

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Circular has been reviewed by UOB Kay Hian Securities (M) Sdn Bhd, being the Adviser to AppAsia Berhad for the Proposals (as defined herein).

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



APPASIA BERHAD

Registration No. 200401005180 (643683-U)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- I. **PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 1 EXISTING ORDINARY SHARE IN APPASIA BERHAD ("APPASIA" OR THE "COMPANY") ("APPASIA SHARE(S)") HELD BY SHAREHOLDERS OF THE COMPANY WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED BY THE BOARD OF DIRECTORS OF APPASIA ("BOARD") AT A LATER DATE ("SHARE SPLIT ENTITLEMENT DATE") INTO 3 APPASIA SHARES ("PROPOSED SHARE SPLIT"); AND**
- II. **PROPOSED BONUS ISSUE OF UP TO 147,558,060 FREE WARRANTS IN APPASIA ("WARRANT(S) B") ON THE BASIS OF 1 WARRANT B FOR EVERY 10 EXISTING APPASIA SHARES HELD BY SHAREHOLDERS OF THE COMPANY WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF THE COMPANY ON AN ENTITLEMENT DATE, WHICH WILL BE AFTER THE SHARE SPLIT ENTITLEMENT DATE, TO BE DETERMINED AND ANNOUNCED LATER BY THE BOARD ("PROPOSED BONUS ISSUE OF WARRANTS")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



UOB Kay Hian Securities (M) Sdn Bhd

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

The Extraordinary General Meeting of AppAsia ("**EGM**") will be held virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via <https://agm.digerati.com.my/Appasia-online> on Friday, 18 June 2021 at 3.00 p.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting of AppAsia scheduled to be held on the same day at 2.00 p.m., whichever is later. The Notice of EGM and the Proxy Form are enclosed herein.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies (but not more than 2) to attend, participate, speak and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be deposited at the Share Registrar office of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Alternatively, shareholders may choose to submit an electronic Proxy Form using the RPV facilities at <https://agm.digerati.com.my/Appasia-online> or e-mail to AppAsia_helpdesk@digerati.com.my, not less than forty eight (48) hours before the time for holding the EGM or any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Wednesday, 16 June 2021 at 3.00 p.m.

Date and time of the EGM : Friday, 18 June 2021 at 3.00 p.m.

This Circular is dated 3 June 2021

DEFINITIONS

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

"Act"	:	The Companies Act 2016
"AppAsia" or our "Company"	:	AppAsia Berhad (Registration No. 200401005180 (643683-U))
"AppAsia Group" or our "Group"	:	AppAsia and its subsidiaries, collectively
"AppAsia Share(s)" or the "Share(s)"	:	Ordinary share(s) in AppAsia
"Board"	:	Our Board of Directors of AppAsia
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
"Circular"	:	This circular dated 3 June 2021
"Deed Poll A"	:	The deed poll dated 19 November 2014 constituting the Warrants A
"Deed Poll B"	:	The draft deed poll to be executed by our Company constituting the Warrants B (to be issued pursuant to the Proposed Bonus Issue of Warrants), as may be supplemented from time to time
"Director(s)"	:	The director(s) of AppAsia and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	:	The forthcoming Extraordinary General Meeting of our Company
"EPS/ (LPS)"	:	Earnings per share/ (Loss) per share
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GP"	:	Gross Profit
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	24 May 2021, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
"Maximum Scenario"	:	Assuming all of the treasury shares are resold at cost, the full exercise of all the outstanding Warrants A and SIS options prior to the Share Split Entitlement Date and the completion of the Proposed Share Split prior to the implementation of the Proposed Bonus Issue of Warrants

DEFINITIONS (CONT'D)

"Minimum Scenario"	:	Assuming none of the treasury shares are resold, none of the outstanding Warrants A and SIS options are exercised prior to the Share Split Entitlement Date and the completion of the Proposed Share Split prior to the implementation of the Proposed Bonus Issue of Warrants
"NA"	:	Net assets attributable to the owners of our Company
"PAT/ (LAT)"	:	Profit after taxation/ (Loss) after taxation
"PBT/ (LBT)"	:	Profit before taxation/ (Loss) before taxation
"Proposals"	:	The Proposed Bonus Issue of Warrants and Proposed Share Split, collectively
"Proposed Bonus Issue of Warrants"	:	Proposed bonus issue of up to 147,558,060 Warrants B on the basis of 1 Warrant B for every 10 existing AppAsia Shares held by the Warrants Entitled Shareholders
"Proposed Share Split"	:	Proposed share split involving the subdivision of every 1 existing AppAsia Share held by the Share Split Entitled Shareholders into 3 Split Shares
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Share Split Entitled Shareholders"	:	Shareholders of our Company whose names appear in the Record of Depositors of our Company on the Share Split Entitlement Date
"Share Split Entitlement Date"	:	An entitlement date to be determined and announced later by our Board, on which the names of the shareholders of our Company must appear in the Record of Depositors of our Company as at 5.00 p.m. in order to participate in the Proposed Share Split
"SIS"	:	Share issuance scheme
"Split Share(s)"	:	Ordinary share(s) in AppAsia after the Proposed Share Split
"TESP"	:	The theoretical adjusted reference price of AppAsia Shares upon the completion of the Proposed Share Split (i.e. theoretical ex-split price)
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No.: 199001003423 (194990-K))
"VWAP"	:	Volume weighted average market price
"Warrant(s) A"	:	115,147,600 outstanding warrants 2014/2024 in AppAsia as at the LPD, constituted by the Deed Poll A. Each Warrant A carries the entitlement to subscribe for 1 new AppAsia Share during the 10-year exercise period up to 23 December 2024 at an exercise price of RM0.13 per Warrant A
"Warrant(s) B"	:	Up to 147,558,060 free warrants in AppAsia to be issued pursuant to the Proposed Bonus Issue of Warrants
"Warrants Entitled Shareholders"	:	Shareholders of our Company whose names appear in the Record of Depositors of our Company on the Warrants Entitlement Date

DEFINITIONS (CONT'D)

"Warrants Entitlement Date" : An entitlement date, which will be after the Share Split Entitlement Date, to be determined and announced later by our Board, on which the names of the shareholders of our Company must appear in the Record of Depositors of our Company as at 5.00 p.m. in order to participate in the Proposed Bonus Issue of Warrants

All references to "we", "us", "our" and "ourselves" are made to AppAsia, or where the context requires, shall include our subsidiaries.

All references to "you" in this Circular are made to shareholders who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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EXECUTIVE SUMMARY

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

Key information	Description	Reference to Circular
Summary of the Proposals	<u>Proposed Share Split</u> The Proposed Share Split entails the subdivision of every 1 existing AppAsia Share held by the Share Split Entitled Shareholders on the Share Split Entitlement Date, into 3 Split Shares.	Section 2
	<u>Proposed Bonus Issue of Warrants</u> The Proposed Bonus Issue of Warrants entails the issuance of up to 147,558,060 Warrants B on the basis of 1 Warrant B for every 10 Shares held by the Warrants Entitled Shareholders on the Warrants Entitlement Date, which will be after the Share Split Entitlement Date.	Section 3
Rationale and justifications for the Proposals	<u>Proposed Share Split</u> (i) To increase the number of AppAsia Shares held by our Company's shareholders at no cost to be incurred by the shareholders, while maintaining their percentage of equity shareholding held in our Company; (ii) To potentially result in improved trading liquidity of AppAsia Shares by increasing the number of Shares in issue; and (iii) To result in AppAsia Shares being more affordable without affecting the market capitalisation of our Company, which may encourage greater participation by a wider group of public shareholders and investors.	Section 4.1
	<u>Proposed Bonus Issue of Warrants</u> (i) To reward our Company's shareholders for their continuous support by enabling them to participate in a derivative of our Company without incurring any costs; (ii) To provide the shareholders an opportunity to further increase their equity participation in our Company by exercising the Warrants B at a pre-determined price over the tenure of the Warrants B; (iii) To strengthen our Company's capital base and shareholders' funds, as and when the Warrants B are exercised; and (iv) To provide our Company with additional working capital as and when the Warrants B are exercised without incurring interest costs as compared to conventional bank borrowings.	Section 4.2
Approvals required	The Proposals are subject to the following approvals being obtained:- (i) Bursa Securities, the approval of which has been obtained vide Bursa Securities' letter dated 27 May 2021; (ii) Our shareholders for the Proposals at the EGM; and (iii) Any other relevant authority, if required.	Section 9
Interested parties in the Proposals	None of the Directors, major shareholders and/ or chief executive of AppAsia and/ or persons connected with them have any interest, whether direct or indirect, in the Proposals, save for their respective entitlements as shareholders of our Company under the Proposals, which are also available to all other entitled shareholders of our Company.	Section 10
Board recommendation	Our Board recommends that you vote in favour of the resolutions pertaining to the Proposals at the EGM, the details of which are set out in this Circular and the Notice of EGM enclosed herein.	Section 13



APPASIA BERHAD

Registration No. 200401005180 (643683-U)
(Incorporated in Malaysia)

Registered Office

E-10-4, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia

3 June 2021

Board of Directors

Datuk Wira Rahadian Mahmud Bin Mohammad Khalil (*Independent Non-Executive Chairman*)
Toh Hong Chye (*Executive Director*)
Wong Ngai Peow (*Executive Director*)
Yong Mai Fang (*Executive Director*)
Datuk Low Kim Leng (*Independent Non-Executive Director*)
Tiew Chee Ming (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

- I. PROPOSED SHARE SPLIT; AND
- II. PROPOSED BONUS ISSUE OF WARRANTS

1. INTRODUCTION

On 23 April 2021, UOBKH had, on behalf of our Board, announced that our Company proposed to undertake the following:-

- (i) a share split involving the subdivision of every 1 existing AppAsia Share held by shareholders of our Company whose names appear in the Record of Depositors of our Company on the Share Split Entitlement Date into 3 Split Shares; and
- (ii) a bonus issue of up to 147,558,060 Warrants B on the basis of 1 Warrant B for every 10 existing AppAsia Shares held by shareholders of our Company whose names appear in the Record of Depositors of our Company on the Warrants Entitlement Date, which will be after the Share Split Entitlement Date.

It is the intention of our Board to implement the Proposed Bonus Issue of Warrants after the completion of the Proposed Share Split.

On 27 May 2021, UOBKH had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 27 May 2021, resolved to approve the following:-

- (i) Proposed Share Split;
- (ii) admission of the Warrants B to the ACE Market of Bursa Securities;

- (iii) listing and quotation of up to 147,558,060 Warrants B and up to 147,558,060 new AppAsia Shares to be issued pursuant to the exercise of the Warrants B on the ACE Market of Bursa Securities; and

listing and quotation of up to 235,194,400 additional Warrants A arising from the adjustments pursuant to the Proposed Share Split and up to 235,194,400 new AppAsia Shares arising from the exercise of the additional Warrants A on the ACE Market of Bursa Securities,

subject to the conditions as disclosed in Section 9 of this Circular.

For shareholders' information, details on the adjustments to the Warrants A pursuant to the Proposed Share Split are set out in Section 7.5.1 of this Circular.

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

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

2. PROPOSED SHARE SPLIT

2.1 Basis and number of Split Shares

The Proposed Share Split entails the subdivision of every 1 existing AppAsia Share held by the Share Split Entitled Shareholders on the Share Split Entitlement Date, into 3 Split Shares. Our Board confirms that the Proposed Share Split is allowed by way of passing an ordinary resolution in accordance with the Constitution of the Company.

As at the LPD, the issued share capital of AppAsia is approximately RM29,419,757 comprising 366,912,600 AppAsia Shares (including 14,804,200 treasury shares). In addition, AppAsia has 115,147,600 outstanding Warrants A.

Further, our Company had established a SIS wherein the maximum number of new AppAsia Shares to be issued pursuant to the SIS shall not in aggregate exceed 30% of the total issued shares of our Company (excluding treasury shares, if any) at any time during the duration of the SIS. Each SIS option granted entitles its holder to subscribe for 1 new AppAsia Share at an exercise price to be determined by our Board at the date of offer of the SIS option. As at the LPD, there are 9,800,000 outstanding SIS options which are granted but unexercised. Our Board has undertaken not to offer any further SIS options until the completion of the Proposals.

Under the Minimum Scenario, the 366,912,600 AppAsia Shares (including 14,804,200 treasury shares) as at the LPD will be subdivided into 1,100,737,800 Split Shares (including 44,412,600 treasury shares) upon completion of the Proposed Share Split.

Under the Maximum Scenario, assuming all the treasury shares are resold in the open market at cost and the full exercise of all the outstanding Warrants A and SIS options prior to the Share Split Entitlement Date, our Company's enlarged number of issued shares will be 491,860,200 Shares. Subsequently, our Company's enlarged number of issued shares will be 1,475,580,600 Split Shares upon completion of the Proposed Share Split.

The actual number of Split Shares to be issued under the Proposed Share Split will be determined based on the number of AppAsia Shares in issue (including treasury shares, if any) as at the Share Split Entitlement Date. For avoidance of doubt, treasury shares will be entitled to the Split Shares and such Split Shares will be treated as treasury shares held by our Company at the time the Split Shares are allotted.

Fractional entitlements arising from the Proposed Share Split, if any, shall be disregarded and dealt with in such manner as our Board in its absolute discretion deems fit and expedient, and in the best interest of our Company.

The Proposed Share Split will not be implemented on a staggered basis.

2.2 Reference price to the Split Shares

The Proposed Share Split will result in an adjustment to the reference share price of AppAsia Shares listed and quoted on the ACE Market of Bursa Securities.

For illustration purposes, the TESP based on the closing market price of AppAsia Shares as at the LPD of RM0.6000, is set out below:-

	Assumed no. of AppAsia Shares	Closing market price/ TESP per AppAsia Share RM	Total value ^{*1} RM
As at the LPD	100	0.6000 ^{*2}	60
After the completion of the Proposed Share Split	300	0.2000 ^{*3}	60

Notes:-

^{*1} The total value is calculated by multiplying the number of AppAsia Shares with the closing market price/ TESP per AppAsia Share

^{*2} Based on the closing market price of AppAsia Shares as at the LPD

^{*3} For illustration purposes, the TESP based on the closing market price of AppAsia Shares as at the LPD is arrived at based on the following formula:-

$$\begin{aligned}
 \text{TESP} &= \frac{\text{Closing market price of AppAsia Shares}}{\text{Assumed number of Shares before the Proposed Share Split}} \times \frac{\text{Number of Split Shares after the Proposed Share Split}}{\text{Number of Split Shares after the Proposed Share Split}} \\
 &= \text{RM0.6000} \times \frac{100}{300} \\
 &= \text{RM0.2000}
 \end{aligned}$$

For illustrative purpose, based on the 5-day VWAP of AppAsia Shares and the lowest daily VWAP of AppAsia Shares during the 3-month period up to and including 4 May 2021, being the last trading date immediately preceding the submission of the application to Bursa Securities in relation to the Proposed Share Split, the TESP of AppAsia Shares pursuant to the Proposed Share Split is as follows:-

	Before the Proposed Share Split Market price per Share RM	After the Proposed Share Split TESP per Share RM
5-day VWAP up to 4 May 2021	0.6200	0.2067
Lowest daily VWAP during the 3-month period up to 4 May 2021	0.6109	0.2036

Accordingly, the Proposed Share Split is in compliance with Rule 6.31(1A) of the Listing Requirements which requires the adjusted Share price to be not less than RM0.20 based on the daily VWAP of the Shares during the 3-month period up to and including the last trading date immediately preceding the submission of the application to Bursa Securities in relation to the Proposed Share Split.

Based on the above illustration, the Proposed Share Split will adjust the reference price of the Shares without affecting the total market value of these Shares held by shareholders of our Company.

2.3 Ranking of Split Shares

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

As the Warrants Entitlement Date will be on a date after the Share Split Entitlement Date, the Split Shares will be entitled to the Warrants B.

2.4 Listing and quotation of the Split Shares, additional Warrants A arising from the adjustments pursuant to the Proposed Share Split and new AppAsia Shares arising from the exercise of the additional Warrants A

No suspension will be imposed on the trading of AppAsia Shares and Warrants A on the ACE Market of Bursa Securities for the purpose of implementing the Proposed Share Split as the Proposed Share Split is prescribed as a specified subdivision pursuant to Rule 13.04 of the Listing Requirements.

Bursa Securities had, vide its letter dated 27 May 2021, approved the Proposed Share Split as well as the listing and quotation of up to 235,194,400 additional Warrants A arising from the adjustments pursuant to the Proposed Share Split and up to 235,194,400 new AppAsia Shares arising from the exercise of the additional Warrants A on the ACE Market of Bursa Securities.

Details on the adjustments to the Warrants A pursuant to the Proposed Share Split are set out in Section 7.5.1 of this Circular.

The Split Shares shall be listed and quoted on the ACE Market of Bursa Securities on the next market day following the Share Split Entitlement Date.

3. PROPOSED BONUS ISSUE OF WARRANTS

3.1 Basis and number of Warrants B

The Proposed Bonus Issue of Warrants entails the issuance of up to 147,558,060 Warrants B on the basis of 1 Warrant B for every 10 Shares held by the Warrants Entitled Shareholders on the Warrants Entitlement Date, which will be after the Share Split Entitlement Date.

As at the LPD, the issued share capital of AppAsia is approximately RM29,419,757 comprising 366,912,600 AppAsia Shares (including 14,804,200 treasury shares). In addition, AppAsia has 115,147,600 outstanding Warrants A. As set out in Section 2.1 of this Circular, our Company had established a SIS. As at the LPD, there are 9,800,000 outstanding SIS options which are granted but unexercised. Our Board has undertaken not to offer any further SIS options until the completion of the Proposals.

Under the Minimum Scenario, our Company's enlarged number of issued shares will be 1,056,325,200 Split Shares (excluding 44,412,600 treasury shares) upon completion of the Proposed Share Split. As such, a total of 105,632,520 Warrants B will be issued pursuant to the Proposed Bonus Issue of Warrants. In addition, assuming all the Warrants B are exercised, a total of 105,632,520 new AppAsia Shares will be issued therefrom.

Under the Maximum Scenario, assuming the following:-

- (i) all the treasury shares are resold in the open market at cost;
- (ii) the full exercise of all the outstanding Warrants A and SIS options prior to the Share Split Entitlement Date; and
- (iii) the completion of the Proposed Share Split,

our Company's enlarged number of issued shares will be 1,475,580,600 Split Shares. As such, a total of 147,558,060 Warrants B will be issued pursuant to the Proposed Bonus Issue of Warrants. In addition, assuming all the Warrants B are exercised, a total of 147,558,060 new AppAsia Shares will be issued therefrom.

The actual number of Warrants B to be issued under the Proposed Bonus Issue of Warrants will depend on the number of AppAsia Shares in issue (excluding treasury shares, if any) on the Warrants Entitlement Date.

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

- (i) amount of proceeds our Company could potentially raise as and when the Warrants B are exercised during the exercise period of the Warrants B;
- (ii) dilutive effects arising from the full exercise of Warrants B on the consolidated EPS of our Company; and
- (iii) compliance with Rule 6.51 of the Listing Requirements, which states that the number of new AppAsia Shares that will arise from the exercise of all outstanding convertible equity securities, shall not exceed 50% of the total number of issued Shares (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

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

The Warrants B, which will be issued in registered form and constituted by the Deed Poll B to be executed by AppAsia. The indicative salient terms of the Deed Poll B are set out in Section 3.5 of this Circular.

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

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

The Warrants B will be issued at no cost to the Warrants Entitled Shareholders and the exercise price of the Warrants B will be determined and announced at a later date by our Board after the receipt of all relevant approvals but before the Warrants Entitlement Date.

The exercise price of the Warrants B will be determined and fixed by our Board after taking into consideration, amongst others, the following:-

- (i) the historical price movement of AppAsia Shares;
- (ii) the TESP based on the 5-day VWAP of AppAsia Shares immediately preceding the price-fixing date to be determined and announced later.

Our Board intends to fix the exercise price of the Warrants B subject to a discount range of 10.0% to 30.0% to the TESP of AppAsia Shares based on the 5-day VWAP of AppAsia Shares immediately preceding the price fixing date. The abovementioned range of discount will allow our Board to fix the exercise price of the Warrants B at a sufficiently attractive price to incentivise Warrant B holders to exercise the Warrants B and increase their equity participation in the Company, while also allowing our Board the necessary flexibility to accommodate for potential fluctuations in prevailing market conditions and prices.

For illustrative purposes only, the illustrative exercise price of the Warrants B is assumed at RM0.1705 per Warrant B, which represents a discount of approximately 15.00% to the TESP of AppAsia Shares of RM0.2006, based on the 5-day VWAP of AppAsia Shares up to and including the LPD of RM0.6018 per AppAsia Share;

- (iii) the Warrants B are exercisable at any time for a tenure of 3 years from the date of issuance of the Warrants B which may provide the shareholders an alternative to participate and trade in the equity derivative of AppAsia over the tenure of Warrants B and potentially realize a capital gain in the event of any Share price appreciation; and
- (iv) the Warrants B will be issued at no cost.

3.3 Ranking of the Warrants B and new AppAsia Shares to be issued arising from the exercise of Warrants B

The Warrant B holders will not be entitled to any voting rights or right to participate in any form of distribution and/ or offer of further securities in AppAsia (save as disclosed in the Deed Poll B) until and unless such Warrant B holders exercise their Warrants B into new Shares.

The new AppAsia Shares to be issued pursuant to the exercise of the Warrants B will, upon allotment and issuance, rank equally in all respects with the existing AppAsia Shares, save and except that the new AppAsia Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new AppAsia Shares.

3.4 Listing and quotation of the Warrants B and new AppAsia Shares to be issued arising from the exercise of the Warrants B

Bursa Securities had, vide its letter dated 27 May 2021, approved the admission of the Warrants B to the ACE Market of Bursa Securities and the listing and quotation of up to 147,558,060 Warrants B and up to 147,558,060 new AppAsia Shares to be issued pursuant to the exercise of the Warrants B on the ACE Market of Bursa Securities.

3.5 Indicative salient terms of the Warrants B

The indicative salient terms of Warrants B are set out below:-

Terms	Details
Issue size	: Up to 147,558,060 Warrants B to subscribe for up to 147,558,060 new AppAsia Shares.
Issue price	: The Warrants B will be issued at no cost to the Warrants Entitled Shareholders.
Detachability	: The Warrants B are immediately detachable upon allotment and issuance. The Warrants will be traded separately.
Form	: The Warrants B will be issued in registered form and will be constituted by the Deed Poll B.
Board lot	: The Warrants B are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new AppAsia Shares at any time during the Exercise Period or such denomination as determined by Bursa Securities.
Exercise price	: The final exercise price of the Warrants B will be determined at a later date, after taking into consideration, <i>inter-alia</i> , the TESP of AppAsia Shares at a price fixing date to be determined later.
Exercise period ("Exercise Period")	: Three (3) years commencing on and including the date of issuance of the Warrants B and ending at 5.00 p.m. on the day falling immediately before the third (3rd) anniversary of the date of issuance, or if such day is not a market day, then it shall be the market day immediately preceding the said non-market day. Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Rights of Warrant B holders	: The holder of Warrants B shall not be entitled to any voting rights or to participate in any dividends, rights, allotments and/ or other forms of distributions in our Company until and unless such holders of the Warrants B exercise their Warrants B into new AppAsia Shares.
Ranking of new AppAsia Shares	: The new AppAsia Shares to be issued pursuant to the exercise of the Warrants B will, upon allotment and issuance, rank equally in all respects with the existing AppAsia Shares, save and except that the new AppAsia Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new AppAsia Shares.
Modifications	: Subject to the approval of any relevant authority as required by law, any modification, amendment or addition to the Deed Poll B must be:- (a) approved by the Warrant B holders by ordinary resolution; (b) effected by a supplemental deed poll; (c) executed by our Company and expressed to be supplemental; and (d) comply with the requirements as stated in the Deed Poll B.

Terms	Details
	<p>Notwithstanding the above, our Company may without consent of the Warrant B holders, but in accordance with the terms contained in Deed Poll B, effect any modification to the Warrants B or the Deed Poll B which, in the opinion of our Company:-</p> <p>(a) is not materially prejudicial to the interest of the Warrant B holders; or</p> <p>(b) is to correct an error or to comply with mandatory provisions of related laws.</p> <p>A memorandum of every such supplemental deed poll must be endorsed on the Deed Poll B.</p> <p>Notice of every modification, amendment or addition to the Deed Poll B is to be given to the Warrant B holders within twenty-one (21) days from the date of such modification, amendment or addition in accordance to the terms of the Deed Poll B.</p>
Listing of the Warrants B	: Bursa Securities had, vide its letter dated 27 May 2021, approved the listing of the Warrants B and new AppAsia Shares arising from the exercise of Warrants B as well as admission of the Warrants B to the Official List of the ACE Market of Bursa Securities.
Adjustment in the exercise price and/ or number of Warrants B	: The exercise price and/ or the number of Warrants B held by each Warrant B holder may from time to time be adjusted in the event of any alteration to the share capital of our Company in accordance with the provisions as set out in the Deed Poll B.
Transferability	: The Warrants B shall be transferable in the manner in accordance with the Deed Poll B subject always to the provisions of the Securities Industries (Central Depositories) Act, 1991, as amended and revised from time to time and the Rules of Bursa Malaysia Depository Sdn Bhd and any appendices.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: <p>Where a resolution has been passed for a member's voluntary winding up of our Company, or where there is a compromise or arrangement, then:</p> <p>(a) If such winding-up, compromise or arrangement has been approved by the Warrant B holder or some persons designated by them of such purposes by a special resolution, the terms of such winding up, compromise or arrangement will be binding on all the Warrant B holders; and</p> <p>(b) In any other case, every Warrant B holder shall be entitled within six (6) weeks after the passing of such resolution for a member's voluntary winding-up of our Company or within six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrendering of his Warrants B to our Company, exercise his Warrants B and be treated as if he had exercised the Warrants B immediately prior to the commencement of such winding up or such compromise or arrangement. If our Company is wound up, all exercise rights which have not been exercised within six (6) weeks of the passing of such resolution, shall lapse and the Warrants B shall cease to be valid for any purpose.</p>
Governing Laws	: Laws and regulations of Malaysia

3.6 Utilisation of proceeds

The Proposed Bonus Issue of Warrants will not raise any immediate funds for our Company as the Warrants B will be issued at no cost to the Warrants Entitled Shareholders.

The amount of proceeds to be raised from the exercise of Warrants B would depend on the actual number of Warrants B exercised during the exercise period of the Warrants B and the exercise price of the Warrants B, which is to be determined at a later date. As such, the exact quantum and timeframe for utilisation of the proceeds to be raised cannot be determined at this juncture. Nevertheless, our Board anticipates that any proceeds to be raised from the exercise of the Warrants B will be utilised by our Group within 24 months from the date of receipt of such proceeds.

For illustrative purposes, the gross proceeds to be raised assuming all the Warrants B are exercised at the illustrative exercise price of RM0.1705 per Warrant B are set out below:-

	No. of Warrants B exercised	Gross proceeds raised RM
Minimum Scenario	105,632,520	18,010,345
Maximum Scenario	147,558,060	25,158,649

Such proceeds to be raised, as and when the Warrants B are exercised, are expected to fund the future working capital requirements of AppAsia Group which may include, amongst others, sales and marketing expenses (e.g. digital advertising) as well as general administrative expenses (e.g. office utilities, upkeep and stationeries). However, the proceeds to be used for working capital are subject to the operational requirements of our Group at the point of utilisation, and thus the actual breakdown of the utilisation of proceeds is not determinable at this juncture.

The proceeds that are not immediately used will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/ or short-term money market financial instrument(s) as our Board may deem fit. Any interest income earned from such deposit(s) and/ or instrument(s) will also be used to fund the working capital requirements of our Group, the details and breakdown of which has yet to be determined at this juncture.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

4.1 Proposed Share Split

Our Board intends to undertake the Proposed Share Split to reward the existing shareholders of our Company as the Proposed Share Split serves to:-

- (i) increase the number of AppAsia Shares held by our Company's shareholders at no cost to be incurred by the shareholders, while maintaining their percentage of equity shareholding held in our Company;
- (ii) potentially result in improved trading liquidity of AppAsia Shares by increasing the number of Shares in issue; and
- (iii) result in AppAsia Shares being more affordable without affecting the market capitalisation of our Company, which may encourage greater participation by a wider group of public shareholders and investors.

4.2 Proposed Bonus Issue of Warrants

Our Board intends to undertake the Proposed Bonus Issue of Warrants to reward the existing shareholders of our Company as the Proposed Bonus Issue of Warrants serves to:-

- (i) reward our Company's shareholders for their continuous support by enabling them to participate in a derivative of our Company without incurring any costs;
- (ii) provide the shareholders an opportunity to further increase their equity participation in our Company by exercising the Warrants B at a pre-determined price over the tenure of the Warrants B. The shareholders may also benefit from potential capital gain in the event of Share price appreciation through the exercise of the Warrants B;
- (iii) strengthen our Company's capital base and shareholders' funds, as and when the Warrants B are exercised; and
- (iv) provide our Company with additional working capital as and when the Warrants B are exercised without incurring interest costs as compared to conventional bank borrowings.

5. OTHER FUND RAISING EXERCISES IN THE PAST 12 MONTHS

Our Company has not undertaken any other fund raising exercise in the past 12 months up to the date of this Circular.

6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter of 2020 (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

Domestic demand recorded a decline of 4.4% in the fourth quarter of 2020 (3Q 2020: -3.3%), mainly due to the subdued private consumption and public investment activities. Net exports grew by 12.4% (3Q 2020: 21.9%), with continued expansion in manufactured exports. Private consumption contracted by 3.4% (3Q 2020: -2.1%). Household spending was subdued amid continued weaknesses in income and employment conditions during the quarter. Spending was also affected by tighter movement restrictions in selected states. Nevertheless, the decline in physical spending was partly mitigated by the continued acceleration in online spending. During the quarter, consumer expenditure also remained supported by various stimulus measures including the EPF i-Lestari withdrawals, the continued support to affected borrowers under the Targeted Repayment Assistance and lower passenger car sales tax. Meanwhile, public consumption continued to expand, albeit at a more moderate pace of 2.7% in the fourth quarter of 2020 (3Q 2020: 6.9%), supported by spending in emoluments.

Gross fixed capital formation contracted further by 11.9% (3Q 2020: -11.6%), as capital spending from both private and public sectors remained relatively weak. By type of asset, investment in structures contracted by 13.1% (3Q 2020: -12.9) while investment in machinery & equipment declined by 9.0% during the quarter (3Q 2020: -8.3%). Private investment recorded a smaller decline of 7.0% (3Q 2020: -9.3%), mainly supported by continued capital spending in existing projects, particularly in the export-oriented industries. Meanwhile, public investment registered a larger decline of 19.8% (3Q 2020: -18.6%). This reflects lower spending on fixed assets by the general government and weaker demand in most sectors which continued to weigh on capital spending by public corporations.

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

As with most countries globally, the unprecedented economic shocks emanating from the pandemic resulted in a sharp decline in Malaysia's GDP growth in 2020 (2020: -5.6%), the lowest since 1998. Following a moderate start to the year, the escalating pandemic by mid-March 2020 dampened domestic economic growth. Adverse external spillovers and the introduction of stringent local containment measures to curb the rise in COVID-19 cases contributed to broad-based weaknesses in exports, production, and domestic demand. The largest impact was felt in the second quarter of 2020, with GDP contracting by 17.1%. Growth improved gradually thereafter from its trough towards the second half of the year as the economy was gradually reopened, and economic and social activities partially resumed. In response, policymakers implemented sizeable and timely stimulus measures to mitigate the adverse economic impact at the onset of the crisis and support the growth recovery.

(Source: Economic, Monetary and Financial Developments in 2020, Economic and Monetary Review 2020, 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.

Other domestic sector-specific factors, such as higher production from new and existing manufacturing and mining facilities, and the pick-up of large infrastructure projects, would provide further impetus to overall economic activity. Meanwhile, high-touch services are expected to recover more slowly owing to a more gradual improvement in consumer sentiments and limited foreign tourist spending, thus contributing to an uneven recovery across sectors. To this end, many firms have adjusted their business models, including shifting to online e-commerce platforms to cater to the changing consumer preferences to shop more online. These would enable firms to meet demand in the near-term and importantly, lead to higher productivity gains over the longer term.

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

6.2 Overview and outlook of the ICT industry in Malaysia

For the services sector, growth contracted by 5.5% in 2020 (2019: 6.1%) as the pandemic and containment measures disproportionately affected domestic consumer-oriented industries. Operational and mobility restrictions, on top of subdued consumer sentiments led to weaker spending and business activities in the wholesale and retail trade, as well as real estate and business services sub-sectors. Nonetheless, the exemption of the Sales and Services Tax (SST) on passenger cars spurred a strong recovery in motor vehicle sales in the second half of 2020 and partially mitigated this contraction. In addition, international border and mobility restrictions significantly disrupted tourism activity in Malaysia. This in turn affected its key services such as the food and beverage and accommodation sub-sectors, as well as air travel. Meanwhile, the finance and insurance sub-sector recorded positive growth for the year (2020: 2.7%) with sustained net interest income amid loan and deposit growth in the second half of 2020, despite higher credit costs and losses from loan modifications. The information and communication subsector also continued to expand (2020: 6.0%), supported by stronger demand for broadband data as e-commerce and e-payment activities grew amid greater digitalisation and remote working arrangements.

The services sector is expected to register a growth recovery (of 6.6%) in 2021. The information and communication, as well as finance and insurance sub-sectors are poised to lead the recovery as demand for digital solutions, especially in e-commerce and e-payment continues to accelerate. Nonetheless, the re-imposition of the Movement Control Order ("MCO") 2.0 in the early part of the year will weigh on activities in the wholesale and retail sub-sector. Additionally, the closure of Malaysia's international borders will continue to affect tourism-related industries (e.g. food and beverage, accommodation and air travel).

(Source: Economic, Monetary and Financial Developments in 2020, Economic and Monetary Review 2020, Bank Negara Malaysia)

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

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

6.3 The financial and operational impact on AppAsia Group arising from the COVID-19 pandemic

The World Health Organisation had on 11 March 2020 declared the COVID-19 outbreak as a global pandemic. As a measure to contain the outbreak, the Government of Malaysia announced the MCO which was effective from 18 March 2020. Effective 4 May 2020, the MCO has been transitioned into a conditional MCO ("**CMCO**") until 9 June 2020. As announced on 7 June 2020, the conditional MCO has further been transitioned into a recovery MCO ("**RMCO**") which had commenced with effect from 10 June 2020 until 31 August 2020. Subsequently vide an announcement on 28 August 2020, the RMCO was further extended from 31 August 2020 until 31 December 2020. Under the RMCO, more economic sectors and businesses were allowed to be opened subject to adherence with the necessary strict standard operating procedures.

However, following the resurgence of COVID-19 infections in Malaysia, the Government of Malaysia had re-implemented the MCO and CMCO from 14 October 2020 onwards with varying restrictions and durations for various states, including amongst others, Selangor, Kuala Lumpur and Putrajaya.

Our Group's operations were affected by the first MCO effective from 18 March 2020 until 4 May 2020 as our offices were forced to close during this period. Following the relaxation of government lockdowns with the transition of the first MCO into the CMCO on 4 May 2020, our offices had reopened. Since then, our Group's businesses have continued to operate and contribute revenue to our Group, under strict COVID-19 preventive measures, such as workplace hygiene policies (e.g. provision of hand sanitisers at our workplaces), requiring virtual meetings whenever possible, temperature monitoring, self-quarantining of travelling employees and work-from-home/ office rotation policies to minimise the number of employees at our business premises. Nevertheless, the implementation of such preventive measures has increased AppAsia Group's operating costs.

The outbreak of COVID-19 is an event of force majeure that is beyond the control of AppAsia Group. There is no assurance that the COVID-19 outbreak and the on-going CMCO/ MCO will not have a continuous adverse impact on the financial performance and operations of our Group. Nevertheless, our Group shall continue to closely monitor ongoing developments in the COVID-19 pandemic and will continue to enforce strict COVID-19 preventive measures and policies as set out above.

6.4 Future prospects of our Group

Our Group is currently segregated into the following core business segments:-

- (i) E-Commerce business ("**E-Commerce Business**") – our Group provides and operates business-to-consumer and business-to-business e-commerce platforms through the AppAsia e-marketplace;
- (ii) Digital solutions ("**Digital Solutions**") – our Group provides digital platform related solutions and services, mainly comprising in-house developed technology platforms related to, amongst others, news portals, content aggregation, social media integration, mobile applications and video streaming solutions; and

- (iii) Others ("**Others**") – our Group is also involved in other business including ICT security business ("**ICT Security Business**") which includes the provision of various ICT security solutions and professional security services, moneylending business ("**Moneylending Business**"), investment holding and provision of management services.

The E-Commerce Business segment has been the main revenue contributor of our Group, having contributed 98.19%, 94.34% and 91.98% of our Group's revenue for the past 3 audited financial years up to the FYE 31 December 2020, respectively. The revenue contribution of our Group's segments for the past 3 audited financial years up to the FYE 31 December 2020 is set out below:-

	----- Audited ----->		
	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000
E-Commerce Business	175,306	86,229	68,372
Digital Contents Business/ Digital Solutions ^{*1}	2,545	2,989	3,867
ICT Security Business	517	1,639	- ^{*2}
Moneylending Business (as defined herein)	-	328	- ^{*2}
Others ^{*2}	177	216	2,098
Group	178,545	91,401	74,337

Notes:-

^{*1} During the FYE 31 December 2020, our Group had undertaken a minor reclassification of its business segments, wherein the Digital Contents Business segment was renamed to Digital Solutions to reflect the new business direction of the said segment.

^{*2} Prior to the FYE 31 December 2020, the Others segment comprised investment holding and provision of management services only. During the FYE 31 December 2020, our Group had undertaken a minor reclassification of its business segments, wherein the Others segment was reclassified to include ICT Security Business, Moneylending Business, investment holding and provision of management services. As such, the segmental contribution of ICT Security Business and Moneylending Business is not available for the FYE 31 December 2020.

In line with our Group's continuous efforts to seek new business opportunities to generate additional streams of revenue and mitigate our Group's dependence on its ICT-related businesses, our Group had undertaken the diversification of its principal activities to include Moneylending Business ("**Diversification**"). AppAsia had obtained shareholders' approval for the Diversification at our Company's 16th AGM on 27 July 2020. At this juncture, our Group intends to extend the Moneylending Business to market segments that are underserved by licensed financial institutions (i.e. small medium enterprises and the bottom 40% (B40) income group). As a new entrant in the Moneylending Business, our Group will develop its customer base through methods such as providing flexible financing schemes to cater for a broader range of customers and offering moneylending services to those with limited access to banks.

Notwithstanding the Diversification, our Group remains committed to its existing ICT-related business, namely E-Commerce Business, Digital Solutions and ICT Security Business, in view of our Group's existing competencies and experience in ICT-related business, which have been our Group's main source of revenue for the abovementioned financial years under review. Our Group also continues to undertake research and development in artificial intelligence and big data technologies for the purpose of enhancing its offerings under the E-Commerce Business and Digital Solutions segments.

In accordance with the foregoing, our Group will continue to seek projects under its Digital Solutions segment that can provide long-term revenue streams. On 12 June 2018, Extol Corporation Sdn Bhd ("**Extol**"), a wholly-owned subsidiary of our Company, had entered into a collaboration agreement with Malaysian Institute of Accountants ("**MIA**") to develop and promote an industry-wide electronic bank confirmation platform (eConfirm.my) to improve the efficiency of the bank confirmation process in Malaysia ("**Platform**"). The collaboration is for a contract period of 12 years from 2018 until 2030. The Platform had launched on 26 June 2020 and at this juncture, will levy a flat platform service fee of RM15 (excluding service tax) for each bank confirmation conducted through the Platform. The current target market of the Platform are member auditor firms of MIA who are currently auditing approximately 1.3 million private and public limited companies who in turn are required to procure bank balance confirmations from licensed financial institutions for the preparation of statutory and/ or non-statutory audit.

In addition, on 4 September 2020, AppAsia Tech Sdn Bhd ("**ATSB**"), a wholly-owned subsidiary of our Company, had entered into a collaboration agreement with TM Info-Media Sdn Bhd ("**TMIM**"), a wholly owned unit of Telekom Malaysia Berhad, whereby TMIM will collaborate exclusively with ATSB for the development, marketing and promotion of a digital platform for the Yellow Pages Business Directory ("**Yellow Pages Digital Platform**") for an initial period of 5 years (which may be extended) from the date which the Yellow Pages Digital Platform is launched and accessible to the general public. Under this collaboration agreement, ATSB shall develop the Yellow Pages Digital Platform and provide technological know-how and support in the enhancement and promotion of the Yellow Pages Digital Platform as well as assist in the sales and marketing of the Yellow Pages Digital Platform. In January 2021, the Yellow Pages Digital Platform was launched and will continue to be updated and improved as customer feedback and usage data is obtained.

Barring any unforeseen circumstances and premised on the above as well as the relevant economy and industry outlook, our Board is cautiously optimistic that our Group's future prospects may improve.

(Source: Management of AppAsia)

6.4.1 Value creation and impact of the Proposals to the Group and its shareholders

The pro forma effects of the Proposals on the Company's issued share capital and substantial shareholding structure as well as on the Group's earnings, EPS, NA and gearing level are disclosed in Section 7 of this Circular.

The Proposed Share Split is also intended to reward our existing shareholders by potentially improving the trading liquidity of AppAsia Shares through increasing the number of Shares held by our shareholders while maintaining their proportion of equity shareholding held in our Company. As set out in Section 2.2 of this Circular, the Proposed Share Split will also result in AppAsia Shares being more affordable in view that the theoretical market price of each Share will decrease to one third of its current market price, without affecting our market capitalisation, which in turn may encourage greater participation by a wider group of public shareholders and investors.

The Proposed Bonus Issue of Warrants is anticipated to strengthen our Company's capital base and shareholders' funds as well as raise proceeds as and when the Warrants B are exercised. The proceeds may allow our Group to fund its future working capital requirements without relying solely on internally generated funds and/ or bank borrowings. Thus, such utilisation is expected to provide our Group flexibility in respect of financial allocations for its operational requirements, which in turn may enable our Group to operate more efficiently.

The Proposed Bonus Issue of Warrants also serves to reward our existing shareholders by enabling them to participate in a convertible security of our Company, which would be tradable on the ACE Market of Bursa Securities, without incurring any costs. In addition, the Proposed Bonus Issue of Warrants provides our shareholders an opportunity to increase their equity participation in our Company by exercising the Warrants B at a pre-determined price over the tenure of the Warrants B. In the event our shareholders exercise the Warrants B into new AppAsia Shares, our shareholders may also benefit from capital gain in the event of Share price appreciation.

6.4.2 Adequacy of the Proposals in addressing the financial concerns of our Group and steps taken to improve the financial condition of our Group

At this juncture, the management of AppAsia is of the view that the primary financial concern of our Group is the decreasing revenue contribution of our E-Commerce Business segment which is our main revenue contributor, which has caused our Group to record decreasing overall revenue subsequent to the FYE 31 December 2018 as set out in Section 6.4 of this Circular.

Accordingly, to address our Group's financial concern, our management has undertaken and/ or plans to undertake the following:-

- i. in line with our Group's ongoing efforts seek new business opportunities to generate additional streams of revenue and mitigate our Group's dependence on the E-Commerce Business segment, our Group had undertaken the Diversification. As an entry point into the Moneylending Business, our Group had completed the acquisition of the entire equity interest in AppAsia Capital Sdn Bhd (formerly known as TBH Borneo Sdn Bhd), which is principally involved in Moneylending Business, for a total cash consideration of RM500,000 on 23 April 2019. Details on our Group's future plans for its Moneylending Business are set out in Section 6.4 of this Circular;
- ii. our Group is currently seeking to leverage its existing ICT-related competencies and experience to secure projects for its Digital Solutions segment that will provide long-term revenue to our Group. Premised on the above, Extol (our wholly-owned subsidiary) had entered into a collaboration agreement with MIA to develop and promote the Platform. The Platform had launched on 26 June 2020 and is expected to provide a revenue stream to our Group via a flat platform service fee charged for bank confirmations conducted through the Platform. In addition, on 4 September 2020, ATSB (our wholly-owned subsidiary) had entered into a collaboration agreement with TMIM to collaborate on the development, marketing and promotion of the Yellow Pages Digital Platform for an initial period of 5 years (which may be extended) from the date which the Yellow Pages Digital Platform is launched and accessible to the general public;
- iii. to keep abreast with rapid developments in technologies such as artificial intelligence and big data, our Group will continue to undertake research and development in such technologies for the purpose of enhancing its offerings under the E-Commerce Business and Digital Solutions segments. For avoidance of doubt, our research and development is currently ongoing as part of our Group's business operations; and

- iv. the Proposed Bonus Issue of Warrants is expected to raise proceeds, as and when the Warrants B are exercised, which will be utilised for the future working capital requirements of our Group. Such utilisation may provide our Group additional financial flexibility to carry out future operations more efficiently.

Barring any unforeseen circumstances, our Board is of the view that the abovementioned steps may improve our Group's financial performance moving forward. At this juncture, our Board is not considering any other corporate exercises to improve our Group's financial performance and condition. Nevertheless, our Board will continue to evaluate our Group's financial performance as well as the ongoing COVID-19 pandemic moving forward, and will consider undertaking future corporate exercises should the need/ opportunity arise. Should our Board identify any suitable and viable corporate exercises, our Board shall make the requisite announcements and/ or seek shareholders' approval in accordance with the Listing Requirements.

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7. EFFECTS OF THE PROPOSALS

7.1 Issued share capital

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

	<-----Minimum Scenario----->				<-----Maximum Scenario----->			
	No. of Shares (excluding treasury shares)	No. of treasury shares	Total issued Shares	Issued share capital RM	No. of Shares (excluding treasury shares)	No. of treasury shares	Total issued Shares	Issued share capital RM
Issued share capital as at the LPD	352,108,400	14,804,200	366,912,600	29,419,757	352,108,400	14,804,200	366,912,600	29,419,757
Resale of treasury shares at cost in the open market	-	-	-	-	14,804,200	(14,804,200)	-	-
Assuming the full exercise of outstanding Warrants A	-	-	-	-	115,147,600	-	115,147,600	14,969,188 ^{*1}
Assuming the full exercise of outstanding SIS options	-	-	-	-	9,800,000	-	9,800,000	2,501,940 ^{*2}
	352,108,400	14,804,200	366,912,600	29,419,757	491,860,200	-	491,860,200	46,890,885
Issued share capital after the Proposed Share Split	1,056,325,200	44,412,600	1,100,737,800	29,419,757	1,475,580,600	-	1,475,580,600	46,890,885
Assuming the full exercise of Warrants B	105,632,520	-	105,632,520	18,010,345 ^{*3}	147,558,060	-	147,558,060	25,158,649 ^{*3}
Enlarged issued share capital after the full exercise of Warrants B	1,161,957,720	44,412,600	1,206,370,320	47,430,102	1,623,138,660	-	1,623,138,660	72,049,534
Assuming the full exercise of outstanding Warrants A pursuant to the Proposed Share Split	345,442,800 ^{*4}	-	345,442,800	13,817,712 ^{*4}	-	-	-	-
Enlarged issued share capital	1,507,400,520	44,412,600	1,551,813,120	61,247,814	1,623,138,660	-	1,623,138,660	72,049,534

Notes:-

^{*1} Computed based on the exercise price of RM0.13 per Warrant A

^{*2} Computed based on the exercise price of RM0.183 per SIS option and the corresponding reversal of share option reserve amounting to approximately RM0.71 million to the share capital

^{*3} Computed based on the indicative exercise price of RM0.1705 per Warrant B

^{*4} Assuming 345,442,800 Warrants A are exercised at the adjusted exercise price of RM0.04 per Warrant A arising from adjustments to the outstanding Warrants A pursuant to the Proposed Share Split as set out in Section 7.5.1 of this Circular. For avoidance of doubt, there will be no outstanding Warrants A or additional Warrants A pursuant to the Proposed Share Split under the Maximum Scenario

7.2 NA per Share and gearing

Based on the latest audited consolidated statements of financial position of our Group as at 31 December 2020, the pro forma effects of the Proposals on the NA per Share and gearing of our Group are set out as follows:-

Minimum Scenario

	Audited as at 31 December 2020 RM	I Subsequent adjustments up to the LPD RM	II After I and the Proposals RM	III After II and the full exercise of Warrants B RM
Share capital	28,926,952	29,419,757 ^{*2}	47,430,102	47,430,102 ^{*4}
Treasury shares	(991,418)	(5,927,816) ^{*2}	(5,927,816)	(5,927,816)
SIS option reserve	708,540	708,540	708,540	708,540
Other reserves	280,271	280,271	271 ^{*3}	271
Shareholders' funds/ NA	28,924,345	24,480,752	42,211,097	42,211,097
Non-controlling interests	(69,870)	(69,870)	(69,870)	(69,870)
Total equity	28,854,475	24,410,882	42,141,227	42,141,227
No. of Shares in issue (excluding treasury shares)	357,751,400	352,108,400 ^{*2}	1,056,325,200	1,161,957,720 ^{*4}
NA per Share (RM)	0.08	0.07	0.04	0.04
Total borrowings (RM)	117,654	117,654	117,654	117,654
Gearing ratio (times)	~*1	~*1	~*1	~*1

Maximum Scenario

	Audited as at 31 December 2020 RM	I Subsequent adjustments up to the LPD RM	II After I, assuming all the treasury shares are resold at cost and the full exercise of outstanding Warrants A and SIS options RM	III After II and the Proposals RM	IV After III and the full exercise of Warrants B RM
Share capital	28,926,952	29,419,757 ^{*2}	46,890,885 ^{*5}	46,890,885	72,049,534 ^{*6}
Treasury shares	(991,418)	(5,927,816) ^{*2}	~*5	-	-
SIS option reserve	708,540	708,540	~*5	-	-
Other reserves	280,271	280,271	280,271	271 ^{*3}	271
Shareholders' funds/ NA	28,924,345	24,480,752	47,171,156	46,891,156	72,049,805
Non-controlling interests	(69,870)	(69,870)	(69,870)	(69,870)	(69,870)
Total equity	28,854,475	24,410,882	47,101,286	46,821,286	71,979,935
No. of Shares in issue (excluding treasury shares)	357,751,400	352,108,400 ^{*2}	491,860,200 ^{*5}	1,475,580,600	1,623,138,660 ^{*6}
NA per Share (RM)	0.08	0.07	0.10	0.03	0.04
Total borrowings (RM)	117,654	117,654	117,654	117,654	117,654
Gearing ratio (times)	~*1	~*1	~*1	~*1	~*1

Notes:-

*1 Negligible

*2 After adjusting for the following:-

(i) the total issuance of 3,790,800 Shares pursuant to the exercise of 3,790,800 Warrants A raising approximately RM0.49 million; and

(ii) *the total of 9,433,800 Shares that were bought back by our Company and retained as treasury shares*

^{*3} *After deducting estimated expenses of RM280,000 in relation to the Proposals*

^{*4} *Assuming 105,632,520 Warrants B are exercised at the indicative exercise price of RM0.1705 per Warrant B under the Minimum Scenario*

^{*5} *Assuming all treasury shares are resold at cost, all 115,147,600 outstanding Warrants A are exercised at the exercise price of RM0.13 per Warrant A and all 9,800,000 outstanding SIS options are exercised at the exercise price of RM0.183 per SIS option as well as the corresponding reversal of share option reserve amounting to approximately RM0.71 million to the share capital*

^{*6} *Assuming 147,558,060 Warrants B are exercised at the indicative exercise price of RM0.1705 per Warrant B under the Maximum Scenario*

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7.3 Substantial shareholders' shareholdings

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

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD				I After the Proposals				II After I and the full exercise of Warrants B			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*3}	No. of Shares	% ^{*3}	No. of Shares	% ^{*4}	No. of Shares	% ^{*4}
Richmond Virginia Tobacco Sdn Bhd	42,000,000	11.93	-	-	126,000,000	11.93	-	-	138,600,000	11.93	-	-
Toh Hong Chye	46,901,300	13.32	42,000,000 ^{*2}	11.93	140,703,900	13.32	126,000,000 ^{*2}	11.93	154,774,290	13.32	138,600,000 ^{*2}	11.93
Yong Mai Fang	7,100,000	2.02	42,000,000 ^{*2}	11.93	21,300,000	2.02	126,000,000 ^{*2}	11.93	23,430,000	2.02	138,600,000 ^{*2}	11.93
Pelaburan MARA Berhad	25,000,000	7.10	-	-	75,000,000	7.10	-	-	82,500,000	7.10	-	-

Notes:-

^{*1} Based on the issued Shares of 352,108,400 (excluding 14,804,200 treasury shares)

^{*2} Deemed interest through Richmond Virginia Tobacco Sdn Bhd pursuant to Section 8 of the Act

^{*3} Based on the enlarged issued Shares of 1,056,325,200 (excluding 44,412,600 treasury shares)

^{*4} Based on the enlarged issued Shares of 1,161,957,720 (excluding 44,412,600 treasury shares)

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD				I Assuming all the treasury shares are resold at cost and the full exercise of outstanding Warrants A and SIS options ^{*3}				II After I and the Proposals			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*4}	No. of Shares	% ^{*4}	No. of Shares	% ^{*5}	No. of Shares	% ^{*5}
Richmond Virginia Tobacco Sdn Bhd	42,000,000	11.93	-	-	42,000,000	8.54	-	-	126,000,000	8.54	-	-
Toh Hong Chye	46,901,300	13.32	42,000,000 ^{*2}	11.93	59,451,300	12.09	42,000,000 ^{*2}	8.54	178,353,900	12.09	126,000,000 ^{*2}	8.54
Yong Mai Fang	7,100,000	2.02	42,000,000 ^{*2}	11.93	7,100,000	1.44	42,000,000 ^{*2}	8.54	21,300,000	1.44	126,000,000 ^{*2}	8.54
Pelaburan MARA Berhad	25,000,000	7.10	-	-	25,000,000	5.08	-	-	75,000,000	5.08	-	-

III
After II and the full exercise of Warrants B

Substantial shareholders	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%*⁶	No. of Shares	%*⁶
Richmond Virginia Tobacco Sdn Bhd	138,600,000	8.54	-	-
Toh Hong Chye	196,189,290	12.09	138,600,000 ^{*2}	8.54
Yong Mai Fang	23,430,000	1.44	138,600,000 ^{*2}	8.54
Pelaburan MARA Berhad	82,500,000	5.08	-	-

Notes:-

^{*1} Based on the issued Shares of 352,108,400 (excluding 14,804,200 treasury shares)

^{*2} Deemed interest through Richmond Virginia Tobacco Sdn Bhd pursuant to Section 8 of the Act

^{*3} The Warrant A and SIS option holdings of the substantial shareholders as at the LPD is set out below:-

	No. of Warrants A	No. of SIS options
Richmond Virginia Tobacco Sdn Bhd	-	-
Toh Hong Chye	4,250,000	8,300,000
Yong Mai Fang	-	-
Pelaburan MARA Berhad	-	-

^{*4} Based on the enlarged issued Shares of 491,860,200

^{*5} Based on the enlarged issued Shares of 1,475,580,600

^{*6} Based on the enlarged issued Shares of 1,623,138,660

7.4 Earnings and EPS

The Proposals, which are expected to be completed by the third quarter of 2021, are not expected to have any material effect on the earnings of our Group for the financial year ending 31 December 2021. However, assuming that the earnings of our Group remain unchanged, the EPS of our Company will be correspondingly diluted as a result of the increase in the number of AppAsia Shares in issue pursuant to the Proposed Share Split, and as and when the Warrants B are exercised into new AppAsia Shares.

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

7.5 Convertible securities

As at the LPD, save for the Warrants A and SIS options, our Company does not have any other outstanding convertible securities.

7.5.1 Proposed Share Split

Adjustments to the outstanding Warrants A

The Proposed Share Split will give rise to adjustments to the exercise price and number of outstanding Warrants A in accordance with the provisions of the Deed Poll A. Any adjustments to the exercise price and number of outstanding Warrants A will be determined by our Board in consultation with an approved adviser and/ or the external auditors of our Company and certified by the external auditors of our Company at a later date. A notice will be despatched to the holders of Warrants A in the event of any adjustment to the exercise price and/ or number of outstanding Warrants A within 21 market days of such adjustment in accordance with the provisions of the Deed Poll A.

For illustrative purposes only, assuming the 115,147,600 outstanding Warrants A as at the LPD are not exercised prior to the Share Split Entitlement Date, the adjustments to the outstanding Warrants A pursuant to the Proposed Share Split are as follows:-

$$\begin{aligned} \text{Adjusted exercise price} &= \frac{\text{Existing exercise price} \times \text{Aggregate number of Shares in issue immediately prior to the Proposed Share Split}}{\text{Aggregate number of Split Shares after the Proposed Share Split}} \\ &= \frac{\text{RM0.13} \times 366,912,600}{1,100,737,800} \\ &= \text{RM0.04 (rounded down to the nearest 1 sen)} \\ \\ \text{Additional Warrants A} &= \frac{\text{Number of outstanding Warrants A} \times \text{Aggregate number of Split Shares after the Proposed Share Split}}{\text{Aggregate number of Shares in issue immediately prior to the Proposed Share Split}} - \text{Number of outstanding Warrants A} \\ &= \frac{115,147,600 \times 1,100,737,800}{366,912,600} - 115,147,600 \\ &= 230,295,200 \end{aligned}$$

Adjustments to the outstanding SIS options

The Proposed Share Split will give rise to adjustments to the exercise price and number of outstanding SIS options in accordance with the provisions of the bylaws of the SIS ("**Bylaws**"). Any adjustments to the exercise price and number of outstanding SIS options will be determined by the option committee at a later date and must be confirmed in writing to be fair and reasonable by the external auditors of our Company and/ or an approved adviser in accordance with the provisions of the Bylaws. Upon any adjustment to the outstanding SIS options pursuant to the Proposed Share Split, the option committee shall notify the holders of the outstanding SIS options in writing of such adjustment within 30 calendar days of the listing date of the Split Shares.

For illustrative purposes only, assuming the 9,800,000 outstanding SIS options as at the LPD are not exercised prior to the Share Split Entitlement Date, the adjustments to the outstanding SIS options pursuant to the Proposed Share Split are as follows:-

$$\begin{aligned}
 \text{New exercise price} &= \frac{\text{Existing exercise price} \times \text{Aggregate number of Shares in issue immediately prior to the Proposed Share Split}}{\text{Aggregate number of Split Shares after the Proposed Share Split}} \\
 &= \frac{\text{RM0.183} \times 366,912,600}{1,100,737,800} \\
 &= \text{RM0.07 (rounded up to the nearest 1 sen)} \\
 \\
 \text{Additional SIS options} &= \frac{\text{Number of outstanding SIS options} \times \text{Aggregate number of Split Shares after the Proposed Share Split}}{\text{Aggregate number of Shares in issue immediately prior to the Proposed Share Split}} - \text{Number of outstanding SIS options} \\
 &= \frac{9,800,000 \times 1,100,737,800}{366,912,600} - 9,800,000 \\
 &= 19,600,000
 \end{aligned}$$

7.5.2 Proposed Bonus Issue of Warrants

The Proposed Bonus Issue of Warrants will not give rise to any adjustments to the exercise price and/ or number of outstanding Warrants A and SIS options held by holders of the Warrants A and SIS options, respectively, pursuant to the provisions of the Deed Poll A and Bylaws, respectively.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of AppAsia Shares as traded on Bursa Securities for the past 12 months from June 2020 to May 2021 are set out below:-

	High RM	Low RM
2020		
June	0.465	0.210
July	0.500	0.280
August	0.910	0.435
September	0.855	0.575
October	0.670	0.555
November	0.710	0.555
December	0.745	0.650
2021		
January	0.770	0.625
February	0.720	0.620
March	0.670	0.605
April	0.675	0.610
May	0.630	0.545
Last transacted market price of AppAsia Shares as at 22 April 2021 (being the latest trading day prior to the announcement on the Proposals)		0.615
Last transacted market price on 24 May 2021 (being the LPD)		0.600

(Source: Bloomberg)

9. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities, for the following:-
 - (a) Proposed Share Split;
 - (b) admission of the Warrants B to the ACE Market of Bursa Securities;
 - (c) listing and quotation of up to 147,558,060 Warrants B and up to 147,558,060 new AppAsia Shares to be issued pursuant to the exercise of the Warrants B on the ACE Market of Bursa Securities; and
 - (d) listing and quotation of up to 235,194,400 additional Warrants A arising from the adjustments pursuant to the Proposed Share Split and up to 235,194,400 new AppAsia Shares arising from the exercise of the additional Warrants A on the ACE Market of Bursa Securities,

the approval of which has been obtained vide Bursa Securities' letter dated 27 May 2021 subject to the following conditions:-

	Conditions	Status of compliance
a.	AppAsia or the Adviser, UOBKH is required to make the relevant announcements pursuant to Rule 6.57(2)(ii) & (iii) of the Listing Requirements;	To be complied
b.	AppAsia and UOBKH 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

- | | | |
|----|--|----------------|
| c. | AppAsia and UOBKH to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants; | To be complied |
| d. | AppAsia 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 complete | To be complied |
| e. | AppAsia to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable. | To be complied |
- (ii) Our shareholders for the Proposals at the EGM; and
- (iii) Any other relevant authority, if required.

The Proposed Share Split is not conditional upon the Proposed Bonus Issue of Warrants and vice versa. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by our Company.

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

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

11. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be completed by the third quarter of 2021.

The tentative timetable for the implementation of the Proposals is set out below:-

Date	Events
18 June 2021	<ul style="list-style-type: none"> • Convening of EGM to obtain the approval of shareholders of AppAsia for the Proposals
End June 2021	<ul style="list-style-type: none"> • Announcement of the Share Split Entitlement Date • Announcement of the exercise price for the Warrants B • Announcement of the Warrants Entitlement Date
Early July 2021	<ul style="list-style-type: none"> • Share Split Entitlement Date • Listing and quotation of the Split Shares on the ACE Market of Bursa Securities • Completion of the Proposed Share Split • Warrants Entitlement Date • Listing and quotation of the Warrants B on the ACE Market of Bursa Securities pursuant to the Proposed Bonus Issue of Warrants • Completion of the Proposed Bonus Issue of Warrants

12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

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

13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposals, including but not limited to, the rationale and justification as well as the pro forma effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals at the EGM.

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via <https://agm.digerati.com.my/Appasia-online> on Friday, 18 June 2021 at 3.00 p.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting of AppAsia scheduled to be held on the same day at 2.00 p.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposals.

If you are unable to attend, participate, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, to be deposited at the Share Registrar office of our Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Alternatively, shareholders may choose to submit an electronic Proxy Form using the RPV facilities at <https://agm.digerati.com.my/Appasia-online> or e-mail to AppAsia_helpdesk@digerati.com.my, not less than forty eight (48) hours before the time for holding the EGM or any adjournment thereof. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of our Board
APPASIA BERHAD

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Independent Non-Executive Chairman

APPENDIX I – ADDITIONAL INFORMATION

1. CURRENT FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF OUR GROUP

The financial summary of our Group for the past 3 financial years up to the latest audited FYE 31 December 2020 is set out below:-

	←-----Audited-----→		
	FYE 31 December 2018 RM'000	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000
Revenue	178,545	91,401	74,337
Gross profit	5,032	4,141	5,569
PBT	561	41	472
PAT/ (LAT)	464	(262)	679
EPS/ (LPS) (sen)	0.13	(0.08)	0.20
Gross profit margin (%)	2.82	4.53	7.49
Total interest-bearing borrowings	46	46	118
Total cash, bank balances and short term funds	2,961	10,826	14,409
Net cash generated from/ (used in) operating activities	(14,837)	6,302	3,121
Non-current assets	4,473	5,765	6,555
Current assets	26,296	25,681	28,056
Non-current liabilities	46	12	67
Current liabilities	3,606	4,897	5,689
Shareholders' funds/ NA	27,116	26,537	28,924
Total equity	27,116	26,537	28,854
Weighted average no. of Shares outstanding ('000)	345,247	344,305	348,109
NA per Share	0.08	0.08	0.08
Current ratio (times)	7.29	5.24	4.93
Gearing ratio (times)	_ ^{*1}	_ ^{*1}	_ ^{*1}

Note:-

^{*1} Negligible

FYE 31 December 2018

For the FYE 31 December 2018, our Group recorded revenue of RM178.55 million which represents an increase of RM35.71 million or 25.00% as compared to the preceding financial year of RM142.84 million. The increase in revenue was mainly due to the following:-

- i. increase in sales from the E-Commerce Business segment from RM139.13 million in FYE 31 December 2017 to RM175.31 million in FYE 31 December 2018 arising from the increase in number of business-to-business ("**B2B**") customers resulting from our Company's recruitment plan by internal sales team and external sales agent to increase sales from B2B customers; and
- ii. increase in sales from the Digital Contents Business segment from RM2.11 million in FYE 31 December 2017 to RM2.55 million in FYE 31 December 2018 arising from higher sales volume due to the increase in monthly user traffic and monthly page views for all digital contents developed by our Company together with collaboration partners.

APPENDIX I – ADDITIONAL INFORMATION (CONT'D)

Our Group recorded PAT of RM0.46 million for the FYE 31 December 2018 as compared to the LAT of RM0.42 million for the preceding financial year. The PAT recorded was mainly due to the following:-

- i. increase in other income from RM0.98 million in FYE 31 December 2017 to RM1.66 million in FYE 31 December 2018 from the one-off gain on disposal of investment property of RM1.58 million consisting of 5 commercial shop lots located in Petaling Jaya, which was completed on 20 March 2018; and
- ii. decrease in administrative expenses from RM7.27 million in FYE 31 December 2017 to RM6.10 million in FYE 31 December 2018 due to the absence of share-based payment expenses in FYE 31 December 2018 as compared to the full recognition of share-based payment expenses of RM1.25 million in FYE 31 December 2017.

FYE 31 December 2019

For the FYE 31 December 2019, our Group recorded revenue of RM91.40 million which represents a decrease of RM87.15 million or 48.81% as compared to the preceding financial year of RM178.55 million. The decrease in revenue was mainly due to the decrease in sales of the E-Commerce Business segment from RM175.31 million in FYE 31 December 2018 to RM86.23 million in FYE 31 December 2019 arising from a decrease in B2B customers due to the reimplementing of sales and service tax after the tax holiday in September 2018.

Our Group recorded LAT of RM0.26 million for the FYE 31 December 2019 as compared to the PAT of RM0.46 million for the preceding financial year. The LAT recorded was mainly due to the abovementioned decrease in revenue during the financial year under review.

FYE 31 December 2020

For the FYE 31 December 2020, our Group recorded revenue of RM74.34 million which represents a decrease of RM17.06 million or 18.67% as compared to the preceding financial year of RM91.40 million. The decrease in revenue was mainly due to the decrease in revenue of the E-Commerce Business segment from RM86.23 million in FYE 31 December 2019 to RM68.37 million in FYE 31 December 2020 arising from the MCO and conditional MCO imposed by the Government, which had caused logistics restrictions specifically a decrease in the volume of business-to-business transactions and imports during the FYE 31 December 2020.

Our Group recorded PAT of RM0.68 million for the FYE 31 December 2020 as compared to the LAT of RM0.26 million for the preceding financial year. The PAT recorded was mainly due to the increase in PBT from the Moneylending Business of RM0.35 million as a result of the following:-

- i. our Group had commenced the Moneylending Business on 23 April 2019 following the completion of the acquisition of the entire equity interest in AppAsia Capital Sdn Bhd (formerly known as TBH Borneo Sdn Bhd). As such, our Group had recognised a full year of PBT from the Moneylending Business for the FYE 31 December 2020 as compared to approximately 9-month PBT in the preceding financial year; and
- ii. increase in the customer base of the Moneylending Business arising from our Group's efforts to develop its customer base through methods such as providing flexible financing schemes to cater for a broader range of customers and offering moneylending services to those with limited access to banks.

APPENDIX II - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

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

3. DECLARATION OF CONFLICT OF INTERESTS

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

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

5. MATERIAL COMMITMENTS

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

6. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on our Group's financial results/ position.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at E-10-4, Megan Avenue 1, 189, Jalan Tun Razak, 50400 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Constitution of AppAsia;
- ii. Audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2020;
- iii. The letter of consent and declaration of conflict of interests referred to in Sections 2 and 3 of Appendix II above, respectively; and
- iv. The Deed Poll A, Deed Poll B and Bylaws.



APPASIA BERHAD

Registration No. 200401005180 (643683-U)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of AppAsia Berhad ("**AppAsia**" or the "**Company**") ("**EGM**") will be held virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via <https://agm.digerati.com.my/Appasia-online> on Friday, 18 June 2021 at 3.00 p.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting of AppAsia scheduled to be held on the same day at 2.00 p.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 1 EXISTING ORDINARY SHARE IN APPASIA ("APPASIA SHARE(S)" OR "SHARE(S)") HELD BY SHAREHOLDERS OF THE COMPANY WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED BY THE BOARD OF DIRECTORS OF APPASIA ("BOARD") AT A LATER DATE ("SHARE SPLIT ENTITLEMENT DATE") INTO 3 APPASIA SHARES ("SPLIT SHARES") ("PROPOSED SHARE SPLIT")

"**THAT** subject to the approvals of all relevant authorities and/ or parties (where applicable), authority be and is hereby given to the Board to subdivide every 1 existing Share held by the entitled shareholders whose names appear in the Record of Depositors of the Company at the close of business on the Share Split Entitlement Date into 3 Split Shares;

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

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

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

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF UP TO 147,558,060 FREE WARRANTS IN APPASIA ("WARRANT(S) B") ON THE BASIS OF 1 WARRANT B FOR EVERY 10 EXISTING APPASIA SHARES HELD BY SHAREHOLDERS OF THE COMPANY WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF THE COMPANY ON AN ENTITLEMENT DATE, WHICH WILL BE AFTER THE SHARE SPLIT ENTITLEMENT DATE, TO BE DETERMINED AND ANNOUNCED LATER BY THE BOARD ("WARRANTS ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE OF WARRANTS")

"**THAT** subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities and/ or parties (where applicable), authority be and is hereby given to the Board to issue and allot up to 147,558,060 Warrants B to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Warrants Entitlement Date on the basis of 1 Warrant B for every 10 existing AppAsia Shares held;

THAT the Board be and is hereby authorised to enter into and execute a deed poll constituting the Warrants B ("**Deed Poll B**") with full powers to assent to any condition, modification, variation and/ or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company, and with full powers for the Board to implement, finalise and give full effect to the Deed Poll B;

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

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

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

THAT the new AppAsia Shares to be issued pursuant to the exercise of the Warrants B will, upon allotment and issuance, rank equally in all respects with the existing AppAsia Shares, save and except that the new AppAsia Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new AppAsia Shares;

THAT the Board be and is hereby authorised to use the proceeds to be raised from the exercise of the Warrants B for such purposes and in such manner as set out in Section 3.6 of the Circular to shareholders of the Company dated 3 June 2021, and the Board be authorised with full powers to vary the manner and/ or purpose of the use of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient or in the best interest of the Company, subject to the approval of the relevant authorities (where required);

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

By Order of the Board

CHIN WAI YI
(MAICSA 7069783) (SSM PC No. 202008004409)
Company Secretary

Kuala Lumpur
3 June 2021

Notes:-

1. *Only depositors whose names appear in the Record of Depositors as at 11 June 2021 shall be regarded as members and be entitled to attend, participate, speak and vote at EGM.*
2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*

3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
5. *Any alterations in the Proxy Form must be initialed by the member.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrar office of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time set for holding the virtual meeting (no later than Wednesday, 16 June 2021 at 3.00 p.m.) or at any adjournment of the virtual meeting, failing which, the instrument of proxy shall not be treated as valid.*

Alternatively, individual shareholders may choose to submit an electronic Proxy Form using the RPV facilities at <https://agm.digerati.com.my/Appasia-online> or e-mail to AppAsia_helpdesk@digerati.com.my, no later than Wednesday, 16 June 2021 at 3.00 p.m. or at any adjournment of the virtual meeting. Please refer to the Administrative Guide to Shareholders for the procedures to submit the electronic proxy form.



APPASIA BERHAD

Registration No. 200401005180 (643683-U)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

- Type of General Meeting** : Extraordinary General Meeting
Date : Friday, 18 June 2021
Time : 3.00 p.m. or at any adjournment thereof, or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting scheduled to be held on the same day at 2.00 p.m., whichever is later.
Virtual Meeting Platform : <https://agm.digerati.com.my/Appasia-online>

In light of the COVID-19 outbreak and in the best interest of public health and the health and safety of our shareholders, Board of Directors and employees whilst adhering to the Guidance and Frequently Asked Questions of the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia ("**SC**") ("**Guidance Note**"), AppAsia Berhad's ("**AppAsia**" or the "**Company**") Extraordinary General Meeting ("**EGM**") will be held virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided via Digerati Technologies Sdn Bhd at <https://agm.digerati.com.my/Appasia-online>.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained.

ENTITLEMENT TO PARTICIPATE AND VOTE REMOTELY

Shareholders whose names appear on the Record of Depositors ("**ROD**") as at 11 June 2021 shall be eligible to attend, participate and vote remotely in the meeting, or appoint proxy(ies)/ the Chairman of the general meeting to attend, participate and/or vote on his/her behalf.

PROCEDURES TO PARTICIPATE IN RPV

Participants who wish to participate the EGM remotely using RPV is required to follow the following procedures:

Step	Action	Procedures
A	Register Online	<ol style="list-style-type: none">1) Access the website at https://agm.digerati.com.my/Appasia-online2) Click on "New? Register Here" to sign up as a new user.3) Complete the registration form and upload a copy of your MyKAD (front and back) or passport and click on "Submit".4) You will receive an email for verification purpose. You need to complete the process to finish the registration. (Please check your spam mailbox if you do not receive the email)5) You will receive another email upon successful or rejected registration. <p>Note: If you have registered as a user, you are not required to register again.</p>

Step	Action	Procedures
B	To request for RPV	<p><u>Individual Members</u></p> <ol style="list-style-type: none"> 1) Login to https://agm.digerati.com.my/Appasia-online using your ID and password registered in via step A. 2) Select "AppAsia EGM" 3) Read and agree to the Terms & Conditions then confirm the declaration. 4) Complete and submit the request form, you may also appoint a proxy in the request form. 5) You may pose your question, if any, to the Chairman/Board in the request form. <p><u>Corporate Shareholders</u></p> <p>Write in to AppAsia_helpdesk@digerati.com.my by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate representative or Proxy Form to submit the request.</p> <p><u>Authorised Nominee and Exempt Authorised Nominee</u></p> <p>Write in to AppAsia_helpdesk@digerati.com.my by providing the name of Member, CDS Account Number accompanied with the Proxy Form to submit the request.</p> <ol style="list-style-type: none"> 1) You will receive a notification that your request has been received and is being verified. 2) Upon system verification against the EGM's ROD as at 11 June 2021, you will receive an e-mail either approving or rejecting your registration for remote participation. 3) In the case of approval the following links would be provided in the e-mail:- <ol style="list-style-type: none"> a. Broadcast Link b. Polling Form Link
C	On the day of EGM	<ol style="list-style-type: none"> 1) Access to the Broadcast and Polling Form through the link provided in the e-mail. 2) If you have any question to the Board of Directors, you may use the Q&A section to pose your question. 3) Submit your vote within a specific period of time once the Chairman announces that the voting is open. 4) Voting will be closed upon the expiry of the voting period. 5) Broadcast will be terminated upon the announcement of the poll result by the Chairman.

ADDITIONAL INFORMATION

Voting Procedure

Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the EGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at this EGM.

Enquiry

If you have any enquiry or require any assistance before or during the EGM, please contact the following officers during office hours (Monday to Friday):

Digerati Technologies Sdn Bhd

Name : Danon Kung
Telephone : +60166288103
Email : AppAsia_helpdesk@digerati.com.my

PROXY FORM

APPASIA BERHAD

Registration No.: 200401005180 (643683-U)

CDS Account No.	
No of Shares Held	

I/We, _____ NRIC/Passport No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

contact no. _____ email address _____ being a member/ members of **AppAsia Berhad ("Company")** hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company ("**EGM**") which will be held virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via <https://agm.digerati.com.my/Appasia-online> on Friday, 18 June 2021 at 3.00 p.m., or at any adjournment thereof, or immediately following the conclusion or adjournment of the Seventeenth Annual General Meeting of the Company scheduled to be held on the same day at 2.00 p.m., whichever is later:-

IMPORTANT NOTE:

Please (i) tick [✓] either **ONE** of the option (a) or (b) for the number of proxy which you wish to appoint, (ii) complete the details of your proxy/proxies and the proportion of your shareholding to be represented (if applicable), (iii) please tick [✓] option (c) if you would like to appoint the Chairman of the EGM as the proxy or failing the proxy to vote on your behalf and (iv) sign or execute this form.

Option	Name of proxy(ies)	NRIC/ Registration No.	Address/ Email Address & Phone Number	Proportion of shareholding to be represented
(a)	Appoint ONE proxy only (Please complete details of proxy below)			100%
(b)	Appoint MORE THAN ONE proxy (Please complete details of proxies below)			
	Proxy 1			%
	Proxy 2			%
				100%
(c)	The Chairman of the EGM as my/our proxy and/or failing the above proxy to vote for me/us on my/our behalf			

My/our proxy/proxies is/are to vote as indicated below:

Please indicate with an "X" in the appropriate box provided to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on the Resolutions, the proxy shall vote at his/her discretion, or abstain from voting as the proxy thinks fit.

NO.	RESOLUTION	FOR		AGAINST	
		Proxy 1	Proxy 2	Proxy 1	Proxy 2
1.	PROPOSED SHARE SPLIT				
2.	PROPOSED BONUS ISSUE OF WARRANTS				

Dated this.....day of.....2021.

Signature/ common seal of shareholder

Notes:-

1. *Only depositors whose names appear in the Record of Depositors as at 11 June 2021 shall be regarded as members and be entitled to attend, participate, speak and vote at EGM.*
2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*
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7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney, must be deposited at the Share Registrar office of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty eight (48) hours before the time set for holding the virtual meeting (no later than Wednesday, 16 June 2021 at 3.00 p.m.) or at any adjournment of the virtual meeting, failing which, the instrument of proxy shall not be treated as valid.*

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AFFIX
STAMP

Share Registrar

APPASIA BERHAD

Registration No.: 200401005180 (643683-U)
Ground Floor or 11th Floor, Menara Symphony
No. 5, Jalan Prof Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

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