. The production curbs was mainly a result of the directives issued by the local authorities in China to industrial plants including our Group's plant to restrict production activities so as to reduce smog and improve air quality. Further, our Group also faced with a shortage of natural gas (which is essential for our Group's production activities) for a period from November 2017 to December 2017 due to the priority given by natural gas supplier to residential users in view of the winter season in northern China.

Our Group recorded a LAT of RM6.78 million in FYE 31 December 2017 as compared with the PAT of RM26.88 million recorded in FYE 31 December 2016. The LAT recorded in FYE 31 December 2017 was mainly due to the significant drop in overall sales of our Group during the year as well as the tax expenses of RM15.63 million recorded during the year (as compared to RM11.84 million recorded in FYE 31 December 2016). The tax expense of RM15.63 million recorded for FYE 31 December 2017 was due to the recognition of temporary differences of RM13.82 million associated with our Group's share of the distributable reserves of the China subsidiaries and the tax base of the cost of investment in the said subsidiaries based on the prevailing applicable withholding tax rate of 5%.



### **FYE 31 December 2018 vs FYE 31 December 2017**

In FYE 31 December 2018, our Group recorded lower revenue of RM315.0 million as compared with RM357.5 million recorded in FYE 31 December 2017, representing a decrease of 11.9%. The decrease in revenue was mainly due to the continued production curbs faced by our Group's Cooking Oil Business as a result of the progressive anti-pollution measures and campaign undertaken by the Chinese government since 2016. The production curbs have resulted in a tremendous loss in productivity of our Group (i.e. inability to maximise the production capacity to attain economies of scale) and hinder our Group's ability to secured orders from its customers. Consequently, our Group also recorded a gross loss of RM0.59 million as compared with RM21.80 million gross profits in FYE 31 December 2017.

Our Group recorded a higher LAT of RM25.54 million in FYE 31 December 2018 as compared to LAT of RM6.78 million in FYE 31 December 2017. The increase in LAT of 276.7% was mainly due to the gross loss recorded by our Group during FYE 31 December 2018 as compared with the gross profit of RM21.80 million recorded in FYE 31 December 2017, impairment loss on property, plant and equipment of RM13.72 million (as compared with none recorded in FYE 31 December 2017) and unrealised foreign exchange loss of RM6.50 million (as compared to the unrealised foreign exchange gain of RM10.83 million recorded in FYE 31 December 2017).

Our Group's total borrowings increased from nil in FYE 31 December 2017 to RM196.86 million in FYE 31 December 2018 due to the drawdown of short-term borrowings by our Group to finance the operation of the Cooking Oil Business.

### **FYE 31 December 2019 vs FYE 31 December 2018**

In FYE 31 December 2019, our Group recorded lower revenue of RM1.62 million as compared with RM315.00 million recorded in FYE 31 December 2018, representing a decrease of 99.5%. The decrease in revenue was mainly due to the deconsolidation of the financial results of Henan Xinghe following the disposal of our Group's equity interest in Henan Xinghe on 28 December 2019. The revenue of RM1.62 million recorded in FYE 31 December 2019 solely relates to the operating results of the Wakuba Farm, which was acquired by our Group on 12 December 2019.

Our Group recorded a LAT from discontinued operation of RM79.69 million in FYE 31 December 2019, which was mainly caused by the loss on disposal of RM80.50 million pursuant to the disposal of a controlling equity of 41.15% in Henan Xinghe. Following the disposal of 41.15% equity interest, Henan Xinghe ceased to be a subsidiary and became an associate of our Group.

Our Group recorded a LAT from continuing operation of RM28.56 million in FYE 31 December 2019. The increase in LAT of 11.85% is due mainly to the recognition of an one off loss on dilution of equity interest in Henan Xinghe of RM22.41 million as a result of the subsequent dilution (after the initial disposal of 41.15% equity interest) of our equity interest in Henan Xinghe due to the capital injection by Henan Agri-Industrial Investment Co. Ltd. ("**Henan Agri**") after the completion of the disposal of 41.15% equity interest by our Group.

### **12-months annualised FPE 31 March 2021 vs FYE 31 December 2019**

In the 12-month annualised FPE 31 March 2021, our Group recorded higher revenue of RM44.77 million as compared with RM1.62 million revenue recorded in FYE 31 December 2019, representing an increase of RM43.15 million or 2,663.58%. As MAG Aquaculture had on 12 December 2019 completed the acquisition of Wakuba Farm, our Group is only able to recognise the operating results of the Wakuba Farm for the

month of December 2019 as compared with the 12 months operating results as recorded in the 12-month annualised FPE 31 March 2021.

Our Group recorded a PAT of RM10.09 million in the 12-month annualised FPE 31 March 2021 as compared to a LAT of RM108.3 million in FYE 31 December 2019 from both continuing operation and discontinued operation. As mentioned above, the loss in FYE 31 December 2019 was mainly due to the loss on disposal of RM80.50 million and loss on dilution of equity interest of RM22.41 million in the Henan Xinghe. The profit recorded in 12-months annualised FPE 31 March 2021 was derived from the new business in prawn aquaculture while the financial results of FYE 31 December 2019 were mainly from the Cooking Oil Business.

**(ii) Value creation and impacts of the Proposed Bonus Issue of Warrants and adequacy of the Proposed Bonus Issue of Warrants in addressing our Group's financial requirements**

As mentioned in Section 3 of this Circular, the Proposed Bonus Issue of Warrants is undertaken to reward our shareholders for their continuous support as well as to provide an opportunity for them to increase their equity participation in our Company by exercising the Warrants C at a pre-determined price during the exercise period. Taking into consideration that our Board had not declared and paid any dividends to our shareholders since FYE 31 December 2015, the Proposed Bonus Issue of Warrants is given to reward the Entitled Shareholders in lieu of dividends. This is because the Warrants C will be publicly traded separately from MAG Shares and Entitled Shareholders can monetise the Warrants C should they choose to do so.

From the Board's perspective, the Proposed Bonus Issue of Warrants will further strengthen our capital base and shareholders' equity with the proceeds from the exercise of the Warrants C. The said proceeds will provide additional funding for our Group to supplement our Group's working capital requirements. This in turn will improve the financial performance of our Group and eventually lead to a potential increase in shareholders' value. In addition, the additional funding will help our Group to withstand the impact arising from slowdown in economics activities from the current COVID-19 pandemic.

Our Group has undertaken the steps as set out in below to improve its financial performance and sustainability. Moving forward, our Group will continue to focus on its prawn aquaculture business. Premised on the above and the prospects of the Group as set out in Section 4.4 of this Circular as well as after taking into consideration the current financial condition of our Group, our Board is of the view that the Proposed Bonus Warrants Issue and the steps taken to improve the financial performance and sustainability of our Group as set out in below, are adequate to address our Group's financial requirements for the foreseeable future.

**(iii) Impact of the Proposed Bonus Issue of Warrants to our shareholder**

The Proposed Bonus Issue of Warrants enables our Group to raise funds when the Warrants C are exercised in the future for our working capital requirements to support all on-going business operations, without incurring interest expenses as compared to bank borrowings.

The use of proceeds to be raised for our Group's working capital requirements to support all on-going business operations is expected to contribute positively to our Group's future earnings.

In addition, the Proposed Bonus Issue of Warrants is intended to, amongst others, reward our shareholders for their support towards our Group by enabling them to participate in convertible securities of our Company, which are tradable on the ACE

Market of Bursa Securities, without incurring any cost and allow them to benefit from any capital appreciation of the Warrants C.

Further details on the effects of the Proposed Bonus Issue of Warrants are set out in Section 5 of this Circular.

**(iv) Steps or actions taken/ to be taken to improve the financial condition of our Group**

Prior to diversification of the principal activities to include the aquaculture business, our Group's business then was solely generated from the Cooking Oil Business, all of which are based in China.

The Chinese government's campaign against environmental pollution in the smog-prone region of northern China which started since 2016 had affected our Group negatively as our Group's production plant is located in the region concerned (that is Neihuang County, Henan Province). The directive from local authorities restrict the production schedule of our Group's production plant and resulted in a severe production cut by our Group which had consequently impacted our Group's financial performance negatively.

Premised on the above, our Group has undertaken the following to improve its financial condition moving forward:

**(a) Diversification into aquaculture business**

On 31 December 2018, MAG Aquaculture entered into a sale and purchase agreement to acquire the Wakuba Farm marked as the first step taken by us in diversifying into the aquaculture business.

Subsequently on 17 July 2019, we obtained our shareholders' approval to diversify our principal activities to include the aquaculture business. Thereafter, we officially commenced our aquaculture business on 12 December 2019 following the completion of the acquisition of Wakuba Farm. This diversification plan serves as our Group's initiative to mitigate the operational risk of the Cooking Oil Business as resulted from the Chinese government's anti-pollution campaign and to ensure a sustainable value creation to its shareholders.

Following the acquisition of Wakuba Farm, we have acquired NCUBE with a sizeable 133 prawn cultivation ponds which is well supported by its own processing plant that turns all its harvests into finished products. The NCUBE Acquisition was completed on 15 July 2021.

The combined strengths would create economies of scale and synergy for our enlarged Group from cultivation to producing the finished products. The expanded scale of operation would facilitate and accelerate our Group's investments in automation, technology, and research and development to improve production yield and operational efficiency in the aquaculture business. Our enlarged Group therefore expects to gain cost efficiency and higher production volumes from the combined strengths.

**(b) Disposal of Henan Xinghe**

On 28 December 2019, our Group disposed approximately 41.15% equity interest in Henan Xinghe to Huang YunLin for a cash consideration of RMB155.00 million (equivalent to approximately RM91.50 million) as our Group seeks to limit its exposure to the Cooking Oil Business while maintaining a meaningful equity stake of approximately 49.99%. Thereafter, Henan Xinghe

became an associate of our Group. Subsequent to the disposal, our Group's equity interest reduced further to approximately 40.77% following the capital injection of approximately RMB15.90 million (equivalent to approximately RM9.38 million) by Henan-Agri-Industrial Investment Co Ltd which is a wholly-owned subsidiary of Henan Finance Bureau (a state-owned strategic investment arm of the Henan Province People's Government) and minority shareholder of Henan Xinghe with an equity interest of approximately 8.86% prior to the said capital injection.

On 30 June 2021, our Group's equity in Henan Xinghe interest reduced further to approximately 19.86% following the disposal of RMB18 million registered capital in Henan Xinghe for approximately RMB60.00 million (equivalent to approximately RM37.80 million). Consequently, Henan Xinghe will cease to be an associate of the Group and the net carrying amount of investment in Henan Xinghe has been re-classified to long-term investment.

The highest percentage ratios applicable for both disposals (pursuant to Paragraph 10.02(g) of the Listing Requirements) are 24.8% and 9.63% respectively. As such, the disposals do not require the approvals of our shareholders.

As at the LPD, the disposal considerations of approximately RM129.30 million arising from the above disposals have yet to be utilised and have been earmarked for the Group's future funding requirements. Our Board intends to use it for our future working capital and operating expenses of our Group's existing prawn aquaculture business (RM9.50 million) and the investments in prawn aquaculture upstream and downstream projects and other seafood processing business (RM119.80 million) within or outside China (subject always to China's laws, rules, regulations, guidelines, directives (whether written or non-written) and foreign exchange controls).

In view of the large market demand, our Board plan to invest in prawn aquaculture projects within China. We are still in the midst of identifying and evaluating potential investment opportunities within China. The initiative was temporarily halted by the outbreak of the COVID-19 pandemic with the closing of borders and imposition of travel restrictions. Upon reopening of borders and lifting of travel restrictions, we intend to resume the identification and finalisation of such investment opportunities.

We will make a detailed announcement upon the execution of such agreements in relation to the above mentioned investment opportunities in compliance with the Listing Requirements. However, if we are not able to identify any suitable investment opportunities in China within 3 years from the recommencement of its initiative, our Board intends to explore prawn aquaculture opportunities in other countries outside China.

The definitive timeframe for the utilisation of disposal consideration has yet to be determined at this juncture and would depends on, amongst others, the future funding requirement of Wakuba Farm as well as NCUBE and the future investments to be undertaken by our Group for our aquaculture business.

Moving forward, our Group intends to focus on the expansion of our aquaculture business and to emerge as a key industry player in the aquaculture industry in Malaysia.

## 4. INDUSTRY OUTLOOK AND OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

### 4.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter of 2021 (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronics ("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 spending and strong growth in trade activity. 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 would be less severe than the 2020 GDP contraction of 5.6%, 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 subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll-out of the domestic COVID-19 vaccine program will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors. The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll-out of vaccines both globally and domestically.

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

Recovery in the domestic economy, which began in the second half of 2020, is expected to continue in 2021 (the Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021). The recovery, nevertheless, is expected to be uneven and will be shaped by several factors, including the course of the COVID-19 pandemic and vaccine rollout, the extent of external spillovers, sector-specific developments, and the degree of improvement in labour market conditions. Amid a highly uncertain operating environment, continued and targeted policy measures will remain central in supporting growth going forward.

COVID-19 developments remain key in influencing Malaysia's growth trajectory in 2021, particularly the extent and duration of containment measures and the rollout of vaccines. Malaysia entered the year with the tightening of containment measures in most states with a resurgence in cases since late last year. The corresponding restrictions and weakness in sentiments amid the uncertain progress of the pandemic will likely weigh further on spending in the early part of 2021. Nevertheless, the overall impact for the year is expected to be smaller than in 2020, owing to a less restrictive and more targeted approach to contain the COVID-19 resurgence. In particular, the flexibility for more economic sectors to operate should lessen supply and demand disruptions. Firms and consumers are also better adapted to physical distancing requirements and other operating procedures to contain the spread of infections. Concurrently, the rollout of vaccines domestically beginning February 2021 will provide some lift to consumer sentiments and spending. However, as mass vaccination to induce herd immunity is expected to occur in a phased manner, the improvement in sentiments is expected to be gradual. As such, international tourism activities for Malaysia are unlikely to resume in a meaningful way, to limit community transmission and imported cases.

Notwithstanding the COVID-19 situation, a positive development is on the external spillovers from the broader recovery in global demand. This will sustain domestic production, investment, and export activity. Firms in the export-oriented industries and the supporting sectors are poised to benefit from improving domestic demand in key trade partner economies and the global technology upcycle. Of note, the rising demand for remote working equipment and medical-related products augurs well for firms in the manufacturing industry, particularly electrical and electronics as Malaysia forms an integral part of the global value chain. Beyond these, the recovery in global commodity prices and demand should lift commodity production and export revenues.

*(Source: Outlook and Policy in 2021, Economic and Monetary Review 2020, Bank Negara Malaysia)*

## **4.2 Overview and prospects of marine shrimp aquaculture market in Malaysia**

The growth of marine shrimps farming in Asia and Latin America countries has been on the rise with the tapering of capture fishery yield. It is estimated that three quarters of global shrimp farming yield originates from Asia with China and India as the major producing countries and the balance one quarter originating from Latin America with Ecuador, Peru and Mexico as major producing countries. Global increase in marine shrimp demand for consumption, and its status as choice seafood among consumers have contributed to the profitability of marine shrimp aquaculture and trade activities.

In Malaysia, marine shrimp aquaculture is important for local food self-sufficiency and also a source for trade income. The high demand and value for marine shrimp as a seafood globally is creating growing demand for imported marine shrimp stocks. With a resource-rich coastline and conducive geological and climatic conditions, Malaysia is at an advantageous position to help fill the global demand-supply gap. Marine shrimp aquaculture accounted for 24.8% of Malaysia's aquaculture production volume, and 41.3% of its production value in 2019.

In Malaysia, the pacific white shrimp and tiger shrimp are the most commonly cultivated species. Both shrimp species are considered high-value food fish species, in line with global trends in shrimp prices. Protégé estimates that the marine shrimp aquaculture market was valued at RM1.13 billion in 2020, a decline of 23.3% from RM1.48 billion in 2019. The decline was due to lower production of farmed marine shrimps at 45,390 tonnes (2019: 53,400 tonnes) and producers were pinned by low prices amid the COVID-19 pandemic. Farming of the tiger shrimp has been badly affected by low prices because of the reduced sales of live shrimp to restaurants and loss of export markets in China and Singapore amidst the COVID-19 pandemic. Farmers resorted to e-commerce to push sales of live shrimp to local consumers. Some tiger shrimp farmers have shifted either to farm pacific white shrimp or culture of the Asian sea bass.

Going forward, the local marine shrimp aquaculture market is projected expand at a compound annual growth rate ("CAGR") of 11.9% from RM1.13 billion in 2020 to RM1.99 billion in 2025. Factors influencing the demand of the local marine shrimp mainly derive from a resilient demand from global and local market, declining levels of capture fisheries as well as underlying both local and global population growth which is increasing demand for food commodities, including shrimp.

Growth in the short term (2021-2022) is likely to be affected by the trend of reversal of tiger shrimp farming to pacific white that fetches higher value in the market. The local marine shrimp aquaculture market is projected to grow by 5.0% in 2021. Furthermore, diseases are a common and widespread problem for marine shrimp aquaculture activities and can affect yield and cause substantial losses to local shrimp farmers. Marine shrimp farmers in Malaysia have been prudent in mitigating this risk through careful cultivating practices and the use of pathogen-free brood stocks. However, given the higher prices for brood stock, brood stock feeds and live feeds coupled with the difficulty in getting new batches of brood stock during



COVID-19 pandemic, this resulted in the reuse of existing ones and sale of poor quality post larvae which are more susceptible to disease and slower growth.

In the medium to long term (2023-2025), the marine shrimp aquaculture market in Malaysia is likely to experience cyclical growth and the market continues to be exposed to the threat of diseases. Nonetheless, government-driven initiatives such as allowing companies to import shrimp brood stock from approved sources in Thailand, Singapore, Brunei and the United States of America as well as support given to anchor companies to adopt the Malaysia Good Agricultural Practice will likely support market growth. Overall, the marine shrimp aquaculture market in Malaysia is projected to remain resilient in the long term.

*(Source: Independent Market Research Report prepared by Protégé)*

#### **4.3 Overview and prospects of frozen seafood market in Malaysia**

Seafood traditionally constitutes an important part of the Malaysian diet, and demand for the frozen seafood will likely continue to be supported by these traditional diet preferences. Capture fisheries in Malaysia are well-utilised and limited, and to cater to a growing demand for frozen seafood, the growth in supply of seafood is expected to be driven by produce from the aquaculture segment. Frozen seafood products are frozen with cryogenic freezing technology which helps in inhibiting the growth of bacteria of the frozen seafood products and enable the seafood to be stored for a long period of time. Malaysia's export of frozen seafood totalled RM1.38 billion in 2018, out of which frozen shrimp contributed 57.4% of the export.

Protégé estimates that the Malaysian frozen seafood market was valued at RM2.16 billion in 2020, a decline of 15.0% from RM2.54 billion in 2019, due to lower consumption of seafood amid the COVID-19 pandemic. Many producers have also turned to online platforms to sell fresh and frozen seafood. While the COVID-19 facilitated an uptick in demand for frozen seafood due to its long shelf life, the movement and travel restrictions imposed during the year has also caused the loss of economy activity, which negatively affected the overall consumer sentiments and spending during the year.

Moving forward, the local frozen seafood market is projected to expand at a CAGR of 4.1% from RM2.16 billion in 2020 to RM2.64 billion in 2025. Growth in the short term (2021-2022) is likely to be affected by increased consumption in frozen seafood as the public adjust to the new norm lifestyle as economy activity recovers as well as the initiation of online seafood trading which facilitates sales and consumption of frozen seafood. The local frozen seafood market is projected to grow by 8.0% in 2021.

In the medium to long term (2023-2025), the frozen seafood market in Malaysia is anticipated restore to its pre-COVID level as economy activity continues to recover. The global and local population growth indicates growing pool of potential frozen seafood consumers. In addition, awareness regarding protein and other essential nutrients for a healthy body is propelling significant demand for fish and other seafood, moving away from canned food. It is important to note that frozen foods including frozen seafood are gaining prominence owing to demand for better shelf life by millennial consumers, who are living on hectic schedules and preventing them from purchasing fresh cooking ingredients regularly.

On the supply side, the frozen seafood market continues to receive support from the Malaysian Government as well as foreign direct investments for its research and development. Continuous development and innovation in cold chain transport as well as improvement in refrigeration techniques can help to spur consumer confidence against the backdrop of rising demand for nutritional and quality frozen seafood.

*(Source: Independent Market Research Report prepared by Protégé)*

#### **4.4 Prospects of the Our Group**

Our shareholders had on 17 July 2019 approved the diversification of the principal activities of our Group to include the aquaculture business.

As part of the diversification, we had undertaken the following:

- (i) the acquisition of Wakuba Farm. Wakuba Farm is a matured revenue-generating asset with 102 prawn cultivation ponds. The acquisition was completed on 12 December 2019; and
- (ii) the NCUBE Acquisition. NCUBE is a prawn aquaculture farming group with 133 cultivation ponds and a prawn processing plant. The acquisition was completed on 15 July 2021.

The above acquisitions are envisaged to further strengthen our Group's position as a leading prawn aquaculture player in the industry with combined strengths of 235 prawn cultivation ponds together with NCUBE's processing plants that are capable of processing the harvests from both NCUBE and Wakuba Farm into finished products.

The combined strengths would create economies of scale and synergy for our enlarged Group from cultivation to producing the finished products. The expanded scale of operation would facilitate and accelerate MAG Group's investments in automation, technology, and research and development to improve production yield and operational efficiency in the aquaculture business. Our enlarged Group therefore expects to gain cost efficiency and higher production volumes from the combined strengths.

As the local marine shrimp aquaculture market is projected to expand, the said acquisitions would enable our Group to gain a larger market share of the aquaculture business in Malaysia. This paves the way towards achieving a more sustainable growth in the aquaculture business which is the main driver of our Group's financial performance going forward. In line with the nation's economic recovery and the industry outlook as highlighted above the demand for marine shrimps is expected to grow alongside. This bodes well for MAG Group as the acquisitions of Wakuba Farm and NCUBE would enable our Group to expand its market share of the aquaculture business in Malaysia.

*(Source: The Management of MAG)*

#### **4.5 Impact of COVID-19 on our Group**

The COVID-19 pandemic had significantly affected the global economy. The imposition of the various stages of movement control order by the Government of Malaysia (i.e. movement control order, conditional movement control order and recovery movement control order) since 2020 have affected our Group's business operations. Our Group's prawn farming operations were affected during the movement control order period due to delay in supply-chain (hatchery suppliers were unable to deliver prawn fries to our Group farms) and only minimal routine pond maintenance and feeding works can be carried out, while our Group's processing plant business was also affected by the constraints in storage, transportation, shipping and port-clearance. However, with the arrival of the vaccines and the steady rollout of the national vaccination plan could potentially lead to the relaxation of restrictions in the near future. Our directors are of the opinion that the financial performance for the forthcoming financial year will remain challenging due to the uncertainties in the market.

Moving forward, our Group will continue to undertake a stringent profit and cost control measures to manage the overall profitability of our enlarged Group. The steps undertaken by our Group include, but not limited to, continuously undertaking conservative cost control measures and to closely monitor the market conditions.



Our Group will continue to monitor the COVID-19 pandemic and endeavour to take precautionary actions to mitigate disruptions to our Group's business and ensure the safety and wellbeing of its stakeholders including employees.

## 5. EFFECTS OF THE PROPOSED BONUS ISSUE OF WARRANTS

### 5.1 Share capital

For illustrative purposes, the effects of the Proposed Bonus Issue of Warrants on our share capital are set out as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	1,393,323,465	500,993,881	1,393,323,465	500,993,881
New Shares to be issued assuming full exercise of Warrants B	-	-	333,387,142	76,679,043 <sup>(1)</sup>
New Shares to be issued assuming full conversion of Unissued RCN	-	-	160,000,000	32,000,000 <sup>(2)</sup>
<b>Enlarged issued share capital after full exercise of Warrants B and conversion of RCN (Y)</b>	<b>1,393,323,465</b>	<b>500,993,881</b>	<b>1,886,710,607</b>	<b>609,672,924</b>
Shares to be issued pursuant to the full exercise of the Warrants C	348,330,866	52,249,630 <sup>(3)</sup>	471,677,652	70,751,648 <sup>(3)</sup>
Shares to be issued pursuant to the full exercise of Warrants B	333,387,142	76,679,043 <sup>(1)</sup>	-	-
Shares to be issued pursuant to the full conversion of Unissued RCN	160,000,000	32,000,000 <sup>(2)</sup>	-	-
<b>Total number of convertible equity securities after the Proposed Bonus Issue of Warrants (X)</b>	<b>681,718,008</b>	<b>-</b>	<b>471,677,652</b>	<b>-</b>
<b>(X)/(Y)</b>	<b>48.93%</b>		<b>25.00%</b>	
<b>Compliance with Rule 6.51 of the Listing Requirement<sup>(4)</sup></b>	<b>Met</b>		<b>Met</b>	
<b>Enlarged issued share capital</b>	<b>2,235,041,473</b>	<b>661,922,554</b>	<b>2,358,388,259</b>	<b>680,424,572</b>

#### Notes:

- (1) Assuming all the Warrants B are fully exercised into new Shares based on the exercise price of RM0.23 each.
- (2) Assuming all the Unissued RCN are issued and converted into new Shares at the minimum conversion price of RM0.20 each.
- (3) Based on the indicative exercise price of RM0.15 each.
- (4) Rule 6.51 of the Listing Requirements stipulates that a listed corporation must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

## 5.2 NA and gearing

The pro forma effects of the Proposed Bonus Issue of Warrants on our Group's NA and gearing based on our latest audited consolidated financial position as at 31 December 2019 are set out as follows:-

### Minimum Scenario

	<b>I</b>		<b>II</b>		<b>III</b>	<b>IV</b>
	<b>As at 31 December 2019</b>	<b>After Subsequent Event<sup>(1)</sup></b>	<b>After (I) and Proposed Bonus Issue of Warrants</b>	<b>After (II) and full exercise of Warrants C</b>	<b>After (III) and full exercise of Warrants B and full issuance/ conversion of Unissued RCN</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Share Capital	346,680	500,994	500,994	553,244 <sup>(4)</sup>	661,923	
RCN	-	-	-	-	-	-
Exchange translation reserve	5,514	5,514	5,514	5,514	5,514	5,514
Retained earnings	126,052	112,552 <sup>(2)(5)</sup>	112,402 <sup>(3)</sup>	112,402	112,402	112,402
Total equity attributable to owners of the Company	<b>478,246</b>	<b>619,060</b>	<b>618,910</b>	<b>671,160</b>	<b>779,839</b>	
Non-controlling interests	1,689	1,689	1,689	1,689	1,689	1,689
<b>Total equity</b>	<b>479,935</b>	<b>620,749</b>	<b>620,599</b>	<b>672,849</b>	<b>781,528</b>	
Number of Shares in issue ('000)	596,775	1,393,323	1,393,323	1,741,654	2,235,041	
NA per Share (RM)	0.80	0.45	0.45	0.39	0.35	
Borrowings (interest-bearing) (RM'000)	50,295	112,697 <sup>(6)</sup>	112,697	112,697	95 <sup>(7)</sup>	
Gearing ratio (times)	0.11	0.18	0.18	0.16	*	

#### **Notes:**

\* Negligible

<sup>(1)</sup> After incorporating the effects of the following:

- (i) the issuance of MAG Shares arising from conversion of RCN with a conversion price of RM0.20 and nominal value of RM33.0 million into 165,000,000 new MAG Shares from 30 January 2020 to 26 July 2021;
- (ii) the issuance of 300,000,000 MAG Shares at the issue price of RM0.20 per MAG Share as part of the consideration for the NCUBE Acquisition; and

- (iii) the issuance of 331,548,600 new MAG Shares arising from the Private Placement, of which 250,000,000 were subscribed by subscribers via the subscription agreements at RM0.20 per Share, while the remaining 81,548,600 placement shares were placed out to third party investors at the issued price of RM0.18 per Share. These shares were listed on 14 July 2021.
- (2) After deducting the expenses in relation to the Private Placement, NCUBE Acquisition and the establishment of LTIP of RM1.50 million.
- (3) After deducting estimated expenses in relation to the Proposed Bonus Issue of Warrants of RM0.15 million.
- (4) Based on the indicative exercise price of RM0.15 each.
- (5) After including the half yearly interest expense for the redeemable preference shares with aggregate value of RM80.00 million, with a 3.00% dividend per annum. The redeemable preference shares were issued as part of the consideration for the NCUBE Acquisition.
- (6) Arising from the NCUBE Acquisition and consolidation of NCUBE's borrowings at the carrying amount of approximately RM62.40 million as at 31 December 2020.
- (7) Our Group's borrowings of approximately RM112.60 million will be paid off using the proceeds from the full conversion of Unissued RCN of approximately RM32.00 million with the remaining to be paid off via cash.

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## Maximum Scenario

	I		II		III		IV
	After Subsequent Event <sup>(1)</sup>		After (I) and full exercise of all outstanding Warrants B and full issuance/conversion of Unissued RCN		After (II) and Proposed Bonus Issue of Warrants		After (III) and full exercise of Warrants C
As at 31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share Capital	346,680	500,994	609,673	609,673	609,673	680,425 <sup>(4)</sup>	
RCN	-	-	-	-	-	-	-
Exchange translation reserve	5,514	5,514	5,514	5,514	5,514	5,514	5,514
Retained earnings	126,052	112,552 <sup>(2)(5)</sup>	112,552	112,552	112,402 <sup>(3)</sup>	112,402	112,402
Total equity attributable to owners of the Company	<b>478,246</b>	<b>619,060</b>	<b>727,739</b>	<b>727,739</b>	<b>727,589</b>	<b>798,341</b>	
Non-controlling interests	1,689	1,689	1,689	1,689	1,689	1,689	1,689
<b>Total equity</b>	<b>479,935</b>	<b>620,749</b>	<b>729,428</b>	<b>729,428</b>	<b>729,278</b>	<b>800,030</b>	

Number of Shares in issue ('000)

NA per Share (RM)

Borrowings (interest-bearing) (RM'000)

Gearing ratio (times)

Number of Shares in issue ('000)	1,393,323	1,886,711	1,886,711	2,358,388
NA per Share (RM)	0.45	0.39	0.39	0.34
Borrowings (interest-bearing) (RM'000)	112,697 <sup>(6)</sup>	95 <sup>(7)</sup>	95	95
Gearing ratio (times)	0.18	*	*	*

### Notes:

\* Negligible

(1) After incorporating the effects of the following:

- (i) the issuance of MAG Shares arising from conversion of RCN with a conversion price of RM0.20 and nominal value of RM33.0 million into 165,000,000 new MAG Shares from 30 January 2020 to 26 July 2021;
- (ii) the issuance of 300,000,000 MAG Shares at the issue price of RM0.20 per MAG Share as part of the consideration for the NCUBE Acquisition; and
- (iii) the issuance of 331,548,600 new MAG Share arising from the Private Placement, of which 250,000,000 were subscribed by subscribers via the subscription agreements at RM0.20 per Share, while the remaining 81,548,600 placement shares were placed out to third party investors at the issued price of RM0.18 per Share. These shares were listed on 14 July 2021.

- (2) After deducting the expenses in relation to the Private Placement, NCUBE Acquisition and the establishment of LTIP of RM1.50 million.
- (3) After deducting estimated expenses in relation to the Proposed Bonus Issue of Warrants of RM0.15 million.
- (4) Based on the indicative exercise price of RM0.15 each.
- (5) After including the half yearly interest expense for the redeemable preference shares with aggregate value of RM80.00 million, with a 3.00% dividend per annum. The redeemable preference shares were issued as part of the consideration for the NCUBE Acquisition
- (6) Arising from the NCUBE Acquisition and consolidation of NCUBE's borrowings at the carrying amount of approximately RM62.4 million as at 31 December 2020.
- (7) Our Group's borrowings of approximately RM112.60 million will be paid off using the proceeds from the full conversion of Unissued RCN of approximately RM32.00 million with the remaining to be paid off via cash.

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### 5.3 Earnings and EPS

The Proposed Bonus Issue of Warrants will not have any impact on our Group's earnings. However, our Group's EPS is expected to be diluted as a result of the increase in the number of Shares arising from the exercise of Warrants C.

### 5.4 Existing convertible securities

Save for the Unissued RCN and Warrants B as disclosed in Section 2.1 above, we do not have any other outstanding convertible securities as at the LPD.

The Proposed Bonus Issue of Warrants is not expected to give rise to any adjustment to the number and conversion price of the Unissued RCN pursuant to the adjustment mechanisms set forth in subscription agreement in relation to the RCN Program dated 6 May 2019.

The implementation of the Proposed Bonus Issue of Warrants will not give rise to any adjustments to the number of the outstanding Warrants B but will give rise to adjustments to the exercise price of Warrants B in accordance with the provisions of the Deed Poll B as may be determined by our auditors.

Strictly for illustrative purposes, the adjustments on the exercise price of Warrants B arising from the Proposed Bonus Issue of Warrants are based on the following parameters:

- (a) the Entitlement Date has been fixed on the LPD;
- (b) the 5D-VWAMP of the Shares as at the LPD of RM0.17;
- (c) an illustrative exercise price of RM0.15 per Warrant C, representing a discount of approximately 10.0% discount to the 5D-VWAMP of MAG Shares;
- (d) the following formula as provided for in Deed Poll B:

$$\text{Adjusted exercise price of Warrants B} = \frac{C - D}{C} \times \text{Existing exercise price of Warrants B}$$

where:

*C* = the 5D-VWAMP of each Share up to and including the market day immediately preceding the date on which the capital distribution or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing such announcement), immediately preceding the date of the announcement of the entitlement date of the capital distribution, or, as the case may be, of the offer or invitation or (where appropriate), any relevant date as may be determined by the issuer in consultation with the approved adviser and the auditors

*D* = the value of rights attributable to one (1) Share shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

*C* = *C* as defined above

*E* = the subscription consideration for one (1) new Share under the terms of such offer or invitation to acquire or subscribe for Shares or subscription price of one (1) Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and

*F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or to acquire or subscribe for securities convertible into one (1) additional Share or rights to acquire or subscribe for one (1) additional Share.*

*The value of rights attributable to one (1) Share is as follows:*

$$D = \frac{0.17 - 0.15}{4 + 1}$$

$$D = 0.004$$

Hence, the adjustments to the exercise price of Warrants B are as follows:

$$\begin{aligned} \text{Adjusted exercise price of Warrants B} &= \frac{0.17 - 0.004}{0.17} \times \text{RM0.23} \\ &= \text{RM0.2246} \end{aligned}$$

*Under this illustration, no adjustment will be made to the exercise price of Warrants B due to rounding up of the adjusted price to the nearest 1 sen in accordance to the provisions of the Deed Poll B.*

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## 5.5 Substantial shareholder's shareholding

The Proposed Bonus Issue of Warrants will not have any immediate effect on our substantial shareholder's percentage of shareholding as the Warrants C will be allotted on a pro-rated basis to all Entitled Shareholders. However, the number of MAG Shares held by our substantial shareholder will increase proportionately assuming full exercise of the Warrants C.

The pro forma effects of the Proposed Bonus Issue of Warrants on the shareholdings of our substantial shareholder are set out below:

### Minimum Scenario

	I				II			
	As at the LPD		After the full exercise of Warrants C		After I and upon full exercise of the Warrants B and full issuance/conversion of Unissued RCN			
	Direct	Indirect	Direct	Indirect	Direct	Indirect		
	No. of Shares ('000)	% <sup>(1)</sup>	No. of Shares	%	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>
<b>Substantial shareholder</b>	334,325	24.0	-	-	417,906	24.0	435,081	19.5
Ng Min Lin								-

### Maximum Scenario

	I				II			
	As at the LPD		After the full exercise of Warrants B and full issuance/conversion of Unissued RCN		After I and upon full exercise of the Warrants C			
	Direct	Indirect	Direct	Indirect	Direct	Indirect		
	No. of Shares ('000)	% <sup>(1)</sup>	No. of Shares	%	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(5)</sup>
<b>Substantial shareholder</b>	334,325	24.0	-	-	351,500	18.6	439,375	18.6
Ng Min Lin								-

### **Notes:**

- (1) Based on total issued Shares of 1,393,323,465.
- (2) Based on 1,741,654,331 Shares upon full exercise of the Warrants C under the Minimum Scenario.
- (3) Computed based on 2,235,041,473 Shares in issue assuming the full conversion of Unissued RCN and full exercise of Warrants B.
- (4) Computed based on 1,886,710,607 Shares in issue assuming the full conversion of Unissued RCN and full exercise of Warrants B.
- (5) Based on 2,358,388,259 Shares upon full exercise of the Warrants C under the Maximum Scenario.



## 6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Bonus Issue of Warrants is subject to the following approvals:-

- (i) Bursa Securities, for the following:-
  - (a) the admission of up to 471,677,652 Warrants C to the official list of Bursa Securities; and
  - (b) the listing of and quotation of up to 471,677,652 Warrants C and the new MAG Shares to be issued arising from the exercise of the Warrants C, on the ACE Market of Bursa Securities of which was obtained on 24 September 2021, subject to the terms and conditions set out on 24 September 2021;
- (ii) our shareholders at the forthcoming EGM to be convened; and
- (iii) any other relevant authority, if required.

The Proposed Bonus Issue of Warrants is not conditional upon any other proposals undertaken or to be undertaken by our Company, if any.

## 7. HISTORICAL SHARE PRICE PERFORMANCE

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

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b><u>2020</u></b>		
August	0.33	0.25
September	0.29	0.20
October	0.21	0.18
November	0.24	0.18
December	0.21	0.19
<b><u>2021</u></b>		
January	0.22	0.19
February	0.22	0.19
March	0.24	0.19
April	0.21	0.19
May	0.20	0.18
June	0.20	0.19
July	0.21	0.19
August	0.19	0.16
The last transacted market price of MAG Shares on the LTD		0.19
Last transacted market price on the LPD		0.17

*(Source: Bloomberg)*

**8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

None of our directors, major shareholders, chief executive and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Bonus Issue of Warrants, other than their respective entitlements under the Proposed Bonus Issue of Warrants, the rights of which are also available to all our other existing shareholders as at the Entitlement Date.

**9. DIRECTORS' STATEMENT AND RECOMMENDATION**

After having considered all aspects of the Proposed Bonus Issue of Warrants, our Board is of the opinion that the Proposed Bonus Issue of Warrants is in our best interest, and accordingly recommends that our shareholders to vote in favour of the resolution pertaining to the Proposed Bonus Issue of Warrants to be tabled at our forthcoming EGM.

**10. ESTIMATED TIMEFRAME FOR COMPLETION**

The tentative timetable in relation to the Proposed Bonus Issue of Warrants is as follows:

<b>Date</b>	<b>Events</b>
15 October 2021	<ul style="list-style-type: none"><li>• EGM to approve the Proposed Bonus Issue of Warrants</li><li>• Announcement of the Entitlement Date for the Proposed Bonus Issue of Warrants</li></ul>
End of November 2021	<ul style="list-style-type: none"><li>• Admission of the Warrants C to the Official List and the listing of and quotation for the Warrants C on the ACE Market</li><li>• Completion of the Proposed Bonus Issue of Warrants</li></ul>

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposed Bonus Issue of Warrants is expected to be completed by the fourth quarter of 2021.

**11. OUTSTANDING CORPORATE EXERCISE ANNOUNCED BUT PENDING IMPLEMENTATION**

Save for the Proposed Bonus Issue of Warrants, there are no other corporate exercise announced but pending implementation.

**12. EGM**

The EGM, the notice of which is enclosed together with this Circular, will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn Bhd in Malaysia on Friday, 15 October 2021 at 9.00 a.m., for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Bonus Issue of Warrants.

### **13. FURTHER INFORMATION**

You are advised to refer to the Appendix I set out in this Circular for further information.

Yours faithfully,  
for and on behalf of our Board,  
**MAG HOLDINGS BERHAD**

**NG MIN LIN**  
Executive Chairman

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## APPENDIX I – FURTHER INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular 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 AND DECLARATION

#### Consent

M&A Securities has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

#### Conflict of interest

There is no conflict of interest that exists or is likely to exist in M&A Securities' capacity as the Principal Adviser to MAG in relation to the Proposed Bonus Issue of Warrants.

### 3. MATERIAL LITIGATION

As at the LPD, save as disclosed below, our Group have not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

- (i) Ng Min Lin and NCUBE v Reymee Bin Mohamed Hussein and Wondeux (M) Sdn Bhd – WA-22NCC-437-09/2020

The litigation suit No. WA-22NCC-437-09/2020 commenced by Ng Min Lin and NCUBE (as plaintiffs) against Reymee Bin Mohamed Hussein ("**Reymee**") and Wondeux (M) Sdn Bhd ("**WMSB**") (as defendants) in the High Court of Kuala Lumpur, Malaya, whereby the plaintiffs are claiming for compensation amounting to RM2 million arising from the alleged breaches by the defendants of the terms of the Funding Agreement dated 8 January 2019 entered into between NCUBE and WMSB ("Funding Agreement"). The plaintiffs further seek a series of declarations, *inter alia* that the Funding Agreement has lapsed, and that Reymee is not the Chief Corporate Officer of NCUBE. The matter was fixed for full trial on 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> of April 2021 but was subsequently postponed to 23, 24, 25, 26, and 27 August 2021 by the High Court of Kuala Lumpur, Malaya.

The case underwent a partly-heard joint trial with the litigation suit No. WA-22NCC-43-01/2021 on 23, 24, 25, 26, and 27 August 2021 in the High Court of Kuala Lumpur, Malaya but could not be concluded on the aforementioned dates. The High Court of Kuala Lumpur, Malaya has given additional dates for the continuation of the trial. As at the LPD, the new dates for the trial have been fixed on 14 March 2022 and 4 to 8 April 2022.

There is no exposure of liability to Ng Min Lin and/or NCUBE as the claim is commenced by Ng Min Lin and NCUBE against Reymee Bin Mohamed Hussein and Wondeux (M) Sdn Bhd. Based on the legal advice received from NG Min Lin's and NCUBE's appointed legal counsel, Ng Min Lin, in his personal capacity and in his capacity as the sole director of NCUBE, is of the view that there is a good chance of

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**APPENDIX I – FURTHER INFORMATION (Cont'd)**

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succeeding in the claim against Reymee Bin Mohamed Hussein and Wondeux (M) Sdn Bhd.

- (ii) Reymee Bin Mohamed Hussein v Ng Min Lin and NCUBE  
– WA-22NCC-43-01/2021

The litigation suit No. WA-22NCC-43-01/2021 (previously under suit No. WA-22NCC-450-08/2020) commenced by Reymee (as plaintiff) against Ng Min Lin and NCUBE (as defendants) in the High Court of Kuala Lumpur, Malaya, whereby Reymee is seeking for declarations that the validity period of the Funding Agreement was mutually extended, and there was an oral collateral contract between Reymee and the defendants that 3% of the NCUBE's shares have been assigned to Reymee. Reymee is further seeking a declaration that he is the Chief Corporate Officer of NCUBE and the defendants are jointly and severally liable to him for the sum of RM2,700,000.00, being the value of 3% of NCUBE's shares. The matter was fixed for full trial on 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> of April 2021 but was subsequently postponed to 23, 24, 25, 26, and 27 August 2021 by the High Court of Kuala Lumpur, Malaya.

As at the LPD, the case underwent a partly-heard joint trial with the litigation suit No. WA-22NCC-437-09/2020 on 23, 24, 25, 26, and 27 August 2021 in the High Court of Kuala Lumpur, Malaya but could not be concluded on the aforementioned dates. The High Court of Kuala Lumpur, Malaya has given additional dates for the continuation of the trial. As at the LPD, the new dates for the trial have been fixed on 14 March 2022 and 4 to 8 April 2022.

Based on the statement of claim, the maximum exposure of Ng Min Lin and NCUBE is RM2,700,000.00. Based on the legal advice received from NG Min Lin's and NCUBE's appointed legal counsel, Ng Min Lin, in his personal capacity and in his capacity as the sole director of NCUBE, is of the view that there is a good chance of successfully defending the claim by Reymee Bin Mohamed Hussein.

- (iii) Ng Min Lin and NCUBE v Steven Mak and Wondeux (M) Sdn Bhd  
– WA-22IP-38-07/2020

The litigation suit No. WA-22IP-38-07/2020 commenced by Ng Min Lin and NCUBE (as plaintiffs) against Steven Mak ("**Steven Mak**") and WMSB (as defendants) in the High Court of Kuala Lumpur, Malaya, whereby the plaintiffs are claiming for compensation amounting to RM2 million arising from the alleged breaches by the defendants of the terms of the Funding Agreement. The plaintiffs further seek a series of declarations, *inter alia* that the Funding Agreement has lapsed, that Steven Mak is not the Chief Marketing Officer of NCUBE, and further that Steven Mak does not own the copyrights & trademarks of NCUBE. Case Management hearing was set on 17 March 2021 to address whether this suit should be consolidated with WA-22IP-43-08/2020 or to undergo joint trial since the cause of actions, parties and facts are similar. The suit WA-22IP-38-07/2020 have undergone consolidation with suit WA-22IP-43-08/2020 (see item iv below) whereby the Statement of Claim issued in suit WA-22IP-43-08/2020 (item iv) is now deemed as the counterclaim in suit WA-22IP-38-07/2020 (item iii).

The parties were directed by the High Court of Kuala Lumpur, Malaya, to attend a mediation conducted by the Kuala Lumpur Mediation Centre on 29 June 2021, and to be followed by a case management set on 30 June 2021 to update the High Court of Kuala Lumpur, Malaya, on the outcome of the mediation. However, the parties were unable to reach an amicable settlement. The matter has been fixed for full trial on 17 May 2022 to 22 May 2022 in the High Court of Kuala Lumpur, Malaya.

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**APPENDIX I – FURTHER INFORMATION (Cont'd)**

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NCUBE has further obtained an interim injunction against Steven Mak, *inter alia*:

- (a) prohibiting Steven Mak against involving himself in all matters relating to the business of NCUBE, and representing himself as the Chief Marketing Officer or employee of NCUBE;
  - (b) prohibiting Steven Mak and/or his agent from claiming any right or ownership over NCUBE's trademark and name; and
  - (c) the Registrar of Trademark is instructed to suspend all registration process pertaining to the trademark of NCUBE until the disputes have been fully resolved through the court.
- (iv) Steven Mak v Ng Min Lin and NCUBE  
– WA-22IP-43-08/2020

The litigation suit No. WA-22IP-43-08/2020 commenced by Steven Mak (as plaintiff) against Ng Min Lin and NCUBE (as defendants) in the High Court of Kuala Lumpur, Malaya, whereby Steven Mak is seeking for declarations that the validity period of the Funding Agreement was mutually extended, and that Steven Mak is owed the sum of RM405,900.00 (payment order) being works done for NCUBE. Steven Mak is further seeking a declaration that he is the Chief Marketing Officer or an employee of NCUBE, and that Steven Mak owns the copyrights and trademarks of 'North Cube', and is further claiming damages of RM 5,000,000.00 from the defendants for breach of his intellectual property's trademarks and copyrights. In addition, Steven Mak is also seeking an injunction to prohibit NCUBE from using his copyright and trademarks, a mandatory injunction for NCUBE to produce NCUBE's book of accounts. The defendants' interlocutory application for interrogatories against Steven Mak was allowed on 09/02/2021. Steven Mak has responded to the interrogatories. Case Management hearing was set on 17 March 2021 to address whether this suit should be consolidated with WA-22IP-38-07/2020 or to undergo joint trial since the cause of actions, parties and facts are similar.

The suit WA-22IP-43-08/2020 have undergone consolidation with suit WA-22IP-38-07/2020 (see item iii above) whereby the Statement of Claim issued in suit WA-22IP-43-08/2020 (item iv) is now deemed as the counterclaim in suit WA-22IP-38-07/2020 (item iii).

The Parties were directed by the High Court of Kuala Lumpur, Malaya, to attend a mediation conducted by the Kuala Lumpur Mediation Centre on 29 June 2021, and to be followed by a case management set on 30 June 2021 to update the High Court of Kuala Lumpur, Malaya, on the outcome of the mediation. However, the Parties were unable to reach an amicable settlement. The matter has been fixed for full trial on 17 May 2022 to 22 May 2022 in the High Court of Kuala Lumpur, Malaya.

Based on the statement of claim, the maximum exposure of Ng Min Lin and NCUBE is RM5,405,900.00. Based on the legal advice received from NG Min Lin's and NCUBE's appointed legal counsel, Ng Min Lin, in his personal capacity and in his capacity as the sole director of NCUBE, is of the view that there is a good chance of successfully defending the claim by Steven Mak.

#### **4. MATERIAL COMMITMENTS**

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which may have a material impact on the financial results/position of our Group.

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**APPENDIX I – FURTHER INFORMATION (Cont'd)**

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**5. CONTINGENT LIABILITIES**

As at the LPD, there is no contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact in our ability to meet the obligations as and when they fall due.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan during normal business hours (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Our Constitution;
- (ii) Audited consolidated financial statements of MAG for the past 2 FYE 31 December 2018 and 31 December 2019 together with unaudited FPE 31 March 2021;
- (iii) Letter of consent and declaration of conflict of interest as referred to in Section 2 of this Appendix I;
- (iv) The cause papers referred in Section 3 of Appendix I of this Circular; and
- (v) Draft Deed Poll C.

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**MAG HOLDINGS BERHAD**  
Registration No. 200401004611 (643114-X)  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of MAG Holdings Berhad ("**MAG**" or the "**Company**") will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn Bhd in Malaysia on Friday, 15 October 2021 at 9.00 a.m. or at any adjournment thereof to consider and if thought fit, to pass the following resolution with or without modifications:

#### **ORDINARY RESOLUTION**

**PROPOSED BONUS ISSUE OF UP TO 471,677,652 WARRANTS ("WARRANT(S) C") ON THE BASIS OF 1 WARRANT C FOR EVERY 4 EXISTING ORDINARY SHARES IN MAG HOLDINGS BERHAD ("MAG SHARE(S)" OR "SHARE(S)") HELD BY THE ENTITLED SHAREHOLDERS OF MAG ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE OF WARRANTS")**

**"THAT** subject to the approvals of all relevant regulatory authorities being obtained, the Board of Directors of the Company ("**Board**") be and is hereby authorised to allot and issue of up to 471,677,652 Warrants C on the basis of 1 Warrant C for every 4 existing MAG Shares held by the shareholders whose names appear on the record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd ("**Record of Depositors**") of the Company as at the close of business on the entitlement date to be determined and announced later;

**THAT** fractional entitlements arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded and the aggregate of such fractions shall be dealt with in such manner as the Board shall in its absolute discretion deem fit or expedient and in the best interest of the Company;

**THAT** up to 471,677,652 Warrants C be allotted and issued in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants C ("**Deed Poll C**");

**THAT** the Board be and is hereby authorised to allot and issue such additional Warrants C as may be required or permitted to be issued as consequences of any adjustments in accordance with the provisions in the Deed Poll C ("**Additional Warrants C**");

**THAT** the Board be and is hereby authorised to allot and issue such appropriate number of new MAG Shares arising from the exercise of the Warrants C by the holders of the Warrant C of their rights in accordance with the provisions of the Deed Poll C, including such appropriate number of new MAG Shares arising from the exercise of subscription rights represented by the Additional Warrants C;

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



**THAT** the new MAG Shares to be issued arising from the exercise of the Warrants C and/or the Additional Warrants C shall, upon allotment and issuance, rank *pari passu* in all respects with the existing MAG Shares, save and except that the new MAG Shares to be issued arising from the exercise of the Warrants C and/or the Additional Warrants C will not be entitled to participate in any rights, allotments, dividends, and/or other distributions that may be declared, made or paid for where the entitlement date is before the allotment and issuance of such new MAG Shares;

**THAT** the proceeds raised from the exercise of the Warrants C, if any, be utilised for the purposes set out in the circular to shareholders of the Company dated 30 September 2021 and the Board be authorised with full power 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, subject (when required) to the approval of the relevant authorities;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Bonus Issue of Warrants with full power to assent to any condition, modification, variation and/or amendment in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants."

#### **BY ORDER OF THE BOARD**

**WONG YUET CHYN (MAICSA 7047163) (SSM PC 202008002451)**

Company Secretary

Kuala Lumpur

30 September 2021

#### **Notes:**

1. A depositor shall not be regarded as a member entitled to attend this EGM or at any adjournment thereof and to speak and vote thereat unless his/her/its name appears on the Record of Depositors as at 11 October 2021 (which is not less than three clear market days before the date of this EGM) issued by Bursa Malaysia Depository Sdn. Bhd. ("**Bursa Depository**") in accordance with the rules of Bursa Depository.
2. A member who is a holder of 2 or more shares shall be entitled to appoint up to 2 proxies to attend and vote at this EGM. Where a member appoints 2 proxies, the appointments shall be invalid unless he/she/it specifies the proportions of his/her/its holdings to be represented by each proxy. Provided that having appointed a proxy to attend in his/her/its stead, if such member personally attends this EGM, his/her/its proxy shall be precluded from the meeting.
3. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint at least 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.
5. 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**") as defined under SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.
7. The Form of Proxy and the duly completed instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority must be lodged at the Company's Registered Office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or fax to 03-6201 3121 or email to [ir.mag@shareworks.com.my](mailto:ir.mag@shareworks.com.my) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of this EGM shall be put to vote by poll.



**MAG HOLDINGS BERHAD**  
Registration No. 200401004611 (643114-X)  
(Incorporated in Malaysia)

## ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”)

**Meeting Date** : Friday, 15 October 2021

**Time** : 9.00 a.m.

**Meeting platform/ hosted by:** Securities Services e-Portal (SS e-Portal) at <https://sshsb.net.my/>

### Mode of meeting:

As part of the safety measures in view of Covid-19 pandemic, the EGM of the Company will be held on a fully virtual basis through live streaming and online remote voting by using remote participation and voting facilities via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by Securities Services (Holdings) Sdn. Bhd. in Malaysia.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the Meeting as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

This is in line with the guidance note on conduct of general meetings for listed issuers issued by the Securities Commission Malaysia on 18 April 2020 and all subsequent revisions thereto. The online meeting platform shall be recognised as the main venue of the EGM and the online platform is located in Malaysia.

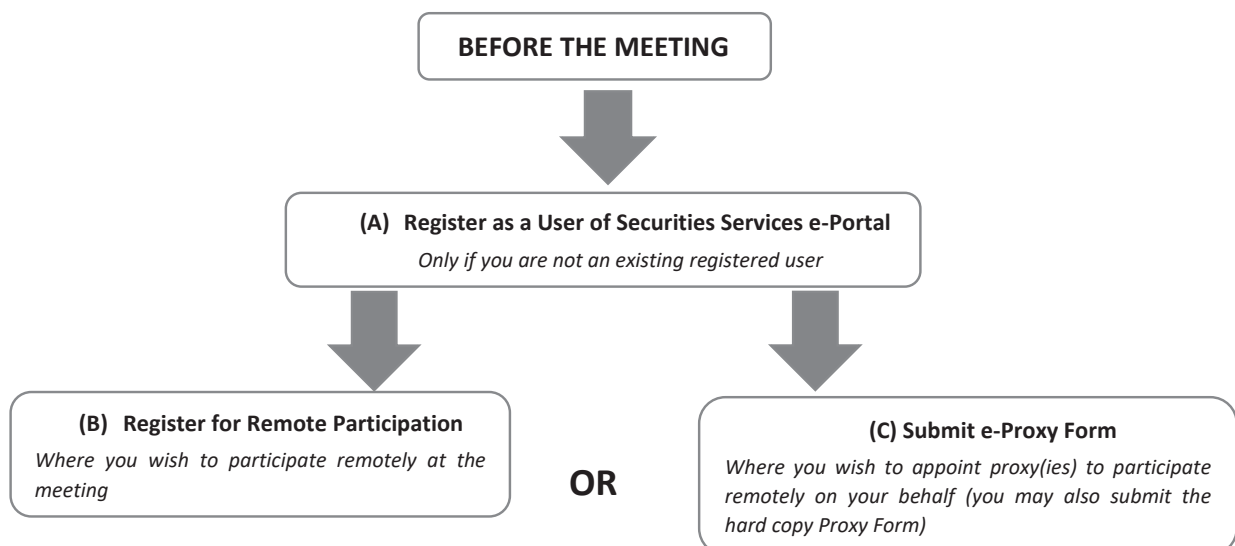
**Shareholders, proxies and corporate representatives/attorneys will not be allowed to attend the EGM in person on the day of the EGM.**

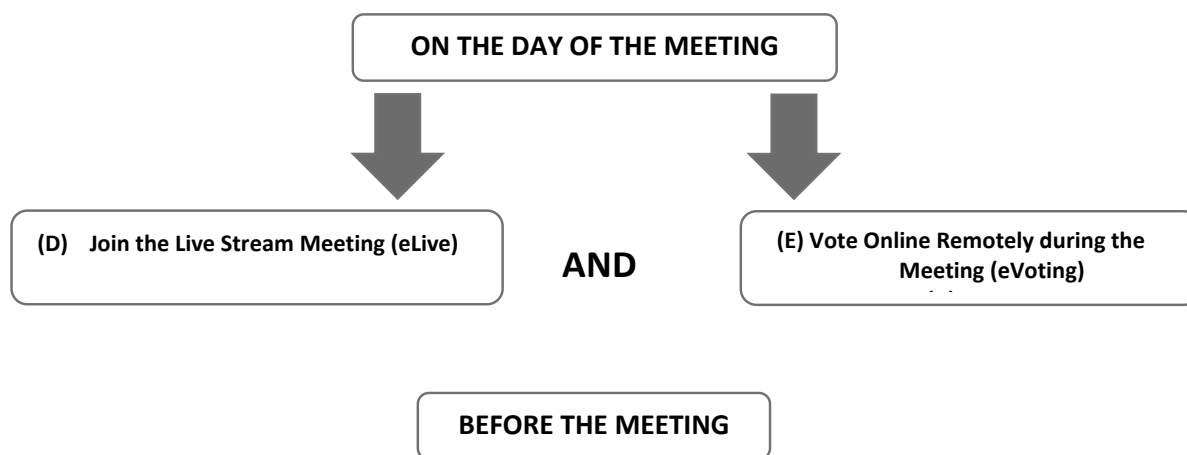
Shareholders may submit questions to the Company prior to the EGM at [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) not later than **Wednesday, 13 October 2021 at 9.00 a.m.** or to use the e-Portal to raise questions (as described below).

All users of Securities Services e-Portal are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal. Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

### Enquiry

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my).





<b>(A) Sign up for a user account at Securities Services e-Portal</b>	
<p>Step 1 Visit <a href="https://sshsb.net.my/">https://sshsb.net.my/</a></p> <p>Step 2 Sign up for a user account</p> <p>Step 3 Wait for our notification email that will be sent within one (1) working day</p> <p>Step 4 Verify your user account within seven (7) days of the notification email and log in</p>	<ul style="list-style-type: none"> <li>• <b>This is a ONE-TIME registration.</b> If you already have a user account, you need not register again.</li> <li>• Your email address is your User ID.</li> <li>• Please proceed to either (B) or (C) below once you are a registered user.</li> </ul>
<b>ALL SHAREHOLDERS MUST SIGN UP AS USER BY <u>11 OCTOBER 2021</u></b>	
<b>(B) Register for Remote Participation</b>	
<b>Meeting Date and Time</b>	<b>Registration for Remote Participation Closing Date and Time</b>
Friday, 15 October 2021 at 9.00 a.m.	Wednesday, 13 October 2021 at 9.00 a.m.
<p>➤ Log in to <a href="https://sshsb.net.my/">https://sshsb.net.my/</a> with your registered email and password</p> <p>➤ Look for <b>MAG Holdings Berhad</b> under Company Name and <b>EGM on 15 October 2021 at 9.00 a.m. – Registration for Remote Participation</b> under Corporate Exercise / Event and click "&gt;" to register for remote participation at the meeting.</p>	
<p>Step 1 Check if you are attending as –</p> <ul style="list-style-type: none"> <li>▪ Individual shareholder</li> <li>▪ Corporate or authorised representative of a body corporate</li> </ul> <p><i>For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The <u>original</u> evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan (KL) for verification before the registration closing date and time above.</i></p> <p>Step 2 Submit your registration.</p>	
<ul style="list-style-type: none"> <li>• A copy of your e-Registration for remote participation can be accessed via <b>My Records</b> (refer to the left navigation panel).</li> <li>• Your registration will apply to <b>all the CDS account(s)</b> of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.</li> <li>• As the meeting will be conducted on a fully virtual basis, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.</li> </ul>	

(C) Submit e-Proxy Form	
Meeting Date and Time	Proxy Form Submission Closing Date and Time
Friday, 15 October 2021 at 9.00 a.m.	Wednesday, 13 October 2021 at 9.00 a.m.
<p>➤ Log in to <a href="https://sshsb.net.my/">https://sshsb.net.my/</a> with your registered email and password</p> <p>➤ Look for <b>MAG Holdings Berhad</b> under Company Name and <b>EGM on 15 October 2021 at 9.00 a.m. – Submission of Proxy Form</b> under Corporate Exercise / Event and click "&gt;" to submit your proxy forms online for the meeting by the submission closing date and time above.</p>	
<p>Step 1 Check if you are submitting the proxy form as –</p> <ul style="list-style-type: none"> <li>▪ Individual shareholder</li> <li>▪ Corporate or authorised representative of a body corporate</li> </ul> <p><i>For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The <u>original</u> evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan (KL) for verification before the proxy form submission closing date and time above.</i></p> <p>Step 2 Enter your CDS account number or the body corporate's CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies). <b>You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.</b></p> <p>Step 3 Proceed to indicate how your votes are to be casted against each resolution.</p> <p>Step 4 Review and confirm your proxy form details before submission.</p> <ul style="list-style-type: none"> <li>• A copy of your submitted e-Proxy Form can be accessed via <b>My Records</b> (refer to the left navigation panel).</li> <li>• You need to submit your e-Proxy Form for <b>every CDS account(s)</b> you have or represent.</li> </ul>	
PROXIES	
<p>All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by <b>11 October 2021</b>. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, <u>provided the proxy must be a registered user of the e-Portal</u>, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.</p>	

## ON THE DAY OF THE MEETING

Log in to <https://sshsb.net.my/> with your registered email and password

### (D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Friday, 15 October 2021 at 9.00 a.m.	Friday, 15 October 2021 at 8.30 a.m.

- Look for **MAG Holdings Berhad** under Company Name and **EGM on 15 October 2021 at 9.00 a.m. - Live Stream Meeting** under Corporate Exercise / Event and click ">" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management/relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

### (E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Friday, 15 October 2021 at 9.00 a.m.	Friday, 15 October 2021 at 9.00 a.m.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.  
OR
- If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **MAG Holdings Berhad** under Company Name and **EGM on 15 October 2021 at 9.00 a.m. - Remote Voting** under Corporate Exercise / Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

- Step 1 Cast your votes by clicking on the radio buttons against each resolution.  
Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).



## FORM OF PROXY

Number of ordinary shares held

I/We, \_\_\_\_\_ CDS Account No. \_\_\_\_\_  
of \_\_\_\_\_

being a Member/Members of **MAG HOLDINGS BERHAD**, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her, \_\_\_\_\_  
of \_\_\_\_\_

or failing him/her, the Chairman 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 held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn Bhd in Malaysia on Friday, 15 October 2021 at 9.00 a.m. and at any adjournment thereof. My/Our proxy is to vote as indicated below:

Agenda	For	Against
Ordinary Resolution - Proposed Bonus Issue of Warrants		

(Please indicate with a "x" as to how you wish your vote/s to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy.

First named proxy \_\_\_\_\_ % Second named proxy \_\_\_\_\_ %

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021

Signature

(If shareholder is a corporation, this part should be executed under seal)

### Notes:

1. A depositor shall not be regarded as a member entitled to attend this EGM or at any adjournment thereof and to speak and vote thereat unless his/her/its name appears on the Record of Depositors as at 11 October 2021 (which is not less than three clear market days before the date of this EGM) issued by Bursa Malaysia Depository Sdn. Bhd. ("**Bursa Depository**") in accordance with the rules of Bursa Depository.
2. A member who is a holder of 2 or more shares shall be entitled to appoint up to 2 proxies to attend and vote at this EGM. Where a member appoints 2 proxies, the appointments shall be invalid unless he/she/it specifies the proportions of his/her/its holdings to be represented by each proxy. Provided that having appointed a proxy to attend in his/her/its stead, if such member personally attends this EGM, his/her/its proxy shall be precluded from the meeting.
3. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint at least 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.
5. 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**") as defined under SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.
7. The Form of Proxy and the duly completed instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be lodged at the Company's Registered Office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or fax to 03-6201 3121 or email to [ir.mag@shareworks.com.my](mailto:ir.mag@shareworks.com.my) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of this EGM shall be put to vote by poll.



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AFFIX  
STAMP

**The Company Secretary**  
**MAG HOLDINGS BERHAD**  
Registration No. 200401004611 (643114-X)  
No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan

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