THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Constitution Amendments (as defined herein) as it is an exempt document pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

You should rely on your own evaluation to assess the merits and risks of the Proposals (as defined herein).

OMESTI™

OMESTI BERHAD
(Registration No. 200001028094 (530701-T))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

(I) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 119,775,812 NEW REDEEMABLE PREFERENCE SHARES ("RPS") IN OMESTI BERHAD ("OMESTI") AT AN ISSUE PRICE OF RM1.00 PER RPS TOGETHER WITH UP TO 279,476,894 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 RPS FOR EVERY 5 EXISTING ORDINARY SHARES HELD IN OMESTI AT AN ENTITLEMENT DATE TO BE DETERMINED LATER TOGETHER WITH 7 FREE WARRANTS FOR EVERY 3 RPS SUBSCRIBED ("PROPOSED RIGHTS ISSUE OF RPS WITH WARRANTS"); AND

(II) PROPOSED AMENDMENTS TO THE CONSTITUTION OF OMESTI ("PROPOSED CONSTITUTION AMENDMENTS")

(COLLECTIVELY, THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

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

The resolutions in respect of the above Proposals will be tabled at the Extraordinary General Meeting ("**EGM**") of the Company which will be held on Monday, 28 December 2020 at 2.30 p.m. as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower – Aurora Place, 2-09-01 - Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur. The Notice of the EGM together with the Form of Proxy are enclosed in this Circular.

You are encouraged to attend, participate, speak (in the form of real time submission of typed texts) and vote remotely at the forthcoming EGM using the remote participation and electronic voting facilities. If you are unable to participate in the online EGM, you may appoint a proxy or proxies to participate and vote on your behalf. The Form of Proxy may be submitted by hand or by post to the Registered Office of the Company at Ho Hup Tower – Aurora Place, 2-07-01, Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur or by email to osem@quadrantbiz.co or by fax to (603) 9779 1701/02 not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Form of Proxy shall be treated as invalid. You may also submit the Form of Proxy electronically via the Portal at https://agm.omesti.com no later than on Sunday, 27 December 2020 at 2.30 p.m. The lodging of the Form of Proxy shall not preclude you from participating in the online EGM should you subsequently wish to do so.

Please follow the procedures provided in the Administrative Guide for our EGM which is available on the Company's website at www.omesti.com

Last date and time for lodging the Form of Proxy	:	Sunday, 27 December 2020, at 2.30 p.m.
Date and time of EGM	:	Monday, 28 December 2020, at 2.30 p.m. or at any adjournment thereof

This Circular is dated 4 December 2020

DEFINITIONS

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

"Act"	:	Companies Act 2016, as amended from time to time including any re-enactment thereof
"Board"	:	Board of Directors of Omesti
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"BSS"	:	Business support system
"Circular"	:	This circular to shareholders dated 4 December 2020
"Code"	:	The Malaysian Code on Take-Overs and Mergers, 2016 issued by the SC, as amended from time to time including any re-enactment thereof
"Constitution"	:	Constitution of the Company
"Deed Poll"	:	The deed poll constituting the Warrants and governing the rights of Warrant holders to be executed by the Company
"EGM"	:	Extraordinary general meeting
"Entitled Shareholders"	:	Shareholders of Omesti whose names appear in the Record of Depositors of Omesti on the Entitlement Date
"Entitlement Date"	:	A date, to be determined by the Board and announced later, in which the names of shareholders of Omesti must appear in the Record of Depositors of Omesti as at the close of business on that date in order to be entitled to participate in the Proposed Rights Issue of RPS with Warrants
"EPS"	:	Earnings per Share
"ESOS"	:	Employees' share option scheme
"ESOS Options"	:	Employees' share option scheme options granted to the eligible persons to subscribe for new Omesti Shares at a pre-determined option price
"IMR" or "Providence"	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A))
"IMR Report"	:	Independent market research report dated 19 November 2020 titled "Industry Overview on the Business Support Systems and Telecommunications Industry in Malaysia" prepared by the IMR
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
"LPD"	:	19 November 2020, being the latest practicable date prior to the date of this Circular
"LTIP"	:	Long term incentive plan
"Maximum Scenario"	:	Assuming all Entitled Shareholders subscribe for their entitlements under the Proposed Rights Issue of RPS with Warrants and all 67,500,925 new Shares/ESOS Options available to be granted under the Company's LTIP are allotted/exercised prior to the Entitlement Date

"Minimum Scenario"	:	Assuming none of the new Shares/ESOS Options available to be granted under the Company's LTIP are allotted/exercised prior to the Entitlement Date and only the Undertaking Shareholders subscribe for at least 50,000,000 RPS based on the Undertakings
"Minimum Subscription Level"	:	The minimum subscription level fixed by the Board for the Proposed Rights Issue of RPS with Warrants whereby 50,000,000 RPS together with 116,666,666 Warrants will be subscribed for and issued under the Proposed Rights Issue of RPS with Warrants
"M&A Securities"	:	M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"NA"	:	Net assets
"Omesti" or "Company"	:	Omesti Berhad (Registration No. 200001028094 (530701-T))
"Omesti Group" or "Group"	:	Omesti and its subsidiaries, collectively
"Omesti Shares" or "Shares"	:	Ordinary shares in Omesti
"Proposals"	:	Collectively, the Proposed Rights Issue of RPS with Warrants and Proposed Constitution Amendments
"Proposed Constitution Amendments"	:	Proposed amendments to the Constitution of Omesti as set out in **Appendix I** of this Circular
"Proposed Rights Issue of RPS with Warrants"	:	Proposed renounceable rights issue of up to 119,775,812 RPS at an issue price of RM1.00 per RPS together with up to 279,476,894 Warrants on the basis of 1 RPS for every 5 existing Omesti Shares held at the Entitlement Date together with 7 Warrants for every 3 RPS subscribed
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPS"	:	Up to 119,775,812 new redeemable preference shares in Omesti to be issued pursuant to the Proposed Rights Issue of RPS with Warrants
"Rules"	:	The Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC, as amended from time to time including any re-enactment thereof
"SC"	:	Securities Commission Malaysia
"TM"	:	Telekom Malaysia Berhad (Registration No. 198401016183 (128740-P))
"TM Project"	:	A project for the design, development, customisation, configuration, delivery, installation, integration, conversion, migration, testing, commissioning and training for TM's BSS with a total contract sum of RM95.59 million
"Undertaking Shareholders"	:	Collectively, Dato' Mah Siew Kwok, H2O Holdings Sdn Bhd, Monteiro Gerard Clair, Insas Plaza Sdn Bhd, Gryphon Asset Management Sdn Bhd, Montego Assets Limited and Winfields Development Pte Ltd

"Undertakings"	:	Irrevocable written undertakings dated 3 June 2020 by the Undertaking Shareholders of Omesti (as varied by a subsequent written undertaking dated 17 September 2020 in respect of the undertaking given by Insas Plaza Sdn Bhd) to subscribe for at least 50,000,000 RPS pursuant to their entitlement and/or via excess application under the Proposed Rights Issue of RPS with Warrants as set out in Section 2.1.8 of this Circular
"Warrants"	:	Up to 279,476,894 free detachable warrants to be issued pursuant to the Proposed Rights Issue of RPS with Warrants
"5D-VWAP"	:	5-day volume weighted average market price

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

Certain figures included in this Circular have been subject to rounding adjustments. References to "we", "us", "our" and "ourselves" are to our Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of the Company.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

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

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. THE SHAREHOLDERS OF OMESTI ARE ADVISED TO READ THE CIRCULAR AND ITS APPENDICES FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSALS BEFORE VOTING AT THE EGM

The Board is recommending shareholders of Omesti to vote **IN FAVOUR** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM to be convened.

Key information		Description	Reference to Circular
Summary	:	**<u>Proposed Rights Issue of RPS with Warrants</u>**	Section 2

Basis of the Proposed Rights Issue of RPS with Warrants	:	1 RPS for every 5 Omesti Shares held, together with 7 Warrants for every 3 RPS subscribed
Number of issued Shares as at the LPD	:	531,378,135 issued Shares
Number of RPS	:	(i) 50,000,000 RPS under the Minimum Scenario; and (ii) Up to 119,775,812 RPS under the Maximum Scenario
Amount to be raised under the Proposed Rights Issue of RPS with Warrants	:	(i) RM50,000,000 under the Minimum Scenario; and (ii) Up to RM119,775,812 under the Maximum Scenario
Subscription price	:	RM1.00 per RPS

The salient terms of the RPS and Warrants are set out in **Sections 2.1.6** and **2.1.7** of this Circular.

<u>Proposed Constitution Amendments</u>

To facilitate the creation and issuance of the RPS pursuant to the Proposed Rights Issue of RPS with Warrants so as to comply with the provisions of the Act.

Rationale	:	**<u>Proposed Rights Issue of RPS with Warrants</u>**	Section 3

The Board expects the Proposed Rights Issue of RPS with Warrants to contribute positively to the Group as set out below:

(i) To raise proceeds to be used in the manner set out in **Section 2.1.9** of this Circular;

Key information	Description	Reference to Circular
	(ii) Further strengthen the Company's capital base and at the same time, improve its gearing level following the reduction in the borrowings of the Omesti Group arising from utilisation of part of the proceeds of the Proposed Rights Issue of RPS with Warrants; (iii) Minimise the immediate dilution effect on the earnings per share of the Company; and (iv) The Warrants attached to the RPS are intended to provide an added incentive to the Entitled Shareholders to subscribe for the RPS. In addition, the Warrants will provide the Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants and will allow the Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants are exercised. The exercise of the Warrants in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants will increase shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirement. **Proposed Constitution Amendments** To facilitate the issuance of the RPS pursuant to the Proposed Rights Issue of RPS with Warrants.	

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OMESTI BERHAD
(Registration No. 200001028094 (530701-T))
(Incorporated in Malaysia)

Registered Office:

Ho Hup Tower-Aurora Place
02-07-01, Level 7
Plaza Bukit Jalil
No. 1, Persiaran Jalil 1
Bandar Bukit Jalil
57000 Kuala Lumpur

4 December 2020

Directors:
Dato' Mah Siew Kwok *(Non-Independent Non-Executive Vice Chairman)*
Monteiro Gerard Clair *(Executive Director)*
Mah Xian-Zhen *(Executive Director)*
Chia Yong Wei *(Executive Director)*
Dato' Sri Thong Kok Khee *(Non-Independent Non-Executive Director)*
Dato' Jaganath Derek Steven Sabapathy *(Non-Independent Non-Executive Director)*
Tunku Zain Al-'Abidin Ibni Tuanku Muhriz *(Independent Non-Executive Director)*
Dato' Ahmad Nazim Bin Abd Rahman *(Independent Non-Executive Director)*
Tan Wee Hoong *(Independent Non-Executive Director)*
Wan Mai Gan *(Independent Non-Executive Director)*

To: The shareholders of Omesti Berhad

Dear Sir/Madam,

- **PROPOSED RIGHTS ISSUE OF RPS WITH WARRANTS; AND**
- **PROPOSED CONSTITUTION AMENDMENTS**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 3 June 2020, M&A Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 17 September 2020 and 4 December 2020, M&A Securities had, on behalf of the Board, announced the amendments to the utilisation of proceeds under the Proposed Rights Issue of RPS with Warrants and changes to the Undertaking Shareholders. The amendments shall supersede the announcement dated 3 June 2020.

On 18 November 2020, M&A Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 17 November 2020 approved-in-principle the following:

(i) Admission to the Official List and the initial listing and quotation of:

 (a) Up to 119,775,812 RPS to be issued pursuant to the Proposed Rights Issue of RPS with Warrants.

 (b) Up to 279,476,894 Warrants to be issued pursuant to the Proposed Rights Issue of RPS with Warrants.

(ii) Listing of up to 279,476,894 Omesti Shares to be issued pursuant to the exercise of the Warrants.

Bursa Securities' approval-in-principle is subject to the following conditions:

	Conditions	**Status of Compliance**
(i)	Omesti and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue of RPS with Warrants;	To be complied
(ii)	Omesti and M&A Securities to inform Bursa Securities upon the completion of the Proposed Rights Issue of RPS with Warrants and the Proposed Constitution Amendments;	To be complied
(iii)	Omesti to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue of RPS with Warrants and the Proposed Constitution Amendments are completed; and	To be complied
(iv)	Omesti to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS ON THE PROPOSALS, TO SET OUT THE BOARD'S OPINION AND RECOMMENDATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED WITH THIS CIRCULAR.

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

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2. DETAILS OF THE PROPOSALS

2.1 Details of Rights Issue of RPS with Warrants

The Proposed Rights Issue of RPS with Warrants involves the issuance of up to 119,775,812 new RPS at an issue price of RM1.00 per RPS together with up to 279,476,894 Warrants on the basis of 1 RPS for every 5 existing Omesti Shares held on the Entitlement Date together with 7 Warrants for every 3 RPS subscribed. The Entitlement Date will be determined by the Board after obtaining the approvals for the Proposed Rights Issue of RPS with Warrants from all the relevant authorities and the shareholders of the Company.

As at the LPD, Omesti has:

(i) 531,378,135 issued Shares; and

(ii) Up to 67,500,925 new Omesti Shares/ESOS Options available to be granted under the Company's LTIP. There are no outstanding ESOS Options as at the LPD.

For illustrative purposes, the total number of RPS with Warrants to be issued under the Maximum Scenario will be based on the number of issued Shares of Omesti, assuming all new Shares/ESOS Options to be granted under the LTIP are allotted/exercised prior to the Entitlement Date. Accordingly, up to 119,775,812 RPS and up to 279,476,894 Warrants will be issued under the Maximum Scenario pursuant to the Proposed Rights Issue of RPS with Warrants.

The actual number of RPS to be issued will be determined based on the total number of Omesti Shares in issue as at the Entitlement Date and the actual number of Warrants to be issued will depend on the total number of RPS subscribed by the Entitled Shareholders.

Notwithstanding the above, the Company intends to raise minimum proceeds of RM50,000,000 via the issuance of 50,000,000 RPS based on the issue price of RM1.00 per RPS. The Minimum Subscription Level is based on the irrevocable undertakings of the major shareholders of Omesti, as disclosed in Section 2.1.8 of this Circular. Under the Minimum Scenario, 50,000,000 RPS together with 116,666,666 Warrants will be issued pursuant to the Proposed Rights Issue of RPS with Warrants.

Any fractional entitlement under the Proposed Rights Issue of RPS with Warrants will be disregarded and shall be dealt with in such manner as the Board in its discretion deems fit and in the best interest of the Company.

A summary of the Proposed Rights Issue of RPS with Warrants is as follows:

Basis of the Proposed Rights Issue of RPS with Warrants	:	1 RPS for every 5 Omesti Shares held, together with 7 Warrants for every 3 RPS subscribed
Number of issued Shares as at the LPD	:	531,378,135 issued Shares
Number of RPS	:	(i) 50,000,000 RPS under the Minimum Scenario; and (ii) Up to 119,775,812 RPS under the Maximum Scenario
Amount to be raised under the Proposed Rights Issue of RPS with Warrants	:	(i) RM50,000,000 under the Minimum Scenario(1); and (ii) Up to RM119,775,812 under the Maximum Scenario(2)
Subscription price	:	RM1.00 per RPS

Notes:

(1) Based on the Minimum Scenario assuming that save for the Undertakings, none of the other Entitled Shareholders subscribe for the Proposed Rights Issue of RPS with Warrants.

(2) Based on the Maximum Scenario, assuming that all Entitled Shareholders subscribe for their entitlements under the Proposed Rights Issue of RPS with Warrants and all 67,500,925 new Shares/ESOS Options available to be granted under the Company's LTIP are allotted/exercised prior to the Entitlement Date.

2.1.1 Renunciation of the RPS

The Proposed Rights Issue of RPS with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the RPS together with the Warrants in full or in part. The Warrants will be immediately detached from the RPS upon issuance and will be traded separately.

The renunciation of the RPS by the Entitled Shareholders will entail the renunciation of the Warrants to be issued together with the RPS. However, if the Entitled Shareholders decide to accept only part of their RPS entitlements, they shall be entitled to the Warrants in proportion of their acceptance of their RPS entitlements. For avoidance of doubt, the RPS and the Warrants are not separately renounceable.

The RPS which are not taken up or not validly taken up will be made available for excess application by the other Entitled Shareholders and/or their renouncee(s). It is the intention of the Board to allocate the excess RPS with Warrants, if any, in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

2.1.2 Entitlements to the RPS with Warrants

The RPS with Warrants will be provisionally allotted to the Entitled Shareholders. In determining shareholders' entitlements under the Proposed Rights Issue of RPS with Warrants, fractional entitlements, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit and expedient, and in the best interest of the Company.

For the avoidance of doubt, the Warrants attached to the RPS are issued without any cost to the Entitled Shareholders and/or their renouncee(s) and will be issued only to the Entitled Shareholders and/or their renouncee(s) who subscribe for the RPS.

2.1.3 Basis and justification of determining the issue price of the RPS and exercise price of the Warrants

(i) Issue price of the RPS

The Board has fixed the issue price of the RPS at RM1.00 per RPS, which represents a premium of 66.31% to the 5D-VWAP of Omesti Shares up to and including 2 June 2020, being the last trading day prior to the announcement of the Proposals dated 3 June 2020, of RM0.6013.

The issue price was fixed after taking into consideration the following:

(a) funding requirements of the Group as set out in Section 2.1.9 of this Circular;

(b) dividend rate of 5.0% per annum at an issue price of RM1.00 per RPS; and

(c) tenure of the RPS of 5 years.

(ii) Exercise price of the Warrants

The Board has fixed the exercise price of the Warrants at RM0.50 per Warrant ("Warrants Exercise Price"), which represents a discount of approximately 16.85% to the theoretical ex-rights price of Omesti Shares based on the 5D-VWAP of Omesti Shares up to and including 2 June 2020, being the last trading day prior to the announcement of the Proposals dated 3 June 2020, of RM0.6013.

The Board is of the opinion that:

(a) The pricing of the issue price of the RPS is fair and reasonable after taking into consideration the dividend rate represented by the issue price of the RPS being reasonably attractive to encourage the Entitled Shareholders to subscribe for their respective entitlements under the Proposed Rights Issue of RPS with Warrants. The pricing of the issue price of the RPS together with the total number of RPS to be issued pursuant to the Proposed Rights Issue of RPS with Warrants is sufficient to meet the Group's funding requirements as set out in Section 2.1.9 of this Circular; and

(b) The pricing for the Warrants Exercise Price is fair and reasonable after taking into consideration that the Warrants will be issued at no cost to the Entitled Shareholders.

2.1.4 Ranking of the RPS and the new Omesti Shares to be issued arising from the exercise of the Warrants

The RPS shall rank *pari passu* without any preference or priority amongst themselves and in priority to Omesti Shares and other preference shares that may be created in future which do not rank in priority to the RPS, but shall rank behind all secured and unsecured obligations of Omesti.

The new Omesti Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Omesti Shares except that the holders shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company prior to the relevant date of allotment and issuance of the new Omesti Shares arising from the exercise of the Warrants.

2.1.5 Listing of and quotation for the RPS and Warrants

Approval-in-principle has been obtained from Bursa Securities, vide its letter dated 17 November 2020, for the listing of and quotation for the following securities on the Main Market of Bursa Securities:

(i) up to 119,775,812 new RPS to be issued pursuant to the Proposed Rights Issue of RPS with Warrants;

(ii) up to 279,476,894 Warrants to be issued pursuant to the Proposed Rights Issue of RPS with Warrants; and

(iii) up to 279,476,894 new Omesti Shares to be issued pursuant to the exercise of Warrants.

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2.1.6 Salient terms of the RPS

The salient terms of the RPS are as follows:

Issuer	:	Omesti
Issue size	:	Up to 119,775,812 RPS
Issue price of RPS	:	RM1.00 per RPS
Form and denomination	:	The RPS will be constituted by the Company's Constitution and will be issued in registered form. The RPS are unsecured
Dividend	:	The RPS shall carry the right to receive cumulative gross preferential dividend rate out of the distributable profits of Omesti, at a fixed rate of 5.0% per annum at an issue price of RM1.00 per RPS, subject to the provisions of the Act. No dividend shall be paid on the ordinary shares of Omesti unless the dividends on the RPS have first been paid. The dividends for the RPS shall be paid every 6 months period ending 30th June and 31st December of each year, with the first dividend payment to be paid either on 30th June or 31st December, commencing on or after 30th June 2021, wherein the dividend rate of 5.0% per annum shall be pro-rated from the date of issuance of the RPS. The last dividend payment shall be made on the Maturity Date
Tenure	:	5 years commencing from and inclusive of the date of issuance of the RPS
Maturity Date	:	The day falling 5 years from the date of issue of the RPS unless the tenure of the RPS, if permitted by law and the Listing Requirements, is extended by Omesti and the RPS holders. If such date is not a market day, then it shall be the next market day immediately after the said non market day ("Maturity Date")
Board lot	:	The RPS are tradeable upon listing in board lots of 100 units or such other number of units as may be prescribed by Bursa Securities
Conversion right	:	RPS are not convertible into new Omesti Shares
Redemption	:	Subject to the provisions of the Act, the Company may at its option and discretion redeem any of the RPS on a pro-rata basis at 100% of RM1.00 per RPS at any time during the tenure of the RPS up to the Maturity Date by giving not less than 7 business days' notice of its intention to do so Any outstanding RPS as at the Maturity Date which have not already been redeemed by the Company shall be mandatorily redeemed by the Company
Redemption price	:	The redemption price is at 100% of RM1.00 per RPS

Method of redemption	:	The Company may redeem the RPS on a pro-rata basis at their nominal value commencing from the date of issue of the RPS up to the Maturity Date, subject to not less than 7 business days' notice in writing being given
Ranking of the RPS	:	The RPS shall rank *pari passu* without any preference or priority among themselves and in priority to Omesti Shares and other preference shares that may be created in future, which do not rank in priority to the RPS but shall rank behind all secured and unsecured obligations of Omesti. In the event of liquidation, dissolution, winding-up or other repayment of capital (other than on redemption): (a) The RPS shall confer on the holders the right to receive in priority to the holders of all other class of shares in Omesti, cash repayment in full of the amount (and the premium payable and the amount of any dividends that has been declared and remaining in arrears) of up to 100% of RM1.00 per RPS provided that there shall be no further right to participate in any surplus capital or surplus profits of Omesti (b) In the event that Omesti has insufficient assets to permit payment of the full RPS to the RPS holder, the assets of Omesti shall be distributed rateably to the RPS holder in proportion to the amount that each RPS holder would otherwise be entitled to receive
Rights of the holders of RPS	:	The RPS holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts and attending general meetings of the Company. The RPS holders however are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the Company except in the following circumstances: (a) Where the dividend or part of the dividend on the RPS has been declared but remains unpaid for more than 6 months; (b) On a proposal to reduce the Company's share capital; (c) On a proposal for the disposal of the Omesti Group's assets, business and undertakings in excess of 25% of the net assets of the Group based on the last audited financial statements; (d) Upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RPS; (e) Upon any resolution for the winding up of Omesti; and

		(f) Other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time In any such case, the RPS holders shall be entitled to vote together with the holders of ordinary shares in Omesti and exercise one vote for each RPS held
Modification of rights of RPS holders	:	The Company may from time to time make modifications to the terms of the RPS which in the opinion of the Company are not materially prejudicial to the interest of the RPS holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations. Any variation, modification or abrogation of the rights and privileges attached to the RPS shall require the sanction of a special resolution of the RPS holders holding or representing not less than 75% of the outstanding RPS
Listing	:	The RPS shall be listed and quoted on the Main Market of Bursa Securities
Transferability	:	The RPS shall be transferable in accordance with the Rules of Bursa Depository
Governing law	:	Laws of Malaysia

2.1.7 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Issuer	:	Omesti
Issue size	:	Up to 279,476,894 Warrants to be issued pursuant to the Proposed Rights Issue of RPS with Warrants
Form and detachability	:	The Warrants will be issued in registered form and constituted by a Deed Poll. The Warrants which are to be issued pursuant to the Proposed Rights Issue of RPS with Warrants will be immediately detachable from the RPS upon allotment and issuance and will be traded separately on Bursa Securities
Exercise Period	:	The Warrants may be exercised at any time during the tenure of 5 years commencing from and including the date of issue of the Warrants until 5.00 p.m. (Malaysia time) on the expiry date. If such date is not a market day, then it shall be the next market day immediately after the said non market day ("Exercise Period"). The rights attached to the Warrants which are not exercised during the Exercise Period will thereafter lapse

Warrants Exercise Price	:	The Warrants Exercise Price is fixed at RM0.50 per Warrant. The Warrants Exercise Price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period
Exercise rights	:	Each Warrant shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Warrants Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll
Mode of exercise	:	The holders of the Warrants are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Warrants Exercise Price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia
Adjustments to the Warrants Exercise Price and/or number of Warrants	:	The Warrants Exercise Price and/or the number of unexercised Warrants held by each Warrant holder may from time to time be adjusted in the event of any alteration to the share capital of the Company in accordance with the provisions as set out in the Deed Poll
Rights in the event of winding up, liquidation or an event of default	:	(a) If a resolution is passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the registered Warrant holders (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the registered Warrant holders; and (b) In any other cases, every Warrant holder shall be entitled to exercise his/her Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement (as the case may be), whereupon the Company shall allot the relevant new Omesti Shares to such Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he/she had on such date been the holder of the new Omesti Shares to which he/she

		would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants shall lapse and cease to be valid for any purpose
Rights of the Warrant holders	:	The Warrants do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants exercise their Warrants for new Omesti Shares in accordance with the provisions of the Deed Poll and such new Omesti Shares have been allotted and issued to such holders
Modification of rights of the Warrant holders	:	Save as expressly provided in the Deed Poll, no amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution of the Warrant holders unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant holders
Ranking of the new Shares to be issued pursuant to the exercise of the Warrants	:	The new Shares to be issued pursuant to the exercise of the Warrants in accordance with the provisions of the Deed Poll shall, upon allotment, issuance and full payment of the Warrants Exercise Price, rank *pari passu* in all respects with the then existing issued Omesti Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, prior to the date of allotment and issuance of the new Omesti Shares to be issued arising from the exercise of the Warrants
Listing	:	The Warrants will be listed on the Main Market of Bursa Securities
Deed Poll	:	The Warrants shall be constituted by the Deed Poll
Governing law	:	The Warrants and the Deed Poll shall be governed by the laws of Malaysia

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2.1.8 Minimum Subscription Level, shareholder's undertakings for entitlement/excess application and underwriting arrangements

The Board intends to raise a minimum of RM50.0 million from the Proposed Rights Issue of RPS with Warrants to meet the funding requirements of the Group as set out in Section 2.1.9 of this Circular.

To meet the Minimum Subscription Level, the Company has procured Undertakings from the Undertaking Shareholders under the Proposed Rights Issue of RPS with Warrants as follows:

	Shareholdings as at the LPD		Undertakings to subscribe for their Rights entitlements			Undertakings to subscribe for excess RPS			Total to be subscribed pursuant to the Undertakings		
Undertakings Shareholders	**No. of Shares ('000)**	**%^**	**No. of RPS ('000)**	**No. of Warrants ('000)**	**%***	**No. of RPS ('000)**	**No. of Warrants ('000)**	**%***	**No. of RPS ('000)**	**No. of Warrants ('000)**	**%***
Dato' Mah Siew Kwok	95,623	18.00	19,125	44,625	15.97	587	1,370	0.49	19,712	45,995	16.46
H2O Holdings Sdn Bhd	67,467	12.70	13,493	31,484	11.27	414	967	0.35	13,908	32,451	11.61
Monteiro Gerard Clair	29,812	5.61	5,460	12,740	4.56	168	392	0.14	5,628	13,132	4.70
Insas Plaza Sdn Bhd	17,500	3.29	3,500	8,167	2.92	1,436	3,351	1.2	4,936	11,518	4.12
Gryphon Asset Management Sdn Bhd	19,580	3.68	3,916	9,137	3.27	-	-	-	3,916	9,137	3.27
Montego Assets Limited	6,000	1.13	1,200	2,800	1.00	-	-	-	1,200	2,800	1.00
Winfields Development Pte Ltd	3,500	0.66	700	1,633	0.58	-	-	-	700	1,633	0.58
	239,482	**45.07**	**47,394**	**110,586**	**39.57**	**2,605**	**6,080**	**2.18**	**50,000**	**116,666**	**41.74**

Notes:

^ % shareholdings calculated based on 531,378,135 issued Shares.
* Computed based on up to 119,775,812 RPS and up to 279,476,894 Warrants to be issued pursuant to the Proposed Rights Issue of RPS with Warrants.

Pursuant to the Undertakings, the Undertaking Shareholders have:

(i) Irrevocably and unconditionally warranted that he/she/it shall not sell or in any other way dispose of or transfer his/her/its existing interest in the Company or any part thereof during the period commencing from the date of the Undertakings up to the Entitlement Date; and

(ii) Confirmed that he/she/it has sufficient financial means and resources to subscribe in full for his/her/its entitlement and additional RPS not taken up by other Entitled Shareholder by way of excess RPS applications (if applicable), to the extent such that the aggregate subscription proceeds received by the Company arising from the subscription by all Entitled Shareholders including the Undertaking Shareholders and/or their renouncee(s) amounts to not less than RM50.0 million. Such confirmation has been verified by M&A Securities.

The Undertaking Shareholders have confirmed that the Undertakings will not give rise to any mandatory take-over offer obligation pursuant to the Code and the Rules immediately after the completion of the Proposed Rights Issue of RPS with Warrants.

The Undertaking Shareholders have also confirmed that they will at all times observe and ensure compliance with the provisions of the Code and the Rules and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

In view of the Undertakings, underwriting arrangements will not be required for the Proposed Rights Issue of RPS with Warrants.

2.1.9 Proceeds raised and utilisation of proceeds

Based on the issue price of RM1.00 per RPS and the scenarios described below, the gross proceeds to be raised from the Proposed Rights Issue of RPS with Warrants will be utilised in the following manner:

Details	**Maximum Scenario RM**	**Minimum Scenario RM**	**Expected timeframe for utilisation from receipt of proceeds**
Funding for the TM Project [(1)]	56,580,000	49,040,000	Within 6 months
Repayment of borrowings [(2)]	44,400,000	-	Within 6 months
Working capital [(3)]	17,835,812	-	Within 12 months
Estimated expenses for the Proposed Rights Issue of RPS with Warrants [(4)]	960,000	960,000	Within 1 month
	119,775,812	**50,000,000**	

Notes:

(1) On 9 April 2020, the Company received a Letter of Award ("LOA") from TM for the design, development, customisation, configuration, delivery, installation, integration, conversion, migration, testing, commissioning and training for the new TM BSS. Subsequently, on 24 July 2020, the Company and TM entered into a definitive agreement for the TM Project.

The TM Project is intended to replace TM's existing customer management, product catalogue, order management and billing systems with an up-to-date system aimed at enhancing and improving TM's business operations and support.

The TM Project comprises 2 stages:

(i) Stage 1: Design, development, customisation, configuration, delivery, installation, integration, conversion, migration, testing, commissioning and training for the new BSS

For the development of the BSS platform, the Company shall acquire a software licence from Huawei Technologies Malaysia Sdn Bhd to implement TM's BSS.

The implementation of Phase 1 of the BSS shall be fully led by Omesti which shall include project management, design, development, installation, integration, data migration and testing of the BSS. Thereafter, the implementation of Phases 2 and 3 of the BSS shall be led by TM and supported by Omesti on the design, testing and data migration of the BSS.

The TM Project is to be billed under an Operational Expenditure (OPEX) business model where the amount to be charged by Omesti to TM shall be based on the number of active subscribers over the contractual period (beginning from June 2020 for a period of 2 years).

In addition to the above, Omesti shall also contract Huawei Technologies Malaysia Sdn Bhd to conduct trainings for the employees of TM throughout the duration of the TM Project.

The various modules under the TM Project shall be implemented progressively by Omesti and TM respectively commencing from April 2020 up to April 2022. The BSS shall be fully implemented by April 2022.

The implementation timeline and milestones are set out below:

No.	Description		Implementation timeline	Implementation led by
(i)	Initial planning for module rollout and user training		July* to December 2020	Omesti
(ii)	Implementation of:			
	(a)	Consumer fixed and mobile module	June* to December 2020	Omesti
	(b)	Consumer mobile (prepaid and postpaid) module	October 2020 to June 2021	Omesti
(iii)	Consumer Unifi module		December 2020 to December 2021	TM
(iv)	TM ONE module		October 2020 to October 2021	TM
(v)	TM wholesale and global customer module		February 2021 to April 2022	TM

Note:

* The Company has commenced the implementation of these modules upon the signing of LOA.

(ii) Stage 2: Renewal of application software subscription

The term of the contractual period for the BSS shall commence from June 2020 for a period of 2 years. Thereafter, the subscription of the BSS may be renewed, subject to TM management's approval for a term of 3 years.

BSS platforms for the telecommunications industry generally have a lifespan of 10 to 15 years. Although Omesti has to fund the cost of acquiring the licences and the development of the BSS platform, the Management of Omesti is confident that this business model will allow the Group to benefit from recurring income for future financial years.

The total project implementation cost of the TM Project which includes software licence acquisition costs, software training fees and other project implementation costs, is estimated at RM121.66 million. The project implementation cost shall be funded via proceeds from the Proposed Rights Issue of RPS with Warrants and internally generated funds/bank borrowings as follows:

Details	**Maximum Scenario RM'000**	**Minimum Scenario RM'000**
Total implementation cost for the TM project	121,657	121,657
Funded via:		
(i) Proceeds from the Proposed Rights Issue of RPS with Warrants	56,580	49,040
(ii) Internally generated funds/ bank borrowings [(a)]	65,077	72,617

Note:

(a) The remaining project implementation costs amounting to RM65.08 million under the Maximum Scenario and RM72.62 million under the Minimum Scenario are expected to be spent over the project implementation duration of approximately 2 years until April 2022 and shall be funded via internally generated funds or bank borrowings, of which the proportion has not been determined at this juncture.

(2) The Company proposes to utilise up to RM44,400,000 under the Maximum Scenario for the repayment of its outstanding borrowings which amount to approximately RM69,256,491 as at the LPD.

Based on the effective interest rate of approximately 10.70% per annum, the Company is expected to generate annual interest savings of approximately RM4.75 million per annum under the Maximum Scenario.

Under the Minimum Scenario, the outstanding borrowings shall be repaid as and when it is due and via internally generated funds.

(3) The Company proposes to utilise up to RM17.84 million under the Maximum Scenario to finance the working capital requirements of the Group. A breakdown of the utilisation is as follows:

	Description	Maximum Scenario RM'000
(i)	Hiring of personnel for TM Project [(a)]	14,396
(ii)	Capital expenditure and operating expense for the erection of 17 telecommunication towers [(b)]	3,440
		17,836

Notes:

(a) Involves the hiring of at least 40 additional personnel (comprising 3 project managers, 10 system analysts, 20 programmers and 7 quality assurance staff) to complement the existing personnel for the implementation of the TM project. The personnel to be hired are expected to join the Group in the fourth quarter of 2020.

(b) In January 2020, Ohana Communications Sdn Bhd, a wholly-owned subsidiary of the Company has been awarded 17 sites (Negeri Sembilan - 15 sites, Perlis - 1 site and Penang - 1 site) by the Railway Asset Corporation via a leasing program to construct telecommunication infrastructures.

Ohana Communications Sdn Bhd has the requisite Network Facilities Provider licence which allows the company to lease these constructed telecommunication towers to telecommunication companies for their coverage requirements. The Railway Asset Corporation has allowed Ohana Communications Sdn Bhd to lease these constructed telecommunication towers to telecommunication companies from 1 October 2020 to 30 September 2023. Ohana Communications Sdn Bhd estimates an annual revenue of RM84,000 per leased telecommunication tower.

The project implementation cost for the erection and operating expense of these telecommunication towers is as follows:

Description	RM'000
Capital expenditure	1,530
Operating expenses	6,997
	8,527

Up to RM3.44 million shall be allocated to fund the erection and operating expense of these telecommunication towers; while the remaining RM5.09 million shall be funded via internally generated funds and/or borrowings, of which the proportion has not been determined at this juncture.

Construction of the first telecommunication tower has commenced in October 2020 and the entire project is targeted to be completed by December 2021.

Under the Minimum Scenario, the abovementioned working capital requirements shall be funded via internally generated funds and/or borrowings, of which the proportion has not been determined at this juncture.

(4) The estimated expenses of RM0.96 million comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges for the Proposed Rights Issue of RPS with Warrants. If the actual expenses incurred pursuant to the Proposed Rights Issue of RPS with Warrants are higher than the amount budgeted, the deficit will be funded via internally generated funds. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital of the Group.

In the event the actual proceeds raised are more than RM50.00 million, the additional proceeds shall be firstly be utilised to fund the implementation cost of the TM Project, secondly for the repayment of bank borrowings and any remaining amount shall be utilised for working capital purposes.

2.1.10 Proceeds from exercise of Warrants

Based on the Warrants Exercise Price of RM0.50 each, the exercise of the Warrants will raise up to RM58.33 million under the Minimum Scenario and RM139.74 million under the Maximum Scenario.

Any proceeds arising from the exercise of the Warrants in the future shall be utilised for the working capital of the Group, which includes but is not limited to salaries, rental, materials, transportation and other operational expenses, the breakdown of which has yet to be determined. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined.

2.1.11 Foreign addressed shareholders

An abridged prospectus, which will be issued in connection with the Proposed Rights Issue of RPS with Warrants including the notices of provisional allotment and rights subscription form, will not be registered under applicable securities legislation of any foreign jurisdictions. Accordingly, the Proposed Rights Issue of RPS with Warrants will not be offered for subscription in any country other than Malaysia.

Therefore, the documents relating to the Proposed Rights Issue of RPS with Warrants will not be sent to foreign shareholders who have not provided an address in Malaysia for the service of documents as at the Entitlement Date ("Foreign Shareholders"). Foreign Shareholders may, prior to the Entitlement Date, provide an address in Malaysia for service of documents.

Alternatively, such Foreign Shareholders may collect the abridged prospectus from the Share Registrar's office of the Company, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, in which event, the Share Registrar shall be entitled to request for such evidence (i.e. identification or authorisation documents) as he/she may deem necessary to satisfy himself/herself as to the identity and authority of the person collecting the abridged prospectus.

A shareholder of the Company may only exercise his/her rights in respect of the Proposed Rights Issue of RPS with Warrants to the extent that it would be lawful to do so, and the Company would not, in connection with the Proposed Rights Issue of RPS with Warrants, be in breach of the laws of any jurisdictions that the shareholder of the Company might be subject to.

The shareholders of the Company shall be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subject to, and participation by a shareholder of the

Company in the Proposed Rights Issue of RPS with Warrants shall be on the basis of a warranty by the shareholder that he/she may lawfully participate without the Company being in breach of the laws of any jurisdictions. Such warranty shall be procured through the rights subscription form to be completed by shareholders intending to subscribe for the Proposed Rights Issue of RPS with Warrants.

Foreign Shareholders who do not provide any address in Malaysia will have no claim whatsoever against the Company in respect of their rights entitlement pursuant to the Proposed Rights Issue of RPS with Warrants.

2.2 Proposed Constitution Amendments

The Company proposes to amend its Constitution to facilitate the creation and issuance of the RPS pursuant to the Proposed Rights Issue of RPS with Warrants so as to comply with the provisions of the Act.

Please refer to **Appendix I** of this Circular for further details on the Proposed Constitution Amendments.

3. RATIONALE FOR THE PROPOSALS

3.1.1 Proposed Rights Issue of RPS with Warrants

After due consideration of the various options available such as bank borrowings and private placement as well as the capital structure of Omesti, the Board is of the opinion that the Proposed Rights Issue of RPS with Warrants is the most suitable means of fund raising for the Company as compared to other options available, for the following reasons:

(i) It enables the Company to raise proceeds to be used in the manner set out in Section 2.1.9 of this Circular;

(ii) The Proposed Rights Issue of RPS with Warrants will further strengthen the Company's capital base and at the same time, improve its gearing level following the reduction in the borrowings of the Omesti Group arising from utilisation of part of the proceeds of the Proposed Rights Issue of RPS with Warrants;

(iii) Compared to other forms of equity offerings, the Proposed Rights Issue of RPS with Warrants will also minimise the immediate dilution effect on the earnings per share of the Company which would otherwise arise from the issuance of ordinary shares; and

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

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

3.1.2 Proposed Constitution Amendments

The Proposed Constitution Amendments is being undertaken to facilitate the issuance of the RPS pursuant to the Proposed Rights Issue of RPS with Warrants.

3.2 Details of equity fund-raising exercises undertaken in the past 12 months

Save as disclosed below, Omesti has not undertaken any equity fund-raising exercise in the past 12 months before the announcement of the Proposed Rights Issue of RPS with Warrants.

On 2 March 2020, Omesti completed the listing of and quotation of 47,856,100 new Shares pursuant to a private placement exercise ("Private Placement"). The total gross proceeds raised from the Private Placement amounted to RM23.93 million. As at the LPD, the details and status of the utilisation of proceeds are as follows:

Utilisation of proceeds [(1)]	Timeframe for utilisation [(2)]	Actual utilisation	Percentage utilised
		RM'000	%
Repayment of bank borrowings	Within 6 months	5,319	100.0
Working capital for specific business purposes	Within 12 months	12,895	100.0
Working capital for general working purposes	Within 12 months	5,000	100.0
Estimated expenses in relation to the Private Placement	Within 1 month	714	100.0
Total proceeds		**23,928**	**100.0**

Notes:

(1) The utilisation of proceeds should be read in conjunction with the announcement dated 20 December 2019.

(2) From the date of completion of the Private Placement.

4. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposed Constitution Amendments will not have any effect on the share capital, substantial shareholders' shareholdings, NA, gearing, earnings and EPS of the Company.

4.1 Share capital

The pro forma effects of the Proposed Rights Issue of RPS with Warrants on the share capital of the Company are set out below.

	Maximum Scenario		Minimum Scenario	
	No. of Shares	RM	No. of Shares	RM
As at the LPD	531,378,135	275,749,077	531,378,135	275,749,077
Assuming full granting and allotment/exercise of the new Shares/ESOS Options under the LTIP	67,500,925	[(1)] 33,750,463	-	-
After full granting and/or allotment/exercise of the new Shares/ESOS Options under LTIP	598,879,060	309,499,540	531,378,135	275,749,077

	Maximum Scenario		Minimum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Assuming full exercise of Warrants (2)	279,476,894	176,210,182	116,666,666	73,558,333
Enlarged issued share capital	**878,355,954**	**485,709,722**	**648,044,801**	**349,307,410**

Notes:

(1) Assuming up to 67,500,925 new Shares/ESOS Options available to be granted under the LTIP are granted and exercised/allotted at an issue price of RM0.50 each.

(2) Assuming all the Warrants are fully exercised based on the exercise price of RM0.50 each and after accounting for the reversal of warrant reserve.

4.2 Earnings and EPS

The Proposed Rights Issue of RPS with Warrants will not have an immediate dilution effect on the consolidated earnings and EPS of the Company as the RPS are not convertible into Omesti Shares but the consolidated EPS of the Company may be proportionately diluted as a result of the increase in the number of issued Omesti Shares when the Warrants are exercised into new Omesti Shares.

The Proposed Rights Issue of RPS with Warrants is expected to contribute positively to the future earnings of the Omesti Group due to utilisation of proceeds arising from the Proposed Rights Issue of RPS with Warrants to undertake the TM Project which will contribute to the recurring income from the TM Projects and additional working capital for the Omesti Group.

In addition, the proceeds raised will be used to reduce the existing borrowings of the Omesti Group which will give rise to interest savings of RM4.75 million based on the effective interest rate of the Group's borrowings as at the LPD of approximately 10.70% per annum.

4.3 Convertible securities

As at the LPD, the Company has established a LTIP. However, there are no outstanding ESOS Options granted as at the LPD.

In the event the Company grants any ESOS Options prior to the implementation of the Proposed Rights Issue of RPS with Warrants, such options granted may be subject to adjustments on the exercise price and/or number of Omesti Shares to be allotted and issued pursuant to the exercise of ESOS Options in accordance with the provisions of the by-laws governing the ESOS under the LTIP.

Any necessary adjustments arising from the Proposed Rights Issue of RPS with Warrants will only be finalised by the Company at a later date. The rights and obligations of the holders of the ESOS Options will remain unchanged, save for the adjustments to the exercise price and number of unexercised ESOS Options.

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4.4 NA per Share and gearing

The pro forma effects of the Proposed Rights Issue of RPS with Warrants on the NA and gearing of the Omesti based on the latest audited consolidated financial statements of Omesti as at 31 March 2020 are set out below:

Maximum Scenario

		I	**II**	**III**	**IV**
	Audited as at 31 March 2020	**(1) After the subsequent event**	**(2) After full grant and exercise of ESOS Options under LTIP**	**(3) After the Proposed Rights Issue of RPS with Warrants**	**(4) After full exercise of Warrants**
	RM	**RM**	**RM**	**RM**	**RM**
Share capital	275,505,851	275,749,077	309,499,540	309,499,540	476,151,612
Reserves	24,910,134	24,910,134	24,910,134	24,910,134	24,910,134
Warrant reserves	-	-	-	26,913,625	-
Accumulated losses	(107,975,767)	(108,218,993)	(141,969,456)	(142,929,456)	(142,929,456)
Shareholders' equity	192,440,218	192,440,218	192,440,218	218,393,843	**358,132,290**
Non-controlling interest	10,688,131	10,688,131	10,688,131	10,688,131	10,688,131
Total equity	**203,128,349**	**203,128,349**	**203,128,349**	**229,081,974**	**368,820,421**
Total assets	**418,260,589**	**418,260,589**	**418,260,589**	**492,676,401**	**632,414,848**
Other liabilities	215,132,240	215,132,240	215,132,240	170,732,240	170,732,240
RPS	-	-	-	92,862,187	92,862,187
Total liabilities	**215,132,240**	**215,132,240**	**215,132,240**	**263,594,427**	**263,594,427**
No. of issued ordinary shares	530,838,235	531,378,135	598,879,060	598,879,060	878,355,954
NA per Share (RM)	0.36	0.36	0.32	0.36	0.41
Total borrowings (RM)	56,498,219	56,498,219	56,498,219	12,098,219	12,098,219
Gearing (times)	0.28	0.28	0.28	0.05	0.03

Notes:

(1) After adjusting of 539,900 new shares granted under the LTIP at an issue price of RM0.4505 each on 9 October 2020.

(2) Assuming up to 67,500,925 new Shares/ESOS Options available to be granted under the LTIP are granted and exercised/allotted at an issue price of RM0.50 each for which no consideration is required.

(3) After taking into consideration the following:

(i) Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of 119,775,812 RPS at an issue price of RM1.00 per RPS with Warrants;
(ii) Assuming the fair value adjustment on the Warrants of RM0.0963 each resulting in a RM26.91 million warrant reserve;
(iii) After repayment of borrowings of RM44.40 million under the Maximum Scenario; and
(iv) After deducting the estimated expenses relating to the Proposed Rights Issue of RPS with Warrants of RM0.96 million.

(4) Assuming 279,476,894 Warrants are exercised at an exercise price of RM0.50 per Warrant and after accounting for the reversal of warrant reserve.

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Minimum Scenario

		I	II	III
	Audited as at 31 March 2020	**[1] After the subsequent event**	**[2] After the Proposed Rights Issue of RPS with Warrants**	**[3] After full exercise of Warrants**
	RM	**RM**	**RM**	**RM**
Share capital	275,505,851	275,749,077	275,749,077	345,317,410
Reserves	24,910,134	24,910,134	24,910,134	24,910,134
Warrant reserves	-	-	11,235,000	-
Accumulated losses	(107,975,767)	(108,218,993)	(109,178,993)	(109,178,993)
Shareholders' equity	192,440,218	192,440,218	202,715,218	261,048,551
Non-controlling interest	10,688,131	10,688,131	10,688,131	10,688,131
Total equity	**203,128,349**	**203,128,349**	**213,403,349**	**271,736,682**
Total assets	**418,260,589**	**418,260,589**	**467,300,589**	**525,633,922**
Other liabilities	215,132,240	215,132,240	215,132,240	215,132,240
RPS	-	-	38,765,000	38,765,000
Total liabilities	**215,132,240**	**215,132,240**	**253,897,240**	**253,897,240**
No. of issued ordinary shares	530,838,235	531,378,135	531,378,135	648,044,801
NA per Share (RM)	0.36	0.36	0.38	0.40
Total borrowings (RM)	56,498,219	56,498,219	56,498,219	56,498,219
Gearing (times)	0.28	0.28	0.26	0.21

Notes:

(1) After adjusting of 539,900 new shares granted under the LTIP at an issue price of RM0.4505 each on 9 October 2020.

(2) After taking into consideration the following:

(i) Assuming all the Entitled Shareholders and/or their renouncee(s), under the underwriting arrangements, fully subscribe for their respective entitlements of 50,000,000 RPS at an issue price of RM1.00 per RPS with Warrants;
(ii) Assuming the fair value adjustment on the Warrants of RM0.0963 each resulting in a RM11.24 million warrant reserve; and
(iii) After deducting the estimated expenses relating to the Proposed Rights Issue of RPS with Warrants of RM0.96 million.

(3) Assuming 116,666,666 Warrants are exercised at an exercise price of RM0.50 per Warrant and after accounting for the reversal of warrant reserve.

4.5 Substantial shareholders' shareholdings

The substantial shareholders of Omesti based on the Record of Depositors of the Company as at the LPD and the pro forma effects of the Proposed Rights Issue of RPS with Warrants on the shareholdings of the substantial shareholders are as follows:

Maximum Scenario

	As at the LPD				(I) After full grant and exercised of ESOS Options under LTIP*				(II) After (I), and Proposed Rights Issue of RPS with Warrants and full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Mah Siew Kwok	95,623,175	18.00	2,800,000[1]	0.53	95,623,175	15.97	2,800,000[1]	0.47	140,247,323	15.97	4,106,667[1]	0.47
Insas Berhad	-	-	52,159,500[2]	9.82	-	-	52,159,500[2]	8.71	-	-	76,500,600[2]	8.71
Dato' Sri Thong Kok Khee	-	-	52,159,500[3]	9.82	-	-	52,159,500[3]	8.71	-	-	76,500,600[3]	8.71
H2O Holdings Sdn Bhd	67,467,100	12.70	-	-	67,467,100	11.27	-	-	98,951,747	11.27	-	-
Monteiro Gerard Clair	29,812,155	5.61	67,467,100[4]	12.70	29,812,155	4.98	67,467,100[4]	11.27	43,724,494	4.98	98,951,747[4]	11.27
Dato' Wong Kit-Leong	-	-	67,467,100[4]	12.70	-	-	67,467,100[4]	11.27	-	-	98,951,747[4]	11.27
Datuk Raymond Tan	88,000	0.02	67,467,100[4]	12.70	88,000	0.01	67,467,100[4]	11.27	129,067	0.01	98,951,747[4]	11.27

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Minimum Scenario

Substantial shareholders	As at the LPD				(I) After Proposed Rights Issue of RPS with Warrants and full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Mah Siew Kwok	95,623,175	18.00	2,800,000(1)	0.53	141,617,842	21.85	2,800,000(1)	0.43
Insas Berhad	-	-	52,159,500(2)	9.82	-	-	77,247,967(2)	11.92
Dato' Sri Thong Kok Khee	-	-	52,159,500(3)	9.82	-	-	77,247,967(3)	11.92
H2O Holdings Sdn Bhd	67,467,100	12.70	-	-	99,918,400	15.42	-	-
Monteiro Gerard Clair	29,812,155	5.61	67,467,100(4)	12.70	42,944,388	6.63	99,918,400(4)	15.42
Dato' Wong Kit-Leong	-	-	67,467,100(4)	12.70	-	-	99,918,400(4)	15.42
Datuk Raymond Tan	88,000	0.02	67,467,100(4)	12.70	88,000	0.01	99,918,400(4)	15.42

Notes:

* Assuming none of the substantial shareholders are granted any Shares under the LTIP.

(1) Deemed interest by virtue of spouse's interest in the Company.

(2) Deemed interest by virtue of interests held by Insas Plaza Sdn Bhd, Gryphon Asset Management Sdn Bhd, M&A Securities and Montego Assets Limited, which are subsidiaries of Insas Berhad and Winfields Development Pte Ltd, an associated company of Insas Berhad.

(3) Deemed interest by virtue of his substantial interest in Insas Berhad.

(4) Deemed interest by virtue of his substantial interest in H2O Holdings Sdn Bhd.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the global economy

The global economy started to recover in the third quarter of 2020. As many major advanced and emerging economies eased COVID-19 containment measures, the resumption in production and trade activity led to an improvement in labour market conditions, and consequently private sector expenditure.

In the United States, private consumption rebounded following a quicker-than-expected recovery in labour conditions. In the Euro area, economic activity improved, driven by a rebound in manufacturing production and exports, as services activity lagged. However, in major emerging market economies, sustained weaknesses in labour markets and exports led to a more subdued improvement in economic activity.

The People's Republic of China recorded positive growth of 4.9% during the quarter (second quarter of 2020: 3.2%). Industrial activity and government support in the form of public investment were the key drivers of growth. Moreover, firm control over the transmission of COVID-19 locally led to the resumption of private sector activity, with consumer demand lifting growth during the quarter.

The easing of containment measures resulted in an improved regional export performance. The People's Republic of China recorded exceptionally strong export growth. This supported the broader recovery of the region's production value chains, with Singapore, Hong Kong Special Administration Region and Chinese Taipei also experiencing an expansion in exports. While exports of Indonesia, Korea, Thailand, and Philippines remained in contraction, they are showing an improving trend.

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

5.2 Overview and outlook of the Malaysian economy

The global economy and global trade expanded by 2.9% and 1.0%, respectively in 2019 (2018: 3.6% and 3.7%, respectively), amid protracted and unresolved trade tensions which exacerbated the cyclical downturn in global manufacturing and investment activities. Heightened risk aversion in financial markets led to sustained demand for safe haven assets, exchange rate volatility as well as capital flow reversals from emerging market economies. Amid this challenging global economic environment and domestic supply disruptions, the Malaysian economy expanded by 4.3% in 2019, supported by resilient private sector spending. Headline Consumer Price Index ("CPI") inflation was lower at 0.7% (2018: 1.0%), while underlying inflation remained relatively stable (2019: 1.5%; 2018: 1.6%).

(Source: Economic and Monetary Review 2019, Bank Negara Malaysia)

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

Improvements in growth were recorded across most economic sectors, as the country transitioned from the Conditional Movement Control Order (CMCO) into the Recovery Movement Control Order (RMCO).

Activity in the services sector recovered substantially, with growth recording a smaller contraction of 4.0% (2Q 2020: -16.2%). The wholesale and retail trade sub-sector showed a marked improvement, with accelerated sales in the motor vehicles segment following the Sales and Services Tax (SST) exemptions, as well as better performance of the retail trade segment, supported by higher demand for necessities. The recovery, however, was weighed down by subdued spending on non-essential retail goods, such as durable goods and recreational activities. In addition, tourism activity remained weak due to continued closure of international borders, affecting key sub-sectors such as food and beverage and accommodation, as well as transport and storage. Nevertheless, relaxation on movement restrictions enabled resumption of domestic travel activity, and facilitated an incipient restoration of activity in these sub-sectors. Meanwhile, the finance and insurance sub-sector registered positive growth, supported by higher capital market activity, particularly from domestic retail participants, as well as higher net interest and fee income. In addition, growth in the information and communication sub-sector continued to improve amid higher demand for data communication services, particularly driven by the rise of remote working arrangements. Growth in the manufacturing sector rebounded to 3.3% (2Q 2020: -18.3%), supported by a broad-based improvement across all the major manufacturing clusters. In the E&E cluster, growth rebounded strongly as production increased to fulfil order backlogs from the previous quarter as well as to cater for front-loading activities amid concerns of rising trade tensions. Growth in the consumer-related cluster also turned positive as Government measures, such as the exemption of export duties and car sales tax, supported the production of refined palm oil and passenger motor vehicles respectively. Meanwhile, the turnaround in the primary-related cluster was driven mainly by strong demand for rubber and pharmaceutical products. Although manufacturing activity in the construction-related cluster continued to record negative growth, the contraction eased as construction activities resumed after the Movement Control Order ("MCO") period.

Activity in the construction sector improved, contracting by a smaller rate of 12.4% (2Q 2020: -44.5%). Activity resumed across all sub-sectors supported by on-going large transportation projects in the civil engineering sub-sector and affordable housing projects in the residential sub-sector.

Domestic demand recorded a smaller decline of 3.3% in the third quarter of 2020 (2Q 2020: -18.7%), driven by improvements in both consumption and investment activity. Household spending was mainly supported by gradual recovery in income conditions, while investment activity benefitted from the ease of containment measures.

Private consumption recovered significantly from the trough in the second quarter to record a smaller contraction of 2.1% (2Q 2020: -18.5%). Household spending improved with further loosening of movement restrictions, while broad income conditions gradually recovered amid resumption of economic activities. The improvement in spending was reflected in the uptrend across most retail and financing data during the quarter.

Private consumption activity was also supported by stimulus measures such as the EPF i-Lestari withdrawals, wage subsidies and sales tax reduction for cars. Public consumption registered a higher growth of 6.9% (2Q 2020: 2.3%), benefitting from increased Government spending on supplies and services and faster expansion in emoluments.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), recorded a smaller negative at -1.4% during the quarter (2Q 2020: -2.6%). This mainly reflected the higher domestic retail fuel prices (average RON95 petrol price per litre in 3Q 2020: RM1.68; 2Q 2020: RM1.37) in line with the recovery in global oil prices. Notwithstanding this, headline inflation remained negative as retail fuel prices continued to be significantly below their levels in the corresponding quarter last year.

Labour market conditions gradually improved, in line with the recovery in economic activity during the quarter. Employment growth registered a smaller contraction of 0.4% (2Q 2020: -1.3%), supported by positive re-hiring activity as demand conditions normalised. Lower job losses were recorded during the quarter (33,309 persons; 2Q 2020: 34,806), as the placement rate of employees into new jobs increased to 22 persons per 100 people retrenched (2Q 2020: 9). As a result, the unemployment rate declined to 4.7% (2Q 2020: 5.1% of the labour force).

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

The World Bank said today its 2020 economic growth forecast for Malaysia, as measured by real gross domestic product ("GDP"), had been lowered to a contraction of 4.9% from the previously estimated 3.1% decline following the country's sharper-than-expected GDP contraction in the second quarter of 2020 (2Q 2020) due to the impact of the Covid-19 pandemic.

According to the World Bank's October 2020 Economic Update for East Asia and the Pacific published today, the change in its GDP forecast for Malaysia reflects the heightened uncertainty surrounding the start and speed of the global recovery, which would weigh on investment decisions and external demand.

In addition, the elevated unemployment rate and other weaknesses in the labour market would continue to weigh on private consumption.

The World Bank's revised 2020 GDP forecast for Malaysia is within Bank Negara Malaysia's contraction forecast of between 3.5% and 5.5% for the year.

According to Bank Negara Malaysia's statement on 14 August on the economic and financial developments in Malaysia in 2Q 2020, the country's GDP is, however, expected to grow between 5.5% and 8% in 2021.

(Source: "World Bank revises Malaysia's 2020 GDP forecast to larger 4.9% contraction" published on 29 September 2020, The Edge Markets)

5.3 Overview and outlook of the telecommunications business support systems market in Malaysia

BSS facilitates the relationship of service providers with their customers. BSS is a group of software modules used in networking to help service providers gain customer insight, compile real-time subscriptions and introduce new revenue generating services. BSS is critical because it helps service providers support and extend operations to enhance business services. BSS are used by all service providers, including mobile, fixed and cable networks. BSS is also known as an operational support system (OSS). BSS supports the product management, customer management, order management and revenue management processes of service providers. Within the telecommunications industry, the demand for BSS correlates with the capital expenditure of fixed and mobile service providers on support systems to cope with greater network coverage as well as increasing network capacity to accommodate both ongoing growth in subscriber base and data usage. As such, growth in connectivity contributes to greater investments in BSS. Growth in connectivity is evidenced by the growth in subscriber base for broadband services as well as growth in internet traffic or internet bandwidth.

Connectivity services have been a driver for telecommunication service provider revenue growth over the last 20 years. Connectivity services have evolved from fixed voice to mobile and recently, mobile broadband. In 2019, mobile cellular subscriptions were 44.6 million, while the subscriptions for Direct Exchange Line dropped to 2.2 million from 4.6 million in

2000. Mobile broadband subscriptions surpassed fixed broadband in 2010. In 2019, there were 3.0 million fixed broadband subscriptions and 40.4 million mobile broadband subscriptions at a ratio of 1:13.

Broadband subscriptions grew from 31.0 million in 2016 to reach 43.4 million in 2019. This contributed to a national broadband penetration rate per 100 inhabitants of 131.7% in 2019 (2016: 99.8%). Mobile broadband constituted 122.8% of national broadband penetration rate per 100 inhabitants while fixed broadband was at 8.9%. In the first quarter of 2020, broadband subscriptions moderated to 127.4%, whereby mobile broadband subscriptions constituted 133.6% of national broadband penetration rate per 100 inhabitants while fixed broadband was at 19.8%. Fixed broadband subscriptions increased from 2.5 million in 2016 to 3.0 million in 2019. In places where fixed broadband is not available, mobile broadband is an alternative for Internet access. Mobile broadband subscriptions increased to 40.4 million in 2019 from 28.5 million in 2016. In the first quarter of 2020, fixed broadband subscriptions hovered at 3.0 million subscriptions while mobile broadband subscriptions dipped marginally to 38.7 million. The factors driving mobile broadband subscriptions growth include improved network coverage, more attractive pricing plans, and consumer uptake of more connected devices.

Fibre broadband has overtaken traditional Asymmetric Digital Subscriber Line (ADSL) in offering fixed broadband in 2017. Fibre broadband subscriptions increased from 0.86 million in 2014 to 2.0 million in 2019, and constituted approximately 69% of the fixed broadband market in 2019. The take up of fibre broadband has been accelerated by the lower broadband prices in conjunction with efforts taken by service providers and the Government of Malaysia to facilitate its subscription.

Malaysia's broadband market is predominantly mobile based with subscriptions totaling 40.4 million in 2019, supported by 3G and 4G LTE population coverage. Wider coverage along with more affordable mobile data packages have increased usage of data-intensive content to suit digital lifestyle of Malaysians. The average mobile data prices per Gigabyte ("GB") have declined for both prepaid and postpaid plans, from as high as RM15 per GB in 2016 to as low as RM2 per GB in 2018. Going forward, data consumption is expected to rise in view of the more affordable mobile data prices.

The mobile cellular market in 2018 had a penetration rate per 100 inhabitants of 130.2%. Many users have more than one subscription, taking advantage of competitive voice or data plans offered by the various service providers, or to make best use of network coverage and call quality in different locations. Additionally, subscribers use multiple phones or dual-SIM phones to differentiate between professional and personal use. The mobile cellular market had a penetration rate per 100 inhabitants of 135.4% in 2019 and 133.6% in the first quarter of 2020 respectively.

From 2008 to 2019, there were several initiatives at a national level to improve the broadband infrastructure in an effort to enhance Malaysia's digital connectivity readiness. The 11th Malaysia Plan (2016 – 2020) identifies the importance of infrastructure development that will have a high impact in achieving a developed nation status. This includes the construction of highways, mass rapid transit (MRT) and light rail transit (LRT), electricity power plants, water treatment plants, and the implementation of high-speed broadband. For broadband services, the Government of Malaysia intends to expand coverage through the roll-out of the High Speed Broadband Initiative ("HSBB2") and the Suburban Broadband Initiative to support economic growth. Under the HSBB2, all households in state capitals and high-impact growth areas will be provided with high speed broadband of up to 100 Megabits per second by 2020. Meanwhile, residents in the suburban and rural areas will be able to access broadband services of 20 megabits per second under the Suburban Broadband Initiative.

Information and communications technology (ICT) will be leveraged as one of the strategic tools for rural community socioeconomic empowerment to bridge development gaps between urban and rural areas. In the remaining 11th Malaysia Plan period, the digital infrastructure such as 1,000 telecommunication towers will be upgraded and 300 new towers will be constructed to increase coverage and quality of broadband services in rural areas. In addition, telecentre facilities and services will be optimised to empower communities towards digital transformation. These initiatives will bridge development gap on digital economy between urban and rural areas.

While broadband subscriptions and mobile cellular penetration rate have been seen to moderate in the first quarter of 2020, demand for bandwidth surged as a result of the COVID-19 pandemic that resulted in the imposition of the MCO. Adherence to the MCO by remaining indoors at all times saw 23.5% higher internet traffic nationwide during the first week of the MCO, while the second week of the MCO saw a further increase of 8.6% in internet traffic. During this period, Malaysia saw an increase in internet use during the stay at home period primarily for streaming, online games and video conferencing calls. The increase in internet demand stemmed from both fixed and mobile broadband. The surge in bandwidth demand was inevitable as more Malaysians turned to video conferencing, online classes and e-commerce while working and studying at home.

On 27 March 2020, Prime Minister Tan Sri Muhyiddin Yassin announced the People-Centric Economic Stimulus Package (PRIHATIN) valued at RM250 billion. Several packages were offered in collaboration with various telecommunications companies, including efforts to improve telecommunications network and free internet offerings, that are collectively worth RM1 billion. Telecommunication companies are working on improving network performance during this time through an additional investment of RM400 million for infrastructure and network upgrades such as:

- performing network optimisation and radio capacity upgrades at areas with high utilisation;
- performing traffic readjustment to cater to the rising bandwidth demand at residential premises;
- upgrading wireless backhaul to fibre optic connections;
- increasing domestic trunk capacities including laying new fibre optic infrastructure, increasing interconnect bandwidth and releasing reserved capacities;
- increasing international link capacities; and
- mobilising portable base stations as well as providing Wi-Fi access points to manage network traffic at critical areas including hospitals, government agencies, enforcement agencies and media centres.

In the meantime, the National Fiberisation and Connectivity Plan ("NFCP") will continue to be implemented to improve the country's digital connectivity, especially in rural areas. The Government has allocated RM3 billion through the Malaysian Communications and Multimedia Commission ("MCMC"), as announced in the Economic Stimulus Package 1 on 27 February 2020 for the implementation of six projects under the NFCP for the year 2020. These projects will be fully funded through the Universal Service Provision (USP) Fund which is under the stewardship of MCMC.

Under Budget 2021 which was tabled in the Parliament on 6 November 2020 and is pending approval from the Dewan Rakyat, the Government of Malaysia has proposed an allocation of RM9.4 billion to develop the national digital strategy across industry sectors which is seen as being capable of closing the digital gap holistically. According to the MCMC, the allocation would be able to provide better telecommunications infrastructure with the PRIHATIN programme and National Digital Network Initiative ("JENDELA"), whereby:

- The PRIHATIN Network programme, costing RM1.5 billion would benefit eight million in the B40 group, reducing their financial burden to obtain internet service. The B40 group will receive RM180 each to spend on internet subscription or to cover part of the cost for a new mobile phone. This will be further supported by contributions from industry players amounting to an additional RM1.5 billion for the same target group; and

- Under JENDELA, the Government of Malaysia proposes to allocate RM500 million in 2021 to ensure connectivity of 430 schools nationwide in all states for the development of the future generation. An additional RM42 million has also been proposed to improve internet connectivity in 25 industrial areas to attract investment under the same plan. MCMC is also allocating RM7.4 billion for 2021 and 2022 to expand broadband services in rural areas.

(Source: IMR Report, Providence)

Kindly refer to the IMR Report set out in **Appendix III** on additional information.

5.4 Prospects of the Omesti Group

The COVID-19 pandemic brought about an unprecedented crisis which has impacted businesses globally. The Government of Malaysia announced the imposition of the MCO effective 18 March 2020 to 3 May 2020 to curb the spread of the COVID-19, followed by the Conditional MCO (4 May 2020 to 9 June 2020) and subsequently Recovery MCO (10 June 2020 to 31 December 2020). While the country was still in Recovery MCO, the Government announced the re-imposition of CMCO for certain locations, effective 14 October 2020 to 6 December 2020 to curb the spike of COVID-19 cases in these locations.

During this period, the Omesti Group adapted to the new normal that required observations of restrictions on public movement, work and operating hours, as well as mandatory social distancing and personal protection measures. The Group adopted work-from-home protocols to ensure uninterrupted service to its clients and business continuity. When required, onsite project installation, testing, commissioning and maintenance works were carried out in strict observations of the guidelines imposed. As a result, the Group did not experience a material disruption in the delivery of its services or business continuity during this period.

Further, the Company achieved several milestones during this period, among which include its appointment as Huawei Technologies Co Ltd's Authorised System Integration Partner for its BSS. The Company then secured an LOA from TM to design, develop, customise, configure, deliver, install, integrate, convert, migrate, test, commission and provide training for the TM Project. On 24 July 2020, the Company and TM entered into a definitive agreement for the TM Project.

In January 2020, Ohana Communications Sdn Bhd, a wholly-owned subsidiary of the Company has been awarded 17 sites (Negeri Sembilan - 15 sites, Perlis - 1 site and Penang - 1 site) by the Railway Asset Corporation via a leasing program to construct telecommunication infrastructure. Once constructed, the Group will be able to derive leasing revenue from these telecommunication towers.

The Group will continue to adopt work-from-home protocols in meeting its project deliverables and contractual obligations for the TM Project. Onsite project installation, testing, commissioning and maintenance works will be carried out in strict observations of the guidelines imposed by TM. Ohana Communications Sdn Bhd will similarly adopt the same model in delivering the construction of telecommunication towers to the Railway Asset Corporation.

Given the prevailing economic conditions and global financial outlook, the Group will continue its efforts to conserve cash flow and ensure continuous profitable operations post-COVID-19. Nevertheless, the Board is optimistic that the long term prospects of the Group will be supported by the growth in connectivity services in Malaysia, evolving connectivity technology, capital expenditure of communication service providers on support systems to cope with greater network coverage as well as increasing network capacity to accommodate both ongoing growth in subscriber base and data usage.

The Board, after having considered all the relevant aspects, including the rationale of the Proposals as out in Section 3 of this Circular, and the outlook of the BSS industry in Malaysia as set out in Section 5.3 of this Circular, is of the opinion that the Proposals is expected to contribute positively to the future financial performance of the Group, including the Group's GP.

(Source: Management of Omesti Group)

6. HISTORICAL SHARE PRICE PERFORMANCE

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

	High	**Low**
	RM	**RM**
2019		
November	0.525	0.415
December	0.545	0.475
2020		
January	0.570	0.495
February	0.715	0.480
March	0.680	0.340
April	0.635	0.430
May	0.645	0.550
June	0.595	0.485
July	0.710	0.515
August	0.840	0.640
September	0.660	0.485
October	0.560	0.455

The last transacted market price of Omesti Shares immediately prior to the announcement on 3 June 2020	0.565
Last transacted market price on the LPD	0.500

(Source: M&A Securities)

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7. APPROVALS REQUIRED

The Proposals are conditional upon the following being obtained:

(i) Approval of Bursa Securities which was obtained on 17 November 2020 for the following:

  (a) Admission of RPS and the Warrants to the Official List of Bursa Securities;

  (b) Listing of and quotation for:

    (1) up to 119,775,812 new RPS and up to 279,476,894 Warrants to be issued pursuant to the Proposed Rights Issue of RPS with Warrants;

    (2) up to 279,476,894 new Omesti Shares to be issued arising from the exercise of the Warrants; and

(ii) Shareholders' approval for the Proposals at the forthcoming EGM to be convened; and

(iii) Approvals of any other relevant parties/authorities, if required.

The Proposed Rights Issue of RPS with Warrants and the Proposed Constitution Amendments are inter-conditional upon each other.

The Proposals are not conditional upon any other corporate exercises/scheme undertaken or to be undertaken by the Company.

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

Save as disclosed in Section 2.1.8, none of the Directors, major shareholders, chief executive and/or persons connected to them have any interest, direct and/or indirect, in the Proposals, other than their respective entitlements in respect of the Proposed Rights Issue of RPS with Warrants as shareholders of Omesti, for which all shareholders of Omesti are entitled to, including the right to apply for excess RPS.

Note: As disclosed in Section 2.1.8, the Undertaking Shareholders have given the Undertakings to subscribe for an aggregate of 50,000,000 RPS.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

After having considered all aspects of the Proposals, including the financial position of the Company, the funding requirements of the Group and the proposed manner of utilisation of the proceeds of the Proposed Rights Issue of RPS with Warrants, the Board is of the opinion that the Proposals are in the best interest of the Company and accordingly recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company.

10. ESTIMATED TIMEFRAME FOR COMPLETION

The tentative timetable in relation to the Proposals is as follows:

Event	Date
EGM to approve the Proposals	28 December 2020
Announcement of Entitlement Date	Early January 2021
Issuance of abridged prospectus	End January 2021
Closing date for subscription and payment of the Proposed Rights Issue of RPS with Warrants	Mid February 2021
Listing of and quotation for the RPS and Warrants	End February 2021

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposals are expected to be completed by the first quarter of 2021.

11. OUTSTANDING CORPORATE EXERCISE ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposals, there is no other corporate exercise/scheme being undertaken by the Company which has been announced but is pending implementation as at the date of this Circular.

12. EGM

The EGM of Omesti, the Notice of which is enclosed with this Circular, will be held on Monday, 28 December 2020, at 2.30 p.m. or any adjournment thereof, as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower – Aurora Place, 2-09-01 - Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, for the purpose of considering and, if thought fit, passing the resolutions pertaining to the Proposals as described herein.

You are encouraged to attend, participate, speak (in the form of real time submission of typed texts) and vote remotely at the forthcoming EGM using the remote participation and electronic voting facilities. If you are unable to participate in the online EGM, you may appoint a proxy or proxies to participate and vote on your behalf. The Form of Proxy may be submitted by hand or by post to the Registered Office of the Company at Ho Hup Tower – Aurora Place, 2-07-01, Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur or by email to osem@quadrantbiz.co or by fax to (603) 9779 1701/02 not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Form of Proxy shall be treated as invalid. You may also submit the Form of Proxy electronically via the Portal at https://agm.omesti.com no later than on Sunday, 27 December 2020 at 2.30 p.m. The lodging of the Form of Proxy shall not preclude you from participating in the online EGM should you subsequently wish to do so.

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13. FURTHER INFORMATION

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

Yours faithfully,
for and on behalf of the Board of Directors,
OMESTI BERHAD

DATO' MAH SIEW KWOK
Non-Independent Non-Executive Vice Chairman

DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS

The Constitution is proposed to be amended in the following manner:

(i) By deleting the following existing definitions in Clause 3 of the Constitution in its entirety:

<table>
<tr><th>Clause No.</th><th>Existing Provisions</th><th>Proposed Constitution Amendments</th></tr>
<tr><td>3</td><td>
<table>
<tr><th>WORDS</th><th>MEANINGS</th></tr>
<tr><td>Conversion Date</td><td>The date on which the conversion of Preference Shares is effected provided that if the Preference Shares are to be converted during a period when the Register of Members is closed, the Conversion Date will be the following Market Day on which the Register is open</td></tr>
<tr><td>Conversion Notice</td><td>A notice delivered by the holder of the Preference Shares specifying the number of Preference Shares to be converted into Ordinary Shares and in the form and substance set out in Annexure A hereto or such other form as may be prescribe from time to time by the Company;</td></tr>
<tr><td>Conversion Period</td><td>The period commencing from the day after the expiry of the 3rd anniversary of the Issue Date and expiring on the 7th anniversary of the Issue Date;</td></tr>
<tr><td>Conversion Price</td><td>RM1.00 nominal value of Preference Shares for everyone (1) new Ordinary Share;</td></tr>
<tr><td>Dividend</td><td>The preferential dividend payable in respect of the Preference Shares pursuant to Clause [9(A)];</td></tr>
<tr><td>Dividend Payment Date</td><td>Date for payment of dividends on the Preference Shares which</td></tr>
</table>
</td><td>Deleted</td></tr>
</table>

Clause No.	Existing Provisions		Proposed Constitution Amendments
		is at [half-yearly] intervals (or, if any such day is not a Business Day, the first Business Day, immediately following that day) with the final dividend being paid on the last Dividend Payment Date prior to conversion;	
	Dividend Rate	Each of the rate set out in Clause 9(A)(i);	
	Issue Date	The date of issue of the Preference Shares;	
	Issue Price	For each Preference Share;	
	Preference Shareholder	The holder for the time being of the Preference Shares and if there is more than one holder, "Preference Shareholders" shall mean the holders for the time being of the Preference Shares;	
	Preference Shares	The irredeemable cumulative convertible preference share of the Company;	

(ii) By inserting the following new definition in the existing Clause 3:

Clause No.	Existing Provisions	Proposed Constitution Amendments	
3	-	**WORDS**	**MEANINGS**
		RPS	Redeemable preference share of the Company;

(iii) By deleting the existing Clause 10 in its entirety and replaced with the following new Clause 10:

Clause No.	Existing Provisions	Proposed Constitution Amendments
10	The Preference Shares shall have and enjoy the following rights and be subject to the following restrictions: (A) regarding income: (i) Each Preference Share shall confer on the holder thereof the right to receive to the extent that there are sufficient net profits after taxation available for distribution for the relevant financial year including retained profits and distributable reserves brought forward as determine by the Board of Directors of the Company and in priority to any payment in respect of any other class of shares in the capital of the Company a cumulative preferential dividend at the rate of two percent (2%) annum. (ii) The Dividend shall accrue on a daily basis and shall be payable half yearly on each Dividend payment Date with the final dividend being paid on the last Dividend payment date prior to conversion Provided Always That any arrears of Dividend shall be paid to the Preference Shareholders in priority of any payment in respect of any other class of shares in capital of the company. (B) regarding capitals: In a distribution of a capital in the winding up of the Company, the Preference Shareholders shall be entitled to repayment of capital paid up in priority to any repayment of capital to any ordinary shareholder. On a return of capital on liquidation or otherwise (other than on a conversion of shares) the surplus assets of the Company remaining after payment of its liability shall be applied:	The RPS shall confer on the holders thereof the following rights and privileges and be subject to the following conditions: (A) <u>Tenure and Maturity Date</u> (a) The tenure of the RPS is five (5) years, commencing from and inclusive of the date of issuance of the RPS. (b) The maturity date of the RPS is the day falling five (5) years from the date of issue of the RPS unless the tenure of the RPS, if permitted by law and the Listing Requirements, is extended by the Company and the RPS holders. If such date is not a Market Day, then it shall be the next Market Day immediately after the said non Market Day ("Maturity Date"). (B) <u>Dividend</u> (a) The RPS holders shall be entitled to receive cumulative gross preferential dividend rate out of the distributable profits of the Company, at a fixed rate of 5.0% per annum at an issue price of RM1.00 per RPS ("Issue Price"), subject to the provisions of the Act. No dividend shall be paid on the Ordinary Shares unless the dividends on the RPS have first been paid. (b) The dividends for the RPS shall be paid every six (6) months period ending 30th June and 31st December of each year, with the first dividend payment to be paid either on 30th June or 31st December, commencing on or after 30th June 2021, wherein the dividend rate of 5.0% per annum shall be pro-rated from the date of issuance of the RPS. The last dividend payment shall be made on the

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(i) firstly, in paying to the Preference Shareholder, a sum equal to any dividend declared but unpaid on the Preference Shares; (ii) secondly, in paying to the Preference Shareholder, an amount equal to the aggregate of the par value (or equivalent) on each Preference Shares; (iii) thirdly, in paying to the holders of Ordinary Shares pari pasu as between themselves, a sum equal to any arrears of dividend due on the Ordinary Shares whether or not the Company has sufficient distributable reserves; and (iv) fourthly, the balance of the assets shall belong to and be distributed among the holders of any class of shares in the capital of the Company in accordance with the respective rights attaching thereto. (C) regarding conversion: (i) The holder of the Preference shares shall be entitled at any time during the Conversion Period to convert all or any of the Preference Shares held by him into such number of Ordinary Shares as shall be delivered by applying the Conversion Price, calculated as to each conversion to the greatest whole number of full Ordinary Shares by dividing the aggregate nominal amount of the Preference Shares by the Conversion Price, save that no fraction of an Ordinary Share shall be issued upon conversion of any Preference Shares. If a fraction of an Ordinary Shares shall arise on conversion the number of Ordinary Shares to be allotted and issued on conversion will	Maturity Date. (C) <u>Listing Status and Transferability</u> (a) The RPS shall be listed and quoted on the Main Market of the Exchange. (b) The RPS are tradeable upon listing in board lots of 100 units or such other number of units as may be prescribed by the Exchange. (c) The RPS shall be transferable in accordance with the Rules of Central Depository. (D) <u>Conversion Right</u> The RPS are not convertible into new Ordinary Shares. (E) <u>Ranking</u> The RPS shall rank *pari passu* without any preference or priority among themselves and in priority to the Ordinary Shares and other preference shares that may be created in future which do not rank in priority to the RPS, but shall rank behind all secured and unsecured obligations of the Company. In the event of liquidation, dissolution, winding-up or other repayment of capital (other than on redemption): (a) The RPS shall confer on the holders the right to receive in priority to the holders of all other class of shares in the Company, cash repayment in full of the amount (and the premium payable and the amount of any dividend that has been declared and remaining in arrears) of up to 100% of the Issue Price provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company.

Clause No.	Existing Provisions	Proposed Constitution Amendments
	be rounded upwards to the nearest whole number. (ii) Conversion of the Preference Shares in accordance with Clause 9(C)(i) shall be exercised by the holder of the Preference Shares delivering the duly completed Conversion Notice to the Company and duly completed Conversion Notice shall be irrevocable after receipt thereof by the Company at the Office and further the Company shall: (a) deliver to the Depository all information relating to the Preference Shares which are the subject of the exercise of the Conversion Rights as required under the Rules at the time prescribe by the Depository to enable the Depository to debit the Securities Accounts of the relevant holder of the Preference Shares with the nominal value of the Preference Shares which are the subject of the exercise of the Conversion Rights; (b) deliver to the Depository all information relating to the number of Ordinary Shares to be allotted and issued to each holder of Preference Shares pursuant to the exercise of the Conversion Rights as required by the Rules at the time prescribed by the Depository registered in the name of MCD Nominees to enable the Depository to credit the securities Accounts of the holder of the Preference Shares with the appropriate number of Ordinary	(b) In the event that the Company has insufficient assets to permit payment of the full Issue Price to the RPS holders, the assets of the Company shall be distributed rateably to the RPS holders in proportion to the amount that each RPS holder would otherwise be entitled to receive. (F) <u>Rights of the holders of RPS</u> The RPS holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company. The RPS holders however are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the Company except in the following circumstances: (a) where the dividend or part of the dividend on the RPS has been declared but remains unpaid for more than six (6) month; (b) on a proposal to reduce the Company's share capital; (c) on a proposal for the disposal of the Company's and its subsidiaries' ("Group") assets, business and undertakings in excess of 25% of the net assets of the Group based on the last audited financial statements; (d) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RPS; (e) upon any resolution for the winding up of the Company; and (f) other circumstances as may be provided under law and applicable to preference shares

Clause No.	Existing Provisions	Proposed Constitution Amendments
	Shares; and (c) the Company shall dispatch or cause to be dispatched notices to the holders of Preference Shares informing them of (i) the debiting of the Preference Shares from the Securities Account, (ii) the nominal value of the Preference Shares remaining in the Securities Account after the exercise of any Conversion Rights, and (iii) the crediting of the Ordinary Shares into the Securities Accounts, by ordinary post at the risk and expense of the holder of the Preference at its address on the register of Preference Shareholders maintained by the Record of Depositors within such period as may be prescribed or allowed by the Exchange. (iii) The Company shall ensure that the Ordinary Shares are allotted and issued in accordance with Clause 9(C)(ii) and the holder of Preference Shares agrees that the allotment shall be in satisfaction of the nominal value of the Preference Shares so converted. (iv) Following the conversion, the Preference Shares shall be cancelled and the name of the holder thereof deleted from the register of preference shareholders and inserted into the register of ordinary shareholders.	and/or preference shareholders from time to time. In any such case, the RPS holders shall be entitled to vote together with the holders of Ordinary Shares and exercise one vote for each RPS held. (G) <u>Redemption</u> (a) Subject to the provisions of the Act, the Company may at its option and discretion redeem any of the RPS on a pro-rata basis at 100% of the Issue Price at any time during the tenure of the RPS up to the Maturity Date by giving not less than seven (7) business days' notice of its intention to do so. Any outstanding RPS as at the Maturity Date which have not already been redeemed by the Company shall be mandatorily redeemed by the Company. (b) The redemption price is at 100% of the Issue Price. (H) <u>Modification of Rights</u> (a) The Company may from time to time make modifications to the terms of the RPS which in the opinion of the Company are not materially prejudicial to the interest of the RPS holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations. (b) Any variation, modification or abrogation of the rights and privileges attached to the RPS shall require the sanction of a special resolution of the RPS holders holding or representing not less than 75% of the outstanding RPS.

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(v) All Preference Shares which are outstanding and not converted into Ordinary Shares shall on the expire of the Conversation Period be mandatorily converted into Ordinary Shares at the Conversion Price, save that no fraction of an Ordinary Share shall be issued upon conversion of any Preference Share. (vi) The right to receive the cumulative preferential dividend referred in Clause 9(A) in respect of the Preference Shares Converted into Ordinary Shares shall cease as from the Conversion Date. The Ordinary Shares which arise on conversion shall rank *pari passu* in all respects with the Ordinary Shares then in issue except that they shall only be entitled to dividends and other distributions, rights or allotments declared or to be declared in respect of the financial period ending immediately before the Conversion Date where the date for determining the entitlement to such dividends, distributions rights or allotments for such financial period (the "Entitlement Date) (irrespective of the date when such dividends, distributions, right or allotments shall be made or paid) is before the Conversion Date and the no-cumulative preferential dividend has been paid on a Dividend Payment Date falling before the Entitlement Date. The Ordinary Shares which arise on conversion shall, however, be entitled to dividends and other distributions, rights or allotments, the Record Date of which is on or after the Conversion Date.	(I) <u>Governing Law</u> The RPS shall be governed by the laws of Malaysia.

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(vii) If any offer or invitation is made to the holders of ordinary shares, the Company shall, so far as it is able, procure that there is made a like offer or invitation at the same time to the then holders of the Preference Shares as if his conversion rights had been exercisable and exercised in full on and with effect from the Record Date for such offer or invitation at the Conversion Price. (viii) Conversion Notice shall lapse in the event of the liquidation of the Company. **(D) regarding further participations:** The Preference Shares shall not entitle the holder thereof to participate in the profits or assets of the Company beyond such rights as are expressly set out in this Constitution. **(E) regarding voting:** Subject to provisions on alteration of rights in this Constitution, the Preference Shareholders are entitled to receive notice of and attend (either in person or by proxy) any General Meeting and shall be entitled, on a poll at any General Meeting, to one vote for each Preference Share held by him: (i) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the Preferences Shares; (ii) when the dividend or part of the dividend on the share is in arrears for more than six (6) months; (iii) upon any resolution to reduce the Company's share capital; (iv) upon any resolution for the disposal of the whole of the Company's property, business and undertaking;	

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(v) upon any resolution for the winding up of the Company; and (vi) during the winding up of the Company. **(F) regarding further issues of Preference Shares:** The rights attaching to the Preference Shares shall not be varied by the creation or issue of any further preference shares, save that this shall not prevent the creation or issue of any further preference shares which do not carry terms or dividend rate or calculation of the conversion price which is less favourable than the terms or Dividend Rate or the Conversion Price of the Preference Shares or which rank *pari passu* with the Preference Shares. **(G) regarding ranking:** Each of the following matters shall be deemed to be variation of the rights attaching to the Preference Shares and shall be prohibited unless with the consent or sanction of the Preference Shareholder in accordance with this Constitution: (i) entry by the Company of any agreement or arrangement within the ambit of Section 223 or Section 228 of the Act; (ii) the issue by the Company of any share capital or the grant by the Company of any rights to subscribe for or to convert shares or other securities into share capital, ranking in priority to the Preference Shares as regards participation in the profits or assets of the Company or being capable of being redeemed while any of the Preference Shares are in issue or the variation of the rights of any class of shares so as to fall within the foregoing;	

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(iii) the passing by the ordinary shareholders of any resolution to reduce the ordinary share capital of the Company or to vary any rights attaching to the ordinary shares of the Company or whereby the share capital or any uncalled liability thereon or the amount for the time being standing of the credit of the share premium account or the capital redemption reserve fund shall be reduced in any manner for which the consent of the court shall be required; (iv) the distribution of any profits or reserves to the holders of Ordinary Shares when there is any missed Dividend to the holders of Preference Shares; (v) any modification, variation or abrogation of the rights attaching to the Preference Shares or the Ordinary Shares; (vi) the repayment of all or any part of the capital paid up on any share in the capital of the Company (other than a payment in the course of a winding-up of the Company or the conversion of the Preference Shares) including the share premium account and the capital redemption reserve of the Company; (vii) the reduction of all or any part of the share capital of the Company or any uncalled liability in respect thereof or any share premium account or capital redemption reserve of the Company if the reduction involves either the diminution of liability is respect of unpaid share capital or repayment to any Member of any paid-up share capital;	

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(viii) an alteration in the issued capital of the Company in any manner whatsoever whether by varying the amount, structure or value thereof or the rights attaching thereto or otherwise of any other reclassification or reorganization of the share capital of the Company; (ix) an amalgamation, merger, reconstruction or any other change whatsoever in the constitution of the Company; (x) an amendment, waiver or repeal of any provision of this Constitution where such amendment, waiver or repeal affects the rights and interest of the holders of the Preference Shares; (xi) investment in any business other than the Company's core business which constitutes a change in business direction policy; (xii) the declaration, paying or making of any dividend, bonus or other distribution whether of any income or capital nature and whether in cash or in specie. **(H) regarding undertaking:** So long as any Preference Share remain capable of being converted into Ordinary Shares; (i) the Company will send each Preference Shareholder, by way of information, one copy of every circular, notice or other document sent to any other shareholders in the Company in their capacity as shareholders, at the same time as it or sent to such other shareholders;	

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(ii) the Company shall procure that there shall be sufficient unissued share capital available and free from pre-emptive rights for the purposes of effecting conversion on the Conversion Date and any other securities for the time being in issue which are convertible into or have right to subscribe for shares in the Company; and (iii) the Company shall not take any action which would cause the price at which Ordinary Shares would fall to be issued upon the exercise of conversion rights by the holder of the Preference Shares, to be decreased to such extend that the Ordinary Shares to be issued on exercise of any such rights would fall to be issued below their par value or otherwise they could not, under any applicable law then in effect, be legally issued as fully paid; (iv) prior to the allotment and issue of the Ordinary Shares, the Company shall use its best endeavours to obtain the approval in principle of the Exchange for the listing of all the Shares issuable upon conversion on the Exchange; (v) the Company shall ensure that the Ordinary Shares, upon allotment and issue, (i) shall be freely transferable and (ii) shall be tradeable within seven (7) Market Days from the date of allotment of the Ordinary Shares, but such transfer or trading of the Ordinary Shares shall nonetheless be subject to and be in accordance with all applicable laws, regulations and any directive of competent authority or body and this Constitution of the Company;	

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(vi) the Company shall not reduce its share capital or any uncalled liability in respect thereof or any share premium account or capital redemption reserve; (vii) the Company shall not consolidated or sub-divide any of its share capital; and (viii) The Company shall not, without the sanction of a resolution of the Preference Shareholder, which shall be a Special Resolution if the matter to be approved would require a special resolution had those shareholders been ordinary shareholders and in all other cases an Ordinary Resolution obtained in a manner provided in this Constitution, vary or abrogate the rights attaching to the Preference Shares in the case of the Preference Shareholders. **(I) regarding fractional entitlements:** No fraction on an Ordinary Share arising on conversion will be allotted to the holder of the Preference Shares otherwise entitled thereto. **(J) regarding transfer:** (i) Unless provided herein or expressly prohibited by the laws of Malaysia, the Preference Shares are transferable and PROVIDED FURTHER THAT no person shall be recognised by the Company as having title to Preference Shares entitling the holder thereof to subscribe only for fractional part of Ordinary Share or otherwise than as the sole or joint holder of the entirety of such Ordinary Share.	

Clause No.	Existing Provisions	Proposed Constitution Amendments
	(ii) Subject to full compliance with the provisions of the Central Depositories Act and the Rules, the Company shall not refuse to register or fail to register or give effect to any transfer in registrable from of the Preference Shares except where the registration of the transfer would result in a contravention of or failure to observe the provisions of the laws of Malaysia.	

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

BDO

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The Board of Directors
Omesti Berhad
Ho Hup Tower - Aurora Place
2-07-01 Level 7, Plaza Bukit Jalil
No. 1, Persiaran Jalil 1
Bandar Bukit Jalil
57000 Kuala Lumpur

Date: 19 November 2020

Dear Sirs,

OMESTI BERHAD ("OMESTI" OR "THE COMPANY") AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Omesti and its subsidiaries ("Omesti Group" or "the Group") as at 31 March 2020 and its related notes prepared by the Directors of Omesti.

The pro forma consolidated statements of financial position of the Group and its related notes as at 31 March 2020, as set out in Appendix A for which we have stamped for the purposes of identification, have been compiled by the Directors of the Company for inclusion in the Abridged Prospectus to be issued in connection with the Company's renounceable rights issue of up to 119,775,812 new redeemable preference shares ("RPS") in Omesti at an issue price of RM1.00 per RPS ("RPS Issue Price") together with up to 279,476,894 free detachable warrants ("Warrants") on the basis of 1 RPS for every 5 existing ordinary shares in Omesti ("Omesti Shares" or "Shares") held and 7 Warrants for every 3 RPS subscribed at an entitlement date to be determined by the Board at a later date ("Entitlement Date") ("Rights Issue of RPS with Warrants").

The applicable criteria on the basis of which the Directors of Omesti have compiled the pro forma consolidated statements of financial position are described in the notes to the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position have been compiled by the Directors of Omesti for illustrative purposes only, to show the effects of the Rights Issue of RPS with Warrants on the audited consolidated statements of financial position of the Group as at 31 March 2020 had the Rights Issue of RPS with Warrants been effected on that date. As part of this process, information about the consolidated statements of financial position of the Group has been extracted by the Directors of Omesti from the audited consolidated financial statements of the Group for the financial year ended 31 March 2020.

Directors' Responsibilities

The Directors of Omesti are responsible for preparing the pro forma consolidated statements of financial position on the basis set out in the notes to the pro forma consolidated statements of financial position.

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OMESTI BERHAD ("OMESTI" OR "THE COMPANY") AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020 (continued)

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors of Omesti on the basis set out in the notes to the pro forma consolidated statements of financial position in Appendix A.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of Omesti have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis set out in the notes to the pro forma consolidated statements of financial position.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Abridged Prospectus of the Company is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

BDO

OMESTI BERHAD ("OMESTI" OR "THE COMPANY") AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020 (continued)

Our Responsibilities (continued)

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of Omesti in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position have been properly compiled, in all material respects, on the basis set out in the notes to the pro forma consolidated statements of financial position.

Other Matter

This report is issued solely for the purpose of inclusion in the Abridged Prospectus in connection with the abovementioned Rights Issue of RPS with Warrants and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Rights Issue of RPS with Warrants.

BDO PLT	**Koo Swee Lin**
LLP0018825-LCA & AF 0206	03281/08/2022 J
Chartered Accountants	Chartered Accountant
Kuala Lumpur, Malaysia	

Registration No:
200001028094 (530701 - T)

Appendix A

OMESTI BERHAD ("OMESTI" OR THE "COMPANY")
Pro forma Consolidated Statements of Financial Position as at 31 March 2020

The pro forma consolidated statements of financial position of Omesti and its subsidiaries ("**Omesti Group**" or the "**Group**"), for which the Directors of Omesti are solely responsible, are set out below purely to illustrate the effects of the transactions described in the notes to the pro forma consolidated statements of financial position ("**Notes**"), assuming that these transactions were completed on 31 March 2020. Please read the pro forma consolidated statements of financial position together with the Notes.

Minimum Scenario*

	Note	Audited as at 31 March 2020 RM'000	After adjustments for completed events up to the LPD RM'000	Pro forma I After the Rights Issue RM'000	Pro forma II After (I) and assuming full exercise of Warrants RM'000
ASSETS					
Non-current assets					
Goodwill on consolidation		38,027	38,027	38,027	38,027
Other intangible assets		78,442	78,442	78,442	78,442
Investments in associates		97,423	97,423	97,423	97,423
Investments in jointly-controlled entities		-	-	-	-
Other investments		2,634	2,634	2,634	2,634
Other receivables, deposits and prepayments		620	620	620	620
Deferred tax assets		3,815	3,815	3,815	3,815
Property, plant and equipment		25,051	25,051	25,051	25,051
Investment property		974	974	974	974
		246,986	246,986	246,986	246,986
Current assets					
Inventories and contract costs		4,143	4,143	4,143	4,143
Other investments		110	110	110	110
Trade receivables		78,162	78,162	78,162	78,162
Other receivables, deposits and prepayments		37,438	37,438	37,438	37,438
Contract assets		8,226	8,226	8,226	8,226
Amounts owing by associates		88	88	88	88
Amount owing by a jointly-controlled entity		402	402	402	402
Current tax assets		1,831	1,831	1,831	1,831
Cash and bank balances	3	40,875	40,875	89,915	148,248
		171,275	171,275	220,315	278,648
TOTAL ASSETS		418,261	418,261	467,301	525,634

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Kuala Lumpur

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Appendix A

OMESTI BERHAD ("OMESTI" OR THE "COMPANY")
Pro forma Consolidated Statements of Financial Position as at 31 March 2020

The pro forma consolidated statements of financial position of Omesti Group, for which the Directors of Omesti are solely responsible, are set out below purely to illustrate the effects of the transactions described in the Notes, assuming that these transactions were completed on 31 March 2020. Please read the pro forma consolidated statements of financial position together with the Notes (continued).

Minimum Scenario*

	Note	Audited as at 31 March 2020 RM'000	After adjustments for completed events up to the LPD RM'000	Pro forma I After the Rights Issue RM'000	Pro forma II After (I) and assuming full exercise of Warrants RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	4	275,506	275,749	275,749	345,317
Reserves	4	24,910	24,910	24,910	24,910
Warrant reserve	4	-	-	11,235	-
Accumulated losses		(107,976)	(108,219)	(109,179)	(109,179)
		192,440	192,440	202,715	261,048
Non-controlling interests		10,688	10,688	10,688	10,688
TOTAL EQUITY		203,128	203,128	213,403	271,736
LIABILITIES					
Non-current liabilities					
Borrowings		-	-	-	-
Lease liabilities		12,969	12,969	12,969	12,969
RPS		-	-	38,765	38,765
Provisions		4,413	4,413	4,413	4,413
Other payables, deposits and accruals		146	146	146	146
Deferred tax liabilities		2	2	2	2
		17,530	17,530	56,295	56,295
Current liabilities					
Trade payables		60,732	60,732	60,732	60,732
Other payables, deposits and accruals		40,795	40,795	40,795	40,795
Contract liabilities		29,805	29,805	29,805	29,805
Amounts owing to associates		22	22	22	22
Amount owing to a jointly-controlled entity		14	14	14	14
Borrowings		53,422	53,422	53,422	53,422
Lease liabilities		10,879	10,879	10,879	10,879
Current tax payable		1,934	1,934	1,934	1,934
		197,603	197,603	197,603	197,603
TOTAL LIABILITIES		215,133	215,133	253,898	253,898
TOTAL EQUITY AND LIABILITIES		418,261	418,261	467,301	525,634

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Minimum Scenario*

				Pro forma I	Pro forma II
	Note	Audited as at 31 March 2020 RM'000	After adjustments for completed events up to the LPD RM'000	After the Rights Issue RM'000	After (I) and assuming full exercise of Warrants RM'000
Number of shares in issue ('000)		530,838	531,378	531,378	648,045
Net assets attributable to ordinary equity holders of the Company per share (RM)		0.36	0.36	0.38	0.40
Total borrowings# (RM'000)		56,498	56,498	56,498	56,498
Gearing (times)		0.28	0.28	0.26	0.21

**prepared in accordance with Part B of Appendix 6C of the Listing Requirements of Bursa Malaysia Securities Berhad*

 # Include lease liabilities owing to financial institutions

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Maximum Scenario*

	Note	Audited as at 31 March 2020 RM'000	After adjustments for completed events up to the LPD RM'000	Pro forma I After full grant and exercise of ESOS Options under LTIP RM'000	Pro forma II After (I) and the Rights Issue RM'000	Pro forma III After (II) and assuming full exercise of Warrants RM'000
ASSETS						
Non-current assets						
Goodwill on consolidation		38,027	38,027	38,027	38,027	38,027
Other intangible assets		78,442	78,442	78,442	78,442	78,442
Investments in associates		97,423	97,423	97,423	97,423	97,423
Investments in jointly-controlled entities		-	-	-	-	-
Other investments		2,634	2,634	2,634	2,634	2,634
Other receivables, deposits and prepayments		620	620	620	620	620
Deferred tax assets		3,815	3,815	3,815	3,815	3,815
Property, plant and equipment		25,051	25,051	25,051	25,051	25,051
Investment property		974	974	974	974	974
		246,986	246,986	246,986	246,986	246,986
Current assets						
Inventories and contract costs		4,143	4,143	4,143	4,143	4,143
Other investments		110	110	110	110	110
Trade receivables		78,162	78,162	78,162	78,162	78,162
Other receivables, deposits and prepayments		37,438	37,438	37,438	37,438	37,438
Contract assets		8,226	8,226	8,226	8,226	8,226
Amounts owing by associates		88	88	88	88	88
Amount owing by a jointly-controlled entity		402	402	402	402	402
Current tax assets		1,831	1,831	1,831	1,831	1,831
Cash and bank balances	3	40,875	40,875	40,875	115,291	255,029
		171,275	171,275	171,275	245,691	385,429
TOTAL ASSETS		418,261	418,261	418,261	492,677	632,415

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Appendix A

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Pro forma Consolidated Statements of Financial Position as at 31 March 2020

The pro forma consolidated statements of financial position of Omesti Group, for which the Directors of Omesti are solely responsible, are set out below purely to illustrate the effects of the transactions described in the Notes, assuming that these transactions were completed on 31 March 2020. Please read the pro forma consolidated statements of financial position together with the Notes (continued).

Maximum Scenario*

	Note	Audited as at 31 March 2020 RM'000	After adjustments for completed events up to the LPD RM'000	Pro forma I After full grant and exercise of ESOS Options under LTIP RM'000	Pro forma II After (I) and the Rights Issue RM'000	Pro forma III After (II) and assuming full exercise of Warrants RM'000
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	4	275,506	275,749	309,499	309,499	476,151
Reserves	4	24,910	24,910	24,910	24,910	24,910
Warrant reserve	4	-	-	-	26,914	-
Accumulated losses		(107,976)	(108,219)	(141,969)	(142,929)	(142,929)
		192,440	192,440	192,440	218,394	358,132
Non-controlling interests		10,688	10,688	10,688	10,688	10,688
TOTAL EQUITY		203,128	203,128	203,128	229,082	368,820
LIABILITIES						
Non-current liabilities						
Borrowings		-	-	-	-	-
Lease liabilities		12,969	12,969	12,969	12,969	12,969
RPS		-	-	-	92,862	92,862
Provisions		4,413	4,413	4,413	4,413	4,413
Other payables, deposits and accruals		146	146	146	146	146
Deferred tax liabilities		2	2	2	2	2
		17,530	17,530	17,530	110,392	110,392
Current liabilities						
Trade payables		60,732	60,732	60,732	60,732	60,732
Other payables, deposits and accruals		40,795	40,795	40,795	40,795	40,795
Contract liabilities		29,805	29,805	29,805	29,805	29,805
Amounts owing to associates		22	22	22	22	22
Amount owing to a jointly-controlled entity		14	14	14	14	14
Borrowings		53,422	53,422	53,422	9,022	9,022
Lease liabilities		10,879	10,879	10,879	10,879	10,879
Current tax payable		1,934	1,934	1,934	1,934	1,934
		197,603	197,603	197,603	153,203	153,203
TOTAL LIABILITIES		215,133	215,133	215,133	263,595	263,595
TOTAL EQUITY AND LIABILITIES		418,261	418,261	418,261	492,677	632,415

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Appendix A

OMESTI BERHAD ("OMESTI" OR THE "COMPANY")
Pro forma Consolidated Statements of Financial Position as at 31 March 2020

The pro forma consolidated statements of financial position of Omesti Group, for which the Directors of Omesti are solely responsible, are set out below purely to illustrate the effects of the transactions described in the Notes, assuming that these transactions were completed on 31 March 2020. Please read the pro forma consolidated statements of financial position together with the Notes (continued).

Maximum Scenario*

	Note	Audited as at 31 March 2020 RM'000	After adjustments for completed events up to the LPD RM'000	Pro forma I After full grant and exercise of ESOS Options under LTIP RM'000	Pro forma II After (I) and the Rights Issue RM'000	Pro forma III After (II) and assuming full exercise of Warrants RM'000
Number of shares in issue ('000)		530,838	531,378	598,879	598,879	878,356
Net assets attributable to ordinary equity holders of the Company per share (RM)		0.36	0.36	0.32	0.36	0.41
Total borrowings# (RM'000)		56,498	56,498	56,498	12,098	12,098
Gearing (times)		0.28	0.28	0.28	0.05	0.03

**prepared in accordance with Part B of Appendix 6C of the Listing Requirements of Bursa Malaysia Securities Berhad*

 # Include lease liabilities owing to financial institutions

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Appendix A

OMESTI BERHAD
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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

1. Basis of Preparation

The pro forma consolidated statements of financial position as at 31 March 2020, for which the Directors of Omesti are solely responsible, were prepared to illustrate the effects of the proposal mentioned below on the audited consolidated statements of financial position of the Group as at 31 March 2020 on the assumption that such proposal was effected on 31 March 2020, and should be read in conjunction with the Notes in this section.

The pro forma consolidated statements of financial position as at 31 March 2020 together with the Notes were prepared in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group for its audited consolidated financial statements for the financial year ended 31 March 2020, which were prepared in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The Company is undertaking a renounceable rights issue of up to 119,775,812 new redeemable preference shares ("RPS") in Omesti at an issue price of RM1.00 per RPS ("RPS Issue Price") together with up to 279,476,894 free detachable warrants ("Warrants") on the basis of 1 RPS for every 5 existing ordinary shares in Omesti ("Omesti Shares" or "Shares") held and 7 Warrants for every 3 RPS subscribed at an entitlement date to be determined by the Board at a later date ("Entitlement Date") ("Proposed Rights Issue of RPS with Warrants").

Adjustments for certain completed events after 31 March 2020 but before the implementation of the Rights Issue have been illustrated in the pro forma consolidated statements of financial position, as described below.

Adjustments for significant event after 31 March 2020

The audited consolidated statements of financial position as at 31 March 2020 of the Group have been adjusted for the following transaction that occurred subsequent to 31 March 2020 up to the latest practicable date prior to the printing of the Abridged Prospectus of 19 November 2020 ("**LPD**"):

(i) Allotment of 539,900 new Omesti shares pursuant to the Company's Long Term Incentive Plan ("LTIP") for a value of RM243,224.95 at no consideration issued on 9 October 2020.

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OMESTI BERHAD
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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

1. Basis of Preparation (continued)

The pro forma consolidated statements of financial position have been prepared for illustrative purposes only. Such information, because of its nature, does not give a true picture of the effects of the Rights Issue on the financial position of the Group, had the transactions or events occurred on 31 March 2020. Further, such information does not purport to predict the Group's future financial position.

The pro forma consolidated statements of financial position of the Group are presented in 2 scenarios and were prepared for illustrative purposes assuming assumptions that the Rights Issue was effected on that date, as follows:

Minimum Scenario

The minimum scenario assumes the following:

(a) none of the other Entitled Shareholders subscribe for the Proposed Rights Issue of RPS with Warrants;

(b) none of the outstanding employees' share option scheme ("ESOS") Options granted under long term incentive plan ("LTIP") are exercised on or prior to the Entitlement Date; and

(c) the Rights Issue is undertaken on the minimum subscription level basis, based upon the irrevocable and unconditional written undertaking provided by the major shareholders of Omesti, to subscribe for its entitlement under the Rights Issue based on its shareholding in Omesti and to apply for excess RPS under the Rights Issue where required, in aggregate amounting to not less than RM50 million.

Maximum Scenario

The maximum scenario assumes the following:

(a) all outstanding ESOS Options allowed to be granted under LTIP are granted and exercised resulting in the issuance of 67,500,925 new Omesti Shares at an exercise price of RM0.50 each on or prior to the Entitlement Date for which no consideration is required; and

(b) all entitled shareholders whose names appear in the record of depositors of Omesti on the Entitlement Date will subscribe in full for their respective entitlements under the Rights Issue of RPS with Warrants.

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

1. Basis of Preparation (continued)

Based on the Issue Price and the Minimum Scenario and Maximum Scenario, the Rights Issue is expected to raise gross proceeds to be used in the following manner:

Purpose	Maximum Scenario RM'000	Minimum Scenario RM'000
Funding for the TM Project	56,580	49,040
Repayment of borrowings	44,400	-
Working capital	17,835	-
Estimated expenses for the Proposed Rights Issue of RPS with Warrants	960	960
	119,775	50,000

2. Effects of the Rights Issue on the pro forma consolidated statements of financial position

For illustrative purposes only, the pro forma effects of the Rights Issue are illustrated based on the following assumptions:

(i) as at the LPD, Omesti has 531,378,135 Omesti Shares in issue.

(ii) the Issue Price of RM1.00 per RPS with Warrants;

(iii) an entitlement basis for the Rights Issue of 1 RPS for every 5 existing Omesti Share held, together with 7 Warrants for every 3 RPS subscribed; and

(iv) The Warrants Exercise Price is fixed at RM0.50 per Warrant.

2.1 Minimum Scenario

Pro forma I

Pro forma I is arrived at after incorporating the effects of the Rights Issue as follows:

(i) The issuance and subscription of 50,000,000 RPS at the issue price of RM1.00 each and the issuance of 116,666,666 Warrants at a fair value of RM0.0963 each resulting in a RM11,235,000 warrant reserve.

(ii) After deducting the estimated expenses relating to the Proposed Rights Issue of RPS with Warrants of RM960,000.

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

2.1 Minimum Scenario (continued)

Pro forma II

Pro forma II is arrived at after Pro forma I and incorporating the effects assuming full exercise of Warrants as follows:

(i) The full exercise of the 116,666,666 Warrants at an exercise price of RM0.50 per Warrant and the reversal of warrant reserve upon exercise of the Warrants.

2.2 Maximum Scenario

Pro forma I

Pro forma I is arrived at after incorporating the effects of the full grant and exercise of ESOS Options under LTIP as follows:

(i) All outstanding ESOS Options allowed to be granted under LTIP are granted and exercised resulting in the issuance of 67,500,925 new OMESTI Shares at an exercise price of RM0.50 each on or prior to the Entitlement Date for which no consideration is required.

Pro forma II

Pro forma II is arrived at after Pro forma I and incorporating the effects of the Rights Issue as follows:

(i) The issuance and subscription of 119,775,812 RPS at the issue price of RM1.00 each and the issuance of 279,476,894 Warrants at a fair value of RM0.0963 each resulting in a RM26,913,625 warrant reserve.

(ii) After deducting the estimated expenses relating to the Proposed Rights Issue of RPS with Warrants of RM960,000.

(iii) After repayment of borrowings of RM44,400,000.

Pro forma III

Pro forma III is arrived at after Pro forma II and incorporating the effects assuming full exercise of Warrants as follows:

(i) The full exercise of the 279,476,894 Warrants at an exercise price of RM0.50 per Warrant and the reversal of warrant reserve upon exercise of the Warrants.

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OMESTI BERHAD
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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

3. Cash and bank balances

The movements in the cash and bank balances of the Group are as follows:

Minimum Scenario

	Cash and bank balances RM'000
As per audited consolidated financial statements as at 31 March 2020	40,875
Effects of the adjustments for completed significant events	-
After completed events	40,875
Proceeds from the Rights Issue	50,000
Estimated expenses in relation to the Rights Issue	(960)
As per pro forma I	89,915
Proceeds from full exercise of Warrants	58,333
As per pro forma II	148,248

Maximum Scenario

	Cash and bank balances RM'000
As per audited consolidated financial statements as at 31 March 2020	40,875
Effects of the adjustments for completed significant events	-
After completed events	40,875
Exercise of ESOS Options	-
As per pro forma I	40,875
Proceeds from the Rights Issue	119,776
Estimated expenses in relation to the Rights Issue	(960)
Further repayment of borrowings	(44,400)
As per pro forma II	115,291
Proceeds from full exercise of Warrants	139,738
As per pro forma III	255,029

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

4. Share capital and reserves

The movements of the share capital and reserves of Omesti are as follows:

Minimum Scenario

	Number of ordinary shares '000	Share capital RM'000	Capital reserve RM'000	Warrant reserve RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Audited as at 31 March 2020	530,838	275,506	24,663	-	247	(107,976)	192,440	10,688	203,128
Adjustments for the completed significant events	540	243	-	-	-	(243)	-	-	-
Adjusted consolidated statements of financial position	531,378	275,749	24,663	-	247	(108,219)	192,440	10,688	203,128
Proceeds from the Rights Issue	-	-	-	11,235	-	-	11,235	-	11,235
Estimated expenses in relation to the Rights Issue	-	-	-	-	-	(960)	(960)	-	(960)
Pro forma I	531,378	275,749	24,663	11,235	247	(109,179)	202,715	10,688	213,403
Proceeds from full exercise of Warrants	116,667	69,568	-	(11,235)	-	-	58,333	-	58,333
Pro forma II	648,045	345,317	24,663	-	247	(109,179)	261,048	10,688	271,736

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

4. Share capital and reserves (continued)

The movements of the share capital and reserves of Omesti are as follows (continued):

Maximum Scenario

	Number of ordinary shares '000	Share capital RM'000	Capital reserve RM'000	Warrant reserve RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Audited as at 31 March 2020	530,838	275,506	24,663	-	247	(107,976)	192,440	10,688	203,128
Adjustments for the completed significant events	540	243	-	-	-	(243)	-	-	-
Adjusted consolidated statements of financial position	531,378	275,749	24,663	-	247	(108,219)	192,440	10,688	203,128
Full grant and exercise of ESOS Options under LTIP	67,501	33,750	-	-	-	(33,750)	-	-	-
Pro forma I	598,879	309,499	24,663	-	247	(141,969)	192,440	10,688	203,128
Proceeds from the Rights Issue	-	-	-	26,914	-	-	26,914	-	26,914
Estimated expenses in relation to the Rights Issue	-	-	-	-	-	(960)	(960)	-	(960)
Pro forma II	598,879	309,499	24,663	26,914	247	(142,929)	218,394	10,688	229,082
Proceeds from full exercise of Warrants	279,477	166,652	-	(26,914)	-	-	139,738	-	139,738
Pro forma III	878,356	476,151	24,663	-	247	(142,929)	358,132	10,688	368,820

INDEPENDENT MARKET RESEARCH REPORT

PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, No. 72A, Jalan Universiti,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

19 November 2020

Board of Directors
OMESTI BERHAD
Ho Hup Tower – Aurora Place
2-07-01 – Level 7
Plaza Bukit Jalil
No 1 Persiaran Jalil 1
Bandar Bukit Jalil
57000 Kuala Lumpur
Malaysia.

Dear Sirs,

Industry Overview on the Business Support Systems and Telecommunications Industry in Malaysia for the Proposed Corporate Exercise of OMESTI BERHAD on the Main Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("PROVIDENCE") has prepared an Industry Overview on the Business Support Systems and Telecommunications Industry in Malaysia for inclusion in the Circular to shareholders of OMESTI BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

1 BUSINESS SUPPORT SYSTEMS FOR THE TELECOMMUNICATIONS INDUSTRY IN MALAYSIA

INDUSTRY PERFORMANCE AND GROWTH PROSPECTS

Operational support systems ("OSS") is a term used to describe the information processing systems used by telecommunication service providers to manage their communications networks. Originally known as telecommunication network management tools, these solutions are now much more sophisticated, and allow an organisation to coordinate resources, processes and activities. OSS assist operators to design, build, operate and maintain communications networks. Traditionally, OSS provided network-facing or network-operations-facing functionality. This includes, among others, fault and performance management (assurance), customer activations (fulfilment), asset / inventory / configuration management and network security.

Business support systems ("BSS") facilitate the relationship of telecommunication service providers with their customers. BSS is a group of software modules used in networking to help service providers gain customer insight, compile real-time subscriptions and introduce new revenue generating services. BSS is critical because it helps service providers support and extend operations to enhance business services. BSS are used by all service providers, including mobile, fixed and cable networks. BSS support the product management, customer management, order management and revenue management processes of service providers.

Collectively, OSS and BSS allow telecommunication network operators to efficiently and reliably offer services to large groups of subscribers on complex telecommunications networks.

Global BSS vendors include Accenture Plc (Ireland), Agile Network Systems, Amdocs Ltd (United States of America), Cisco Systems, Inc. (United States of America), Comarch SA. (Poland), CSG Systems International, Inc. (United States of America), Hewlett Packard Enterprise Company (United States of America), Huawei Technologies Co. Ltd. (People's Republic of China), IBM Corporation (United States of America), Nokia Corporation (Finland), Oracle Corporation (United States of America), Subex Limited (India), Tata Consultancy Services (TCS) Limited (India), Tech Mahindra Ltd. (India) and Telefonaktiebolaget LM Ericsson (Sweden).

Within the telecommunications industry, the demand for BSS correlates with the capital expenditure of fixed and mobile service providers on support systems to cope with greater network coverage as well as increasing network capacity to accommodate both ongoing growth in subscriber base and data usage. As such, growth in connectivity contributes to greater investments in BSS. Growth in connectivity is evidenced by the growth in subscriber base for broadband services as well as growth in internet traffic or internet bandwidth.

The capital expenditure of fixed service and mobile service telecommunication industry players, which includes expenditure on telecommunication facilities and network infrastructure, as well as support services grew from RM6.8 billion in 2014 to RM7.4 billion in 2018 at a compound annual growth rate ("CAGR") of 2.1%. The capital expenditure of fixed service and mobile service providers was highest at RM10.3 billion in 2016 due to the funding of submarine cable systems and broadband infrastructure.

The capital expenditure of fixed service providers increased from RM1.8 billion in 2014 to RM2.1 billion in 2018 at a CAGR of 3.8%. Fixed service providers have invested cumulatively approximately RM12.6 billion between 2014 and 2018. The capital expenditure of mobile service providers increased from RM4.9 billion in 2014 to RM5.2 billion in 2018 at a CAGR of 1.4%. Over the last five years, mobile service providers have invested cumulatively approximately RM29.0 billion in capital expenditure as they deployed mobile and fixed broadband networks and the corresponding BSS to increase coverage and capacity. Investment by mobile services providers are driven by several factors, including:

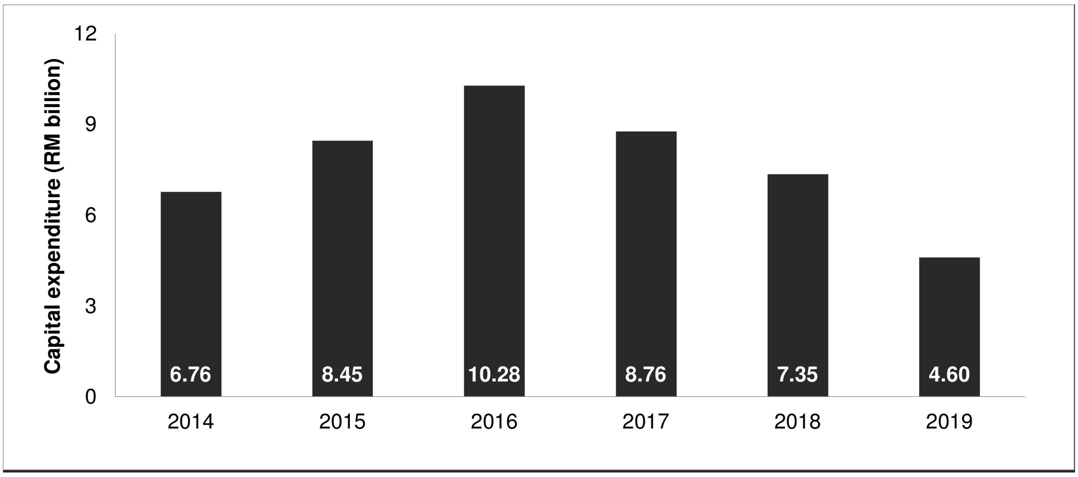
- Improving network coverage;

- Increasing network capacity and support systems to accommodate both ongoing growth in subscriber base and data usage; and
- Funding higher speed mobile broadband networks deployments (both 3G and 4G LTE).

Since the allocation of the 2.6GHz spectrum for the provision of 4G LTE in December 2012, mobile service providers have focused their investments on 4G LTE networks. As such, 4G LTE population coverage has reached 53.6% in 2015, exceeding the 50% target that was initially set to be achieved in 2017. By 2017 and 2018, the 4G LTE coverage was at 77.2% and 79.7% respectively. In 2018, 4G LTE buildouts have moderated as service providers focused on investing in enhancing, maintaining and upgrading existing network infrastructures.

In 2019, the capital expenditure of fixed service and mobile service telecommunication industry players dropped to RM4.60 billion, from the RM7.4 billion incurred in 2018. The capital expenditure of fixed service providers declined to RM1.63 billion in 2019 from RM2.1 billion in 2018. The capital expenditure of mobile service providers decreased to RM2.97 billion in 2019 from RM5.2 billion in 2018. A significant portion of the capital expenditure incurred in 2010 was for the upgrade of mobile and fibre optic networks to increase network capacity and quality.

Capital expenditure of fixed service and mobile service providers in Malaysia [a]



Source: Malaysian Communications and Multimedia Commission ("MCMC"), PROVIDENCE analysis

BSS is a largely unrecognised but critical element behind telecommunication companies and is developing at a steady pace. BSS ensures optimum telecommunications network capacity and service quality, as well as enforce charging parameters for next-generation high-speed mobile broadband services such as policy control and charging, real-time service delivery and customer support. Investment into cloud-based services will be an important driver for BSS expenditure growth among telecommunication industry players. As competition rises from over the top ("OTT") players, increasing customer demands mean telecommunication industry players need to create more agile business models to boost margins and generate sustainable revenue streams.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Convergence of mobile and digital solutions in consumer lifestyles

Mobile and digital devices play an important role in consumer lifestyles today, among both the urban and rural population. Consumers use and interact with their devices on a daily basis for communication, entertainment as well as for business use. Mobile and digital devices have altered the landscape, changing the way Malaysians communicate, obtain news and shop. Although personal computers are frequently used to shop online, smartphones are fast becoming the device of choice for Malaysians to remain connected.

According to the International Telecommunication Union ("ITU"), the percentage of households with a computer more than doubled from 31.3% in 2005 to 71.3% in 2019. The percentage of households with access to the internet increased from 15.2% in 2005 to 90.1% in 2019.

In Malaysia, smartphone penetration has increased from 51.0% in 2014 to 76.4% in 2018.[1] Mobile devices, and particularly smartphones, are becoming part of the lifestyle for Malaysians who use it for communication, and as a platform for obtaining information, socialising, entertainment and performing banking activities.

According to the Hand Phone Users Survey 2018 published by the Malaysian Communications and Multimedia Commission, communication continues to be the top activity among smartphones users whereby:

- 98.1% of smartphone users use their mobile devices for text messaging and sending voice notes;
- 95.4% of respondents communicate through voice calls; and
- 69.3% of respondents use their smartphones for video calling.

The growth in smartphone penetration in Malaysia was primarily contributed by extensive mobile broadband coverage and competition that led to competitively priced mobile broadband packages. In addition, smartphone prices have become more affordable as a result of mobile service providers launching innovative packages. Coupled with an ongoing demand for digital services among Malaysians, these have encouraged mobile phone users to migrate to smartphones.

Today, users are more inclined to consume higher bandwidth activities such as video calling, watching videos and playing games on their smartphones. OTT communication and video streaming applications such as WhatsApp and Netflix are popular among users. The popularity of video calling is expected to continue to rise as WhatsApp, which is among the most popular communication applications in Malaysia, has launched a group video calling feature for up to eight callers in April 2020. In addition, mobile service providers are providing additional data allowance for OTT video streaming applications as well as mobile gaming to attract more subscribers.

The pervasiveness of mobile and digital solutions in consumer lifestyles leads to growth in data usage. Telecommunication service providers are expected to invest in strengthening existing network infrastructure and new network infrastructure as well as support systems in order to cope with the rising data demands of users.

Government initiatives to support the mobile and digital industry

The Government has embraced the information technology ("IT") sector as a key driver for socio-economic growth. As such, the Government has identified several plans and programmes to further drive the sector and pave the way for the adoption and integration of IT solutions by enterprises across the nation. Under the 11th Malaysia Plan, the Government targets to increase the contribution of the IT sector to 18.2% of the nation's gross domestic product (GDP) by 2020. The IT sector is expected to gain greater

[1] Latest available as at 19 November 2020

momentum, driven by the convergence of industries and commercial activities due to digitalisation. Specifically, the Government intends to:

- develop the IT sector in technology focus areas such as big data analytics, Internet of Things ("IoT") and cloud computing;
- increase the adoption of IT solutions amongst small and medium enterprises ("SMEs");
- build a support eco-system to allow for the development of IT solutions and internationalism; and
- develop high quality IT talent.

Malaysia is looking to accelerate the country's journey towards becoming a digital economy, with several initiatives being announced including making the country a global test bed for emerging technologies and innovation. These initiatives will continue to build on the national aim and vision of shared prosperity, utilising digital technologies for the social and economic uplifting of Malaysians. The Malaysia Digital Economy Corporation ("MDEC") will lead the implementation of these initiatives. MDEC will accelerate development in the fintech, blockchain and drone sectors by attracting global digital talents and interest from investors. To address the growing demand for a digital-savvy workforce, MDEC has proposed a new digital talent development strategy framework. This framework is designed to mobilise and coordinate the end-to-end nurturing of Malaysia's technology talent both locally and on the international stage.

Under Budget 2020, the Government of Malaysia allocated RM10 million to MDEC for the training of micro-digital entrepreneurs and technology experts to leverage e-marketplaces, social media platforms. In addition, a further RM70 million was allocated to the development of Digital Enhancement Centers across every state to facilitate upskilling of businesses to be electronic commerce ("e-commerce") ready.

Information and communications technology ("ICT") will be leveraged as one of the strategic tools for rural community socioeconomic empowerment to bridge development gaps between urban and rural areas. In the remaining 11th Malaysia Plan period, the digital infrastructure such as 1,000 telecommunication towers will be upgraded and 300 new towers will be constructed to increase coverage and quality of broadband services in rural areas. In addition, telecentre facilities and services will be optimised to empower communities towards digital transformation. These initiatives will bridge development gap on digital economy between urban and rural areas.

Malaysia aspires to be a developed nation by 2025. The Government of Malaysia has identified key digital areas to drive the ICT sector, namely cloud, IoT, data analytics, cybersecurity, data centres, e-commerce and AI being the main drivers for Industry 4.0 and smart city development. Internet access has been identified by the Government of Malaysia as a necessity and a tool to enhance productivity and livelihood.

In light of this, the Government of Malaysia has commenced efforts to improve the country's digital connectivity through the National Fiberisation and Connectivity Plan ("NFCP"), which was announced in October 2018. The NFCP was developed to put in place a nationwide digital infrastructure that is robust, pervasive and affordable, to enable adoption of new technologies and future digital services. The NFCP is a plan that aims to put in place robust, pervasive, high quality and affordable digital connectivity for the well-being of the people and progress of the country. Its main targets include the provision of an average speed of 30 Mbps in 98% of populated areas and gigabits availability in selected industrial areas by the year 2020 and all state capitals by 2023.

The NFCP focuses on fibre networks to enable greater digital connectivity. However, alternative technologies such as wireless networks and satellite technology will also be deployed wherever conducive, thereby allowing rural areas to have access to high quality and high-speed broadband. The NFCP is expected enhance economic competitiveness of the country in high-impact industrial areas, mobile coverage areas without fibre network connection to telecommunication towers, as well as public areas such as schools, hospitals, libraries, police stations and post offices. Among other things, Malaysians will be able to reap the benefits from digital education, e-health and e-sports services. The business community will stand to gain from e-commerce platforms, enabling them to penetrate new markets domestically and abroad.

PROVIDENCE
STRATEGIC PARTNERS

The NFCP has seen positive initial results through the 'Double the Speed, Half the Price' initiative which saw fixed broadband prices reduce by 35% to 55% at the end of 2018. Encouragingly, demand for fixed broadband services increased by 21.7% enabling more people to be connected to high-speed fixed broadband.

Malaysia embarked into the 5G space in April 2019. Commencing October 2019, six states in Malaysia will play host to 5G demonstration projects for a period of six months. The 5G demonstration projects will focus on facilitating and cultivating the development of a holistic and inclusive 5G ecosystem in the country, in pursuit of stimulating the demand as well as adoption of 5G technology for both businesses and consumers. Malaysia hopes to commercialise some of the use cases beginning third quarter of 2020.

A total of 55 use cases will be demonstrated in Kedah, Perak, Penang, Selangor, Terengganu and Kuala Lumpur, covering nine industry verticals, namely agriculture, digital healthcare, education, entertainment and media, manufacturing and process industries, oil and gas, smart city, smart transportation and tourism. Some of the use cases that will be tested during the six-month period include smart traffic lights, smart parking, remote medical consultation, smart agriculture, augmented reality for education and vehicle tracking. The eight companies involved in the demonstration projects are Altel Communications Sdn Bhd, Celcom Axiata Bhd, DiGi.Com Berhad, edotco Group Sdn Bhd, Maxis Berhad, Petronas, Telekom Malaysia Berhad and U Mobile Sdn Bhd.

These initiatives by the Government of Malaysia to improve telecommunication infrastructure supports the wider adoption and usage of mobile and digital applications among users in Malaysia.

Under Budget 2021 which was tabled in the Parliament on 6 November 2020 and is pending approval from the Dewan Rakyat, the Government of Malaysia has proposed an allocation of RM9.4 billion to develop the national digital strategy across industry sectors which is seen as being capable of closing the digital gap holistically. According to the MCMC, the allocation would be able to provide better telecommunications infrastructure with the PRIHATIN programme and National Digital Network Initiative ("JENDELA"), whereby:

- The PRIHATIN Network programme, costing RM1.5 billion would benefit 8.0 million in the B40 group, reducing their financial burden to obtain internet service. The B40 group will receive RM180 each to spend on internet subscription or to cover part of the cost for a new mobile phone. This will be further supported by contributions from industry players amounting to an additional RM1.5 billion for the same target group; and
- Under JENDELA, the Government of Malaysia proposes to allocate RM500 million in 2021 to ensure connectivity of 430 schools nationwide in all states for the development of the future generation. An additional RM42 million has also been proposed to improve internet connectivity in 25 industrial areas to attract investment under the same plan. MCMC is also allocating RM7.4 billion for 2021 and 2022 to expand broadband services in rural areas.

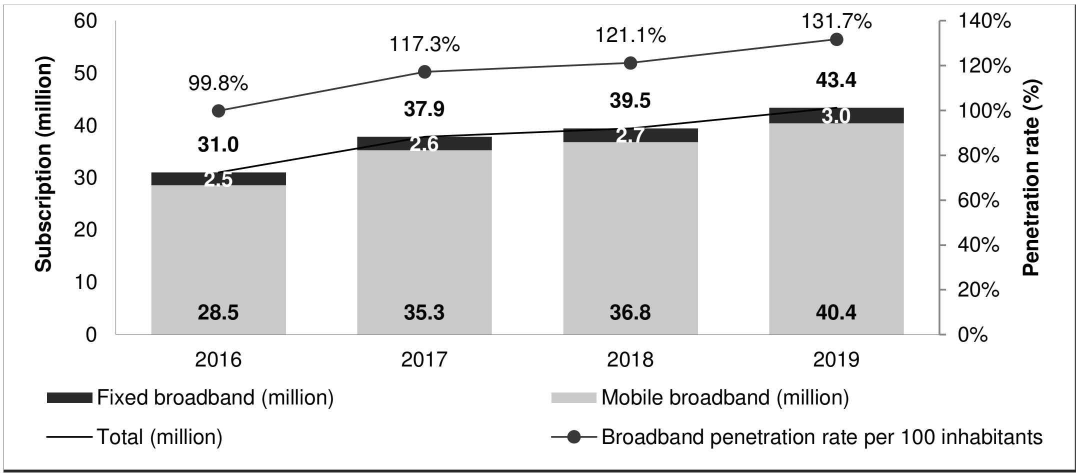
2 TELECOMMUNICATIONS INDUSTRY IN MALAYSIA

CONNECTIVITY SERVICES

Connectivity services have been a driver for service provider revenue growth and investments in BSS over the last 20 years. Connectivity services have evolved from fixed voice to mobile and recently, mobile broadband. In 2000, mobile cellular subscriptions surpassed Direct Exchange Line ("DEL") subscriptions. In 2019, mobile cellular subscriptions were 44.6 million, while DEL dropped to 2.2 million subscriptions from 4.6 million in 2000. Mobile broadband subscriptions surpassed fixed broadband in 2010. In 2019, there were 3.0 million fixed broadband subscriptions and 40.4 million mobile broadband subscriptions at a ratio of 1:13.

Broadband subscriptions grew from 31.0 million in 2016 to reach 43.4 million in 2019. This contributed to a national broadband penetration rate per 100 inhabitants of 131.7% in 2019 (2016: 99.8%). Mobile broadband constituted 122.8% of national broadband penetration rate per 100 inhabitants while fixed broadband was at 8.9%. In the first quarter of 2020, broadband subscriptions moderated to 127.4%, whereby mobile broadband subscriptions constituted 133.6% of national broadband penetration rate per 100 inhabitants while fixed broadband was at 19.8%. Fixed broadband subscriptions increased from 2.5 million in 2016 to 3.0 million in 2019. In places where fixed broadband is not available, mobile broadband is an alternative for Internet access. Mobile broadband subscriptions increased to 40.4 million in 2019 from 28.5 million in 2016. In the first quarter of 2020, fixed broadband subscriptions hovered at 3.0 million subscriptions while mobile broadband subscriptions dipped marginally to 38.7 million. The factors driving mobile broadband subscriptions growth include improved network coverage, more attractive pricing plans, and consumer uptake of more connected devices.

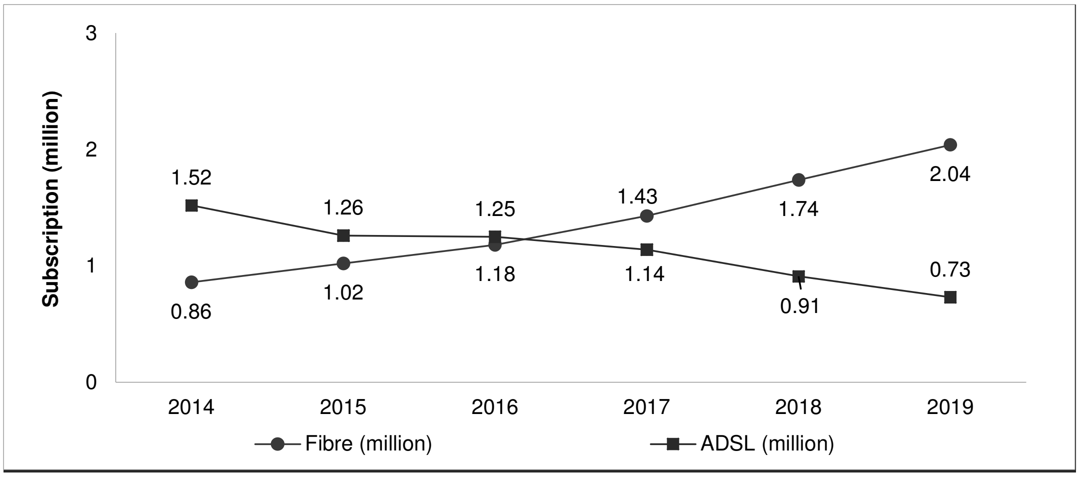
Broadband subscriptions and penetration rates in Malaysia



Source: MCMC, PROVIDENCE analysis

Fibre broadband has overtaken traditional Asymmetric Digital Subscriber Line ("ADSL") in offering fixed broadband in 2017. Fibre broadband subscriptions increased from 0.86 million in 2014 to 2.0 million in 2019, and constituted approximately 69% of the fixed broadband market in 2019. The take up of fibre broadband has been accelerated by the lower broadband prices in conjunction with efforts taken by service providers and the Government of Malaysia to facilitate its subscription.

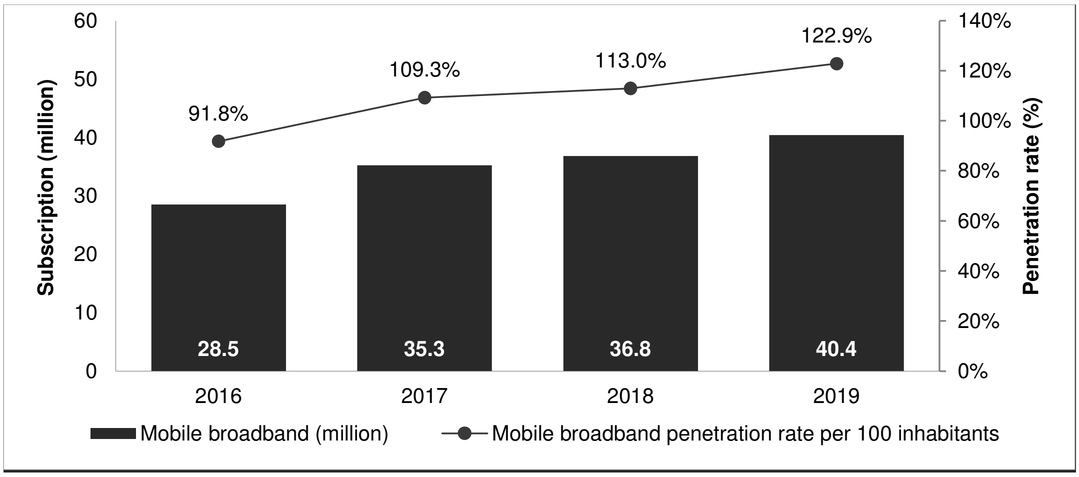
ADSL and fibre subscriptions in Malaysia



Source: MCMC, PROVIDENCE analysis

Malaysia's broadband market is predominantly mobile based with subscriptions, totalling 40.4 million in 2019, supported by 3G and 4G LTE population coverage. Wider coverage along with more affordable mobile data packages have increased usage of data-intensive content to suit digital lifestyle of Malaysians. The average mobile data prices per Gigabyte ("GB") have declined for both prepaid and postpaid plans, from as high as RM15 per GB in 2016 to as low as RM2 per GB in 2018. Going forward, data consumption is expected to rise in view of the more affordable mobile data prices.

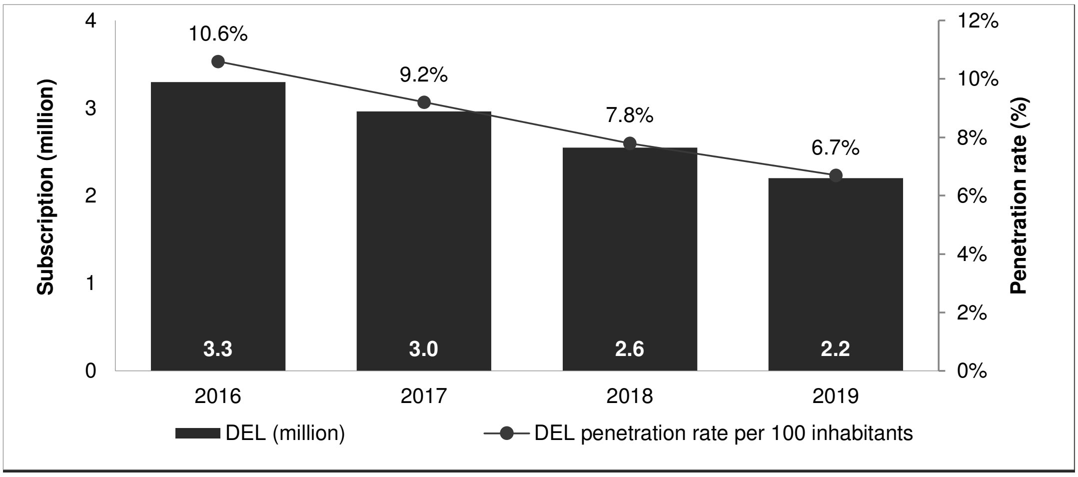
Broadband subscriptions and penetration rates in Malaysia



Source: MCMC, PROVIDENCE analysis

DEL subscriptions have been in decline. In 2019, DEL subscriptions declined from 3.3 million in 2016 to 2.2 million in 2019, with penetration rate per 100 inhabitants at 6.7% in 2019.

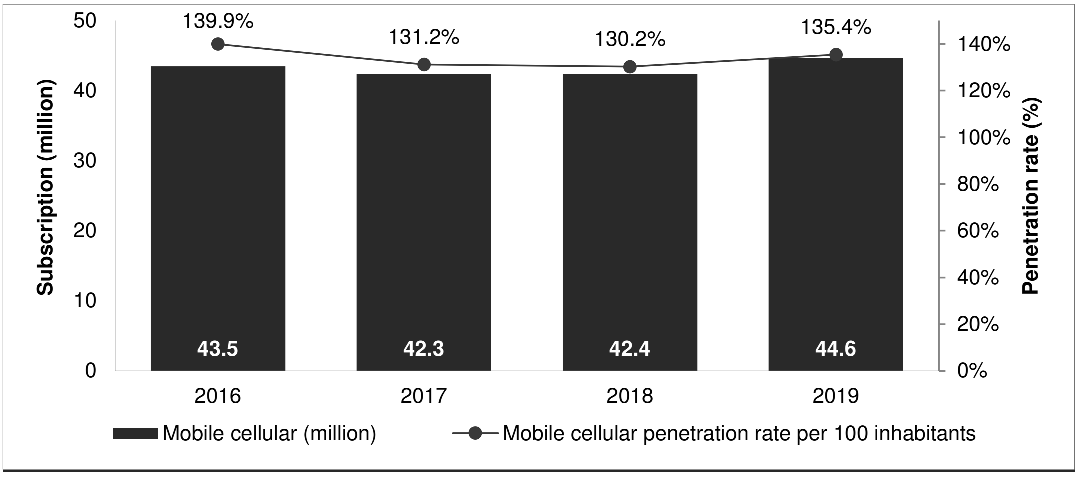
DEL subscriptions and penetration rates in Malaysia



Source: MCMC, PROVIDENCE analysis

Malaysia's mobile cellular market in 2019 had a 135.4% penetration rate per 100 inhabitants. Many users have more than one subscription, taking advantage of competitive voice or data plans offered by the various service providers, or to make best use of network coverage and call quality in different locations. Additionally, subscribers use multiple phones or dual-SIM phones to differentiate between professional and personal use. The mobile cellular market had a penetration rate per 100 inhabitants of 135.4% in 2019 and 133.6% in the first quarter of 2020 respectively.

Mobile cellular subscriptions and penetration rates in Malaysia



Source: MCMC, PROVIDENCE analysis

From 2008 to 2019, there were several initiatives at a national level to improve the broadband infrastructure in an effort to enhance Malaysia's digital connectivity readiness. The 11th Malaysia Plan (2016 – 2020) identifies the importance of infrastructure development that will have a high impact in achieving a developed nation status. This includes the construction of highways, mass rapid transit (MRT) and light rail transit (LRT), electricity power plants, water treatment plants, and the implementation of high-speed broadband. For broadband services, the Government of Malaysia intends to expand coverage through the roll-out of the High Speed Broadband Initiative ("HSBB2") and the Suburban Broadband

Initiative to support economic growth. Under the HSBB2, all households in state capitals and high-impact growth areas will be provided with high speed broadband of up to 100 Megabits per second by 2020. Meanwhile, residents in the suburban and rural areas will be able to access broadband services of 20 Megabits per second under the Suburban Broadband Initiative.

TELECOMMUNICATION FACILITIES

Telecommunications is a suite of technologies, devices, equipment, facilities, networks, and applications that support communication at a distance. The range of telecommunications applications is broad and includes telephony and video conferencing, facsimile, broadcast and interactive television, instant messaging, electronic mail (e-mail), distributed collaboration, Web and Internet-based communication, and data transmission.

The telecommunications industry is broad, encompassing multiple service providers, including fixed service and mobile service companies, cable system operators, Internet service providers, wireless carriers, and satellite operators. The industry today also includes software-based applications with a communications emphasis and intermediate layers of software incorporated into end-to-end communication services. It also includes telecommunications engineering firms and suppliers of telecommunications equipment and software products.

Telecommunication facilities are buildings, structures or places used primarily for the purposes of transmitting or receiving signals for the purposes of communication. Telecommunication facilities include radio masts and telecommunication towers but exclude satellite dishes. Radio masts and telecommunication towers are tall towers built to support antennas for telecommunications and broadcasting, including television. Often, cell sites are placed on these towers to create cells in cellular network. The different types of telecommunication towers include:

- **Lattice towers**

  Lattice towers are freestanding and segmentally designed with rectangular or triangular base steel lattices. This type of tower construction can be useful in situations which require modifications such as mounting large number of panels or dish antennas. They can be used as electricity transmission towers, radio towers or as an observation tower. The Eiffel Tower is a famous example of a lattice tower.

- **Guyed towers**

  Guyed towers are slender steel structures that range from lightweight to heavyweight towers. Commonly seen in the tower industry, guyed towers are designed to provide maximum strength, efficiency and versatility with easy installation. They are supported by one or more levels of braided or stranded steel guy cables that are anchored to the ground.

- **Monopole towers**

  Monopole towers work well when space is limited, zoning is difficult or harsh weather conditions need to be considered. Designed as a single-pole that can be a tubular section design or a formed, tapered pole, they are the least intrusive, thus making them the most popular tower types in the wireless communication industry. Because of the single-pole design, it advantageously reduces visual impact and results in a shorter construction time (and typically cost) compared to traditional lattice structures. Many monopoles can also be designed as stealth, camouflage towers.

- **Camouflage towers**

  Camouflage towers are typically used in urban areas when the need to reduce visual impact on the environment is a concern. They are often seen in the form of artificial pine trees, palm trees, clock towers and even in the form of artificial cacti.

- **Self-support towers**

Self-support towers offer the most possibilities compared to other types of telecommunication towers and are considered appropriate for nearly all wireless communication applications. Available in 3-legged triangular and 4-legged square lattice-type structures, their braces can accommodate the heaviest of loads and the strongest of winds. Their design is ideal for installations where space requirements may be limited, and is often inexpensive to purchase, transport and install.

- **Mobile cell towers**

  Mobile cell towers, such as tower-on-wheels and cell-on-wheels, are considered low-profile and portable because they are often mounted on trailers. Mobile cell towers are discreet and versatile. They are often used in temporary or emergency situations. They are also useful if budget or permits are of concern.

The main types of towers widely used within the telecommunications industry in Malaysia are the monopole towers, lattice towers / self-support towers and guyed towers. Rooftop towers and satellite telecommunications networks (via very small aperture terminals, "VSAT") are also widely used within the telecommunications industry to transmit signals.

Rooftop towers are usually installed in densely populated areas, where tall buildings can handle antenna weights. Rooftop towers require less space than the self-support towers and guyed towers. Although some rooftops can be installed with guyed masts, they normally range from two metres to 15 metres in height. Satellite telecommunications network can be set up using VSAT, which comprise satellite dishes of less than three metres in diameter. Due to the small size of the satellite dish, VSAT ground stations can be deployed relatively easily across a wide variety of sites and terrains (such as in large oil palm plantations; offshore oil and gas platforms; and sparsely populated areas).

Under the Communications and Multimedia Act 1998, there are four categories of licensable activities:

- **Network facilities provider license**

  Applicable to owners of facilities such as satellite earth stations, broadband fibre optic cables, telecommunications lines and exchanges, radio-communications transmission equipment, mobile communications base stations, and broadcasting transmission towers and equipment. They are the fundamental building block of the convergence model upon which network, applications and content services are provided.

- **Network services provider license**

  Applicable to companies that provide the basic connectivity and bandwidth to support a variety of applications. Network service enables connectivity or transport between different networks. A network service provider is typically also the owner of the network facilities. However, these services may also be provided by a person using network facilities owned by another.

- **Application service provider license**

  Applicable to companies that provide particular functions such as voice services, data services, content-based services, electronic commerce and other transmission services. Applications services are essentially the functions or capabilities, which are delivered to end-users.

- **Content applications service provider license**

  Applicable to a specific subset of applications service providers including traditional broadcast services and the latest services such as online publishing and information services.

Within each license category there are two types of licenses, namely individual and class whereby the:

- individual licence requires a high degree of regulatory control for a specified person to conduct a specified activity and may include special conditions; and
- class license is designed to promote industry growth and development with easy market access.

Number of licenses until 31 December 2019

	Number of licenses		
	Individual	Class [a]	Total
Network facilities provider	213	7	**220**
Network service provider	176	6	**182**
Application service provider	-	112	**112**
Content application service provider	52	1	**53**
Total	**441**	**126**	**567**

Note:
[a] Class license is registered for a period of one year

Source: Malaysian Communications and Multimedia Commission (MCMC)

IMPACT OF COVID-19

More recently in late 2019 and early 2020, there was an outbreak of coronavirus (“COVID-19”) which has since been categorised as a global pandemic as it spread widely worldwide affecting major economies including Malaysia. Following a high number of coronavirus infections amongst the population in Malaysia, the Government of Malaysia announced the imposition of the Movement Control Order ("MCO") effective 18 March 2020 to 3 May 2020 to curb the spread of the COVID-19, followed by the conditional MCO ("CMCO") (4 May 2020 to 9 June 2020) and subsequently the recovery MCO ("RMCO") (10 June 2020 to 31 August 2020, and then extended to 31 December 2020). Under the MCO period, companies involved in the production of non-essential products and services were required to cease operations, before gradual relaxations were introduced under the CMCO and RMCO period to allow the resumption of non-essential business activities and for citizens to conduct their daily activities.

On 10 May 2020, the Government of Malaysia announced an extension of the CMCO from 13 May 2020 to 9 June 2020. Under the CMCO, various economic sectors were reopened with strict standard operating procedures to be observed. Nonetheless, employees were also encouraged to work from home and provided with the necessary tools to remain connected and productive during this period. The Government of Malaysia further announced an RMCO that came into effect on 10 June 2020 to 31 August 2020. During this period, more restrictions will be relaxed to allow the public to carry out their daily activities while complying to the standard operating procedures.

The Government of Malaysia declared the re-imposition of the CMCO in Selangor, Kuala Lumpur and Putrajaya effective from 14 October 2020 to 27 October 2020 upon receiving the advice from Malaysia’s Ministry of Health and taking into consideration the increasing cases of COVID-19. The CMCO was then further extended to 9 November 2020. Due to the sustained high number of positive Covid-19 cases, the Government of Malaysia announced that the CMCO would be enforced in all states in Peninsular Malaysia, except for Kelantan, Perlis and Pahang from 9 November 2020 to 6 December 2020.

The COVID-19 pandemic has affected people and businesses around the globe in an unprecedented manner. In light of the economic impact of COVID-19, the Government of Malaysia has announced several measures since 27 February 2020 with the aim of stabilising and reinvigorating economic growth. Among these measures are:

- **Economic Stimulus Package**

  The Economic Stimulus Package was introduced on 27 February 2020 and it focuses on three main strategies, which aim to accelerate the economic activities through utilising strategic domestic resources:

  Strategy I: Mitigating the impact of COVID-19

  - Restructuring and rescheduling of loans;
  - Deferment and revision of income tax estimation;

- Review on condition for purchase of duty-free goods for persons entering Malaysia;
- One-off cash incentive of RM600 for taxi drivers, bus drivers and tour guides;
- Special Relief Facility (SRF) for COVID-19;
- Exemption from Human Resources Development Fund (HRDF) levy;
- Special income tax relief on domestic travel;
- Employment Insurance System (EIS);
- Special allowance for civil servants directly involved in COVID-19;
- Bank Simpanan Nasional (BSN) micro credit facility;
- Electricity discount of 15% and Malaysia Airport Holdings Berhad (MAHB) rebate; and
- Stimulating demand for tourism through discount vouchers and tourism promotion.

Strategy II: Spurring rakyat centric economic growth

- Strategy II contains five measures which include a reduction of Employees Provident Fund ("EPF") employee contribution, enhancements to *Bantuan Sara Hidup* ("**BSH**") (living costs assistance), increased allocation for agriculture and food (agrofood) facility, carrying out small-scale projects nationwide and facilitating procurement processes.

Strategy III: Promoting quality investments

- Accelerating public investment
- Securities Commission Malaysia and Bursa Malaysia will waive listing fees for companies seeking listing on LEAP Market, or Access, Certainty, Efficiency (ACE) Market
- Establish small and medium enterprise ("SME") automation and digitalisation facility (ADF)
- Accelerated capital allowance for machinery and equipment including Information, Communication and Technology (ICT) equipment
- Securities Commission (SC) co-investment fund of RM500 million
- Special tax deduction on costs of renovation and refurbishment

▪ **Extra Economic Stimulus Package measures issued by the Prime Minister's Office**

Additional measures were published by the Prime Minister's office on 16 March 2020 pursuant to an Economic Action Council (EAC) meeting which decided to proceed with the implementation of all projects announced under Budget 2020. This includes the East Coast Rail Link (ECRL), MRT2 and National Fiberisation & Connectivity Plan, as well as fiscal and business-friendly policies. The measures include financial aid for workers forced to take unpaid leave, electricity bill discount, BSH payments and for small-scale projects to proceed.

▪ **Prihatin Rakyat Economic Stimulus Package**

The Government announced this RM250 billion package on 27 March 2020. Within this allocated amount, RM128 billion will be used to protect the welfare of the people, RM100 billion to support businesses including SMEs, RM2 billion will be used to strengthen the country's economy, and the remaining RM20 billion has been allocated to the previous Economic Stimulus Package.

▪ **Additional Prihatin SME Economic Stimulus Package**

On 6 April 2020, the Government announced this package which provides additional measures to the Prihatin Rakyat Economic Stimulus Package, and is valued at RM10 billion. The main aim of this package is to ease the financial burden of SMEs.

A unit, LAKSANA, has been established under the Ministry of Finance ("MOF") which will monitor and report the progress of implementation of all initiatives to the MOF and the Prime Minister. An online portal (https://imsme.com.my/portal/en/) has also been established to support the execution of the Prihatin Rakyat Economic Stimulus Package and Additional Prihatin SME Economic Stimulus Package initiatives. This portal is managed by the Credit Guarantee Corporation in collaboration with Bank Negara Malaysia. SMEs have an option to apply for loans through the online portal, which also provides financial advisory services for SMEs through myKNP services. MyKNP is a collaborative effort by Bank Negara Malaysia, Credit Guarantee Corporation and Agensi Kaunseling & Pengurusan Kredit to provide advisory assistance to unsuccessful applicants for SME and home financing.

- **Other reliefs**

  Other reliefs have been announced by regulatory authorities. This includes the Securities Commission Malaysia's deferment of regulatory submissions, waiver of annual licensing fees and margin financing flexibilities for capital market participants, among others. Bank Negara Malaysia also announced a number of measures on deferment and restructuring of loans and financing facilities. In addition, Bursa Malaysia announced relief measures which include rebates on annual listing fees, extension of time to submit regularisation plan for PN17/GN3 and 8.03A Listed Issuers, an automatic 1-month extension to submit financial statements and greater flexibility for brokers to manage margin accounts.

  On 23 March 2020, the Government also announced that EPF contributors up to the age of 55 can apply for the i-Lestari withdrawal facility beginning 1 April 2020. A maximum amount of RM500 can be withdrawn monthly for a period of 12 months.

  Further, on 26 March 2020, the Inland Revenue Board (IRB) announced that the due date for data submission as well as Monthly Tax Deduction (MTD)/CP38 Payment for March 2020 remuneration will be extended to 30 April 2020.

Collectively, these measures aim to support organisations improve their cashflows and promote consumer spending as businesses and individuals weather through the challenging economic environment brought upon by COVID-19.

While broadband subscriptions and mobile cellular penetration rate have been seen to moderate in the first quarter of 2020, demand for bandwidth surged as a result of the COVID-19 pandemic that resulted in the imposition of the MCO. Adherence to the MCO by remaining indoors at all times saw 23.5% higher internet traffic nationwide during the first week of the MCO, while the second week of the MCO saw a further increase of 8.6% in internet traffic. During this period, Malaysia saw an increase in internet use during the stay at home period primarily for streaming, online games and video conferencing calls. The increase in internet demand stemmed from both fixed and mobile broadband. The surge in bandwidth demand was inevitable as more Malaysians turned to video conferencing, online classes and e-commerce while working and studying at home.

On 27 March 2020, Prime Minister Tan Sri Muhyiddin Yassin announced the People-Centric Economic Stimulus Package (PRIHATIN) valued at RM250 billion. Several packages were offered in collaboration with various telecommunications companies, including efforts to improve telecommunications network and free internet offerings, that are collectively worth RM1 billion. Telecommunication companies are working on improving network performance during this time through an additional investment of RM400 million for infrastructure and network upgrades such as:

- performing network optimisation and radio capacity upgrades at areas with high utilisation;
- performing traffic readjustment to cater to the rising bandwidth demand at residential premises;
- upgrading wireless backhaul to fibre optic connections;
- increasing domestic trunk capacities including laying new fibre optic infrastructure, increasing interconnect bandwidth and releasing reserved capacities;

- increasing international link capacities; and
- mobilising portable base stations as well as providing Wi-Fi access points to manage network traffic at critical areas including hospitals, government agencies, enforcement agencies and media centres.

In the meantime, the NFCP will continue to be implemented to improve the country's digital connectivity, especially in rural areas. The Government has allocated RM3 billion through the MCMC, as announced in the Economic Stimulus Package 1 on 27 February 2020 for the implementation of six projects under the NFCP for the year 2020. These projects will be fully funded through the Universal Service Provision (USP) Fund which is under the stewardship of MCMC.

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ADDITIONAL INFORMATION

1. THE CURRENT FINANCIAL POSITION OF THE COMPANY

	Audited			Unaudited	
	FYE 31 March 2018 ("FYE 2018")	FYE 31 March 2019 ("FYE 2019")	FYE 31 March 2020 ("FYE 2020")	3 months FPE 30 June 2019 ("FPE 2019")	3 months FPE 30 June 2020 ("FPE 2020")
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	345,154	253,050	255,610	60,019	42,143
Cost of sales	(241,284)	(189,879)	(167,608)	(39,023)	(33,080)
Gross profit	103,870	63,171	88,002	20,996	9,063
Other operating income	4,056	3,166	29,692	926	7,040
Other operating expenses	(249,608)	(78,607)	(83,533)	(16,659)	(15,353)
Finance costs	(9,668)	(7,984)	(8,497)	(1,957)	(2,144)
Share of profit of associates	4,054	3,345	7,740	1,065	1,676
Share of loss of a jointly-controlled entity	-	(128)	(22)	(22)	-
(Loss) before tax ("LBT")/ Profit before tax ("PBT")	(147,296)	(17,037)	33,382	4,349	282
Taxation	(2,104)	(1,085)	(5,039)	(426)	-
(Loss) after tax ("LAT") /Profit after tax ("PAT")	**(149,400)**	**(18,122)**	**28,343**	**3,923**	**282**
(Loss)/Profit attributable to:					
Owners of the Parent	(129,643)	(18,257)	24,025	4,054	91
Non-controlling interests	(19,757)	135	4,318	(131)	191
	(149,400)	**(18,122)**	**28,343**	**3,923**	**282**
No. of issued ordinary shares ('000)	431,075	477,592	530,838	477,781	530,838
GP margin (%)	30.09	24.96	34.43	34.98	21.51
(LBT)/PBT margin (%)	(42.68)	(6.73)	13.06	7.25	0.67
Total borrowings	90,863	87,356	77,268	84,176	92,413
Net assets ("NA")	145,479	141,333	192,441	145,558	192,494
NA per share (RM)	0.34	0.30	0.36	0.30	0.36

Financial commentary for the FYE 2018 vs financial year ended 31 March 2017 ("FYE 2017")

The Group recorded revenue of RM345.15 million in FYE 2018 which represents a decrease by RM75.06 million or 17.86% from RM420.21 million in FYE 2017. The Group recorded lower revenue contribution in all segments, in particular from trading and distribution services segments, which was attributable to the lower order fulfilments arising from the competitive business environment.

Notwithstanding the decrease in revenue, the Group's GP margin increased from 27.25% to 30.09%.

The Group recorded LAT of RM149.40 million in FYE 2018 which represents an increase of RM134.45 million or 899.33% from RM14.95 million recorded in FYE 2017. The increase in LAT was mainly due to the impairments recorded in FYE 2018 of RM122.69 million (FYE 2017: RM3.80 million). The impairments were mainly from the impairment loss on software development costs (RM39.69 million), on other investments and associate (RM28.32 million) and goodwill, stocks and work-in-progress (RM24.49 million).

Financial commentary for the FYE 2019 vs FYE 2018

The Group recorded revenue of RM253.05 million in FYE 2019 which represents a decrease by RM92.10 million or 26.68% from RM345.15 million in FYE 2018. The decrease in revenue was mainly due to the deconsolidation of DGSB in the preceding financial year after the disposal of the equity interests in DGSB during FYE 2018. In addition, the Group recorded lower order fulfilments from all segments, in particular from the business performance services as well as trading and distribution services segments.

The lower revenue contribution from its business performance services segment was due to the demerger of DGSB from the Group while the lower revenue contribution from trading and distribution services segments was attributable to the lower order fulfilments arising from the competitive business environment and continued economic slowdown.

In line with the decrease in revenue, the Group's GP margin decreased from 30.09% for the FYE 31 March 2019 to 24.96% for the FYE 31 March 2018 as a result of deconsolidation of DGSB, which recorded GP of approximately 60% for the FYE 31 March 2018.

Despite lower revenue recorded, the Group recorded a reduction in LAT of RM18.12 million or 87.87% in FYE 2019 (FYE 2018: RM149.40 million). This was mainly due to lower other operating expenses recorded in FYE 2019 of RM28.47 million (FYE 2018: RM152.06 million) mainly attributable to lesser impairment losses recognised during the FYE 2019 as the provision has been made during the preceding FYE 2018.

Financial commentary for the FYE 2020 vs FYE 2019

The Group recorded a marginal increase in revenue of RM2.56 million or 1.01% to RM255.61 million in FYE 2020. The increase in revenue was mainly due to higher revenue contribution from its trading and distribution services segment involving the distribution and reselling of hardware and software and related services. During FYE 2020, the Company had implemented 11 new projects, which led to an increase in revenue. The revenue was mainly contributed by the higher order fulfilments and progress billings from public sector and Government-linked companies projects and major commercial sector.

The GP margin of the Company improved from 24.96% in FYE 2019 to 34.43% in FYE 2020 as a result of cost control strategies implemented throughout the Group during the financial year. During the FYE 2020, the Group recorded other operating income amounting to RM29.69 million, comprising:

(i) gain on disposal of Formis e Solutions Sdn Bhd, a wholly-owned subsidiary of Man Yau Holdings Berhad of RM24.62 million; and

(ii) reversal of impairment loss on trade receivables of RM4.59 million as the Group managed to collect overdue payments from customers for which the trade receivables were impaired in prior financial years.

Resulting from the above, the Group recorded PAT in FYE 2020 of RM28.34 million as compared to a LAT incurred in FYE 2019 of RM18.12 million. This was mainly due to the increase in other operating income recorded in FYE 2020 of RM29.69 million (FYE 2019: RM3.17 million).

Financial commentary for the FPE 2020 vs 3 months financial period ended 30 June 2019 ("FPE 2019")

The Group recorded revenue of RM42.14 million in the FPE 2020 as compared to RM60.02 million recorded in FPE 2019, representing a decrease of RM17.87 million or 29.79% mainly due to lower revenue contribution from its business performance services segment. The decrease in revenue was mainly as a result of lower order fulfilments and progress billings during the Mandatory Control Order period.

Resulting from the above, the Company recorded lower PAT of RM0.28 million or 92.86% in FPE 2020 (FPE 2019: RM3.92 million).

2. VALUE CREATED TO THE COMPANY AND ITS SHAREHOLDERS

The Proposals will create value for the Company and its shareholders in the following manner:

(i) Revenue

Proceeds of up to RM74.42 million has been allocated for the implementation of TM Project and working capital requirements for its operation expenses. The implementation of the TM Project is expected to contribute positively with the recurring income to be recorded for the Group for future financial years.

(ii) Cash flow

The proceeds from the Proposals will provide the Group with additional financial flexibility for working capital and financing requirements of its ongoing operations.

Under the Maximum Scenario, the Group intends to utilise RM44.40 million of the funds for the repayment of its outstanding borrowings and expected to generate annual interest savings of approximately RM4.75 million per annum. The Group shall also utilise RM17.84 million under the Maximum Scenario to finance the working capital requirements of the Group. The additional funds available from the annual interest savings and working capital is expected to enhance the Group's cash flows.

(iii) Profit

Corresponding to an expected increase in revenue, the Group is expected to record an improvement in profit generated particularly from the implementation of the TM Project and the leasing revenue from the telecommunication towers as well as the annual interest savings from repayment of its outstanding borrowings which is expected to increase the EPS of the Group.

(iv) Future growth

The proceeds raised to finance the implementation of the TM Project as well as for working capital will allow the Group to benefit from recurring income for future financial years. In addition, the proceeds raised to repay its outstanding borrowings will also improve the gearing ratio of the Group.

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3. IMPACT OF THE PROPOSALS ON THE COMPANY AND ITS SHAREHOLDERS

The Proposals are expected to raise total proceeds of up to RM119.78 million under the Maximum Scenario and RM50.00 million under the Minimum Scenario. The Proposals will benefit the Group and its shareholders in the following manner:

(i) Increase in revenue base and earnings of the Group as demonstrated in Section (2) above;

(ii) Enhance the Group's statements of financial position where the total current asset position shall improve after the Proposals as demonstrated in Section 4.4 of this Circular;

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

(iv) The exercise of the Warrants in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants will increase shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

Based on the above, the Proposals are expected to positively impact the Group and its shareholders.

4. THE ADEQUACY OF THE PROPOSALS IN ADDRESSING THE COMPANY'S FINANCIAL CONCERNS

Omesti was recording losses in both FYE 2018 and FYE 2019. Notwithstanding that, the Group's financial position improved and recorded a PAT in FYE 2020 of RM28.34 million. This was attributable to improvement in GP margin, gain on disposal as well as reversal of impairment loss on trade receivables.

In 2020, the Group achieved several milestones, which includes appointment by TM for the design, development, customisation, configuration, delivery, installation, integration, conversion, migration, testing, commissioning and training for the new TM BSS as well as an award to construct telecommunication infrastructure for 17 sites.

With the proceeds from the Proposed Rights Issue of RPS with Warrants, the Group will be able to fund the TM Project and its working capital. With both the projects rolling out, the Omesti Group is expected to record recurring income from the TM Project and leasing revenue from the telecommunication towers.

In view of the above, the implementation of the Proposals will adequately address its current financial position and will contribute to future earnings and EPS. In addition, the Group has taken initiatives to monitor its operational cash flow to support its project functions. Aside from that, the Group is actively pursuing opportunities in private sectors to turnaround its financial position as well as ensuring sustainability for all areas of its business activities.

5. STEPS OR ACTION TAKEN TO IMPROVE THE FINANCIAL CONDITION OF OMESTI GROUP

The steps/action taken to improve the financial condition of the Group includes:

(i) securing new contracts such as the TM Project and leasing of telecommunication infrastructure which are aimed at providing long term recurring income to the Group; and

(ii) implementation of the Proposals to fund the new projects set out above and provide the Group with additional working capital. The Proposals also seek to reduce the borrowings of the Group under the Maximum Scenario.

In addition to the above, the Group shall continue to tender and secure new projects, in particular projects with long term recurring revenue in its efforts to improve and maintain its profitability for future financial years.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENTS AND DECLARATIONS

Consents

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

BDO PLT, being the Reporting Accountants has given and has not subsequently withdrawn its written consent to the inclusion of its name and letter on the pro forma consolidated statement of financial position of the Omesti Group as at 31 March 2020 in relation to the Proposals and all reference thereto, in the form and context in which they appear in this Circular.

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

Conflict of interests

M&A Securities

M&A Securities, the Principal Adviser, is a wholly-owned subsidiary of Insas Berhad ("Insas"). Insas is a party deemed interested in the Proposed Rights Issue of RPS with Warrants by virtue of its interests held in various Undertaking Shareholders, namely Insas Plaza Sdn Bhd, Gryphon Asset Management Sdn Bhd and Montego Assets Limited, which are subsidiaries of Insas and Winfields Development Pte Ltd, which is an associated company of Insas Berhad.

Dato' Sri Thong Kok Khee, the Non-Independent Non-Executive Director of the Company, is a major shareholder of Insas.

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Wong Gian Kui, all whom are the Directors of Insas are also Directors of M&A Securities. Dato' Thong Kok Yoon, the brother of Dato' Sri Thong Kok Khee is an Executive Director of M&A Securities.

Dato' Wong Gian Kui is also the non-executive chairman of M&A Securities' risk management committee and Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP is a non-executive member of M&A Securities' risk management committee.

Insas Credit & Leasing Sdn Bhd ("ICL"), is a wholly-owned subsidiary of Insas and is a company related to M&A Securities. ICL is licensed under the Moneylenders Act, 1951 to carry out moneylending business and has extended loans amounting to RM30.0 million to the Company ("ICL Loans").

Notwithstanding the above, M&A Securities is of the view that there is no existing conflict of interest, and the relationship above has not, and would not give rise to a situation of conflict of interest in M&A Securities' role as the Principal Adviser to Omesti in relation to the Proposals based on the following:

(i) M&A Securities is a stockbroking firm licenced to undertake the provision of corporate finance services and its appointment as the Principal Adviser is in its ordinary course of business;

(ii) The role of M&A Securities is governed by agreement with the Company, which clearly sets out the rights, duties and responsibilities of M&A Securities in its capacity as the Principal Adviser in relation to the Proposals;

(iii) Save for its appointment as the corporate finance adviser, there is no direct interest to be derived from M&A Securities' appointment as Principal Adviser for the Proposals and neither is M&A Securities interested nor affected by the outcome of the Proposals;

(iv) The Proposed Rights Issue of RPS with Warrants is offered to all shareholders of the Company on a pro-rata basis, in proportion to the shareholders' shareholdings, affecting all shareholders equally; and

(v) The ICL Loans were provided by ICL in the ordinary course of its business and is regulated by the Moneylenders Act, 1951. There is no direct interest to be derived and no involvement by M&A Securities in respect of the ICL Loans.

BDO PLT and Providence

BDO PLT and Providence have given their confirmations that no conflict of interest exist or is likely to exist in relation to their roles as the Reporting Accountants and IMR for the Proposals, respectively.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, as at the LPD, to the best knowledge of the Board, neither Omesti nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position or business of Omesti Group, and the Board is not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Omesti Group:

(i) Omesti together with Formis Network Services Sdn Bhd ("FNS"), an indirect subsidiary of Omesti (collectively, the "Defendants"), had on 13 May 2020 received a writ of summons and statement of claim both dated 2 April 2020 from Foster Moore International Limited ("Plaintiff") alleging that FNS has failed to pay the Plaintiff for works done in accordance with a master service agreement dated 20 November 2017 entered into between the Plaintiff, Omesti (as corporate guarantor to guarantee the payment obligation of FNS) and FNS. The works in question relate to the provision of services and deliverables by the Plaintiff to FNS in connection with an online register of companies' solution for the Companies Commission of Malaysia ("CCM").

The Plaintiff is seeking for, *inter-alia*, the following orders from the Kuala Lumpur High Court ("Court"):

(a) That the Defendants jointly and severally pay the Plaintiff the sum of USD0.8 million;

(b) Interest at the rate of 1.5% per month on the sums due and owing, amounting to an aggregate sum of USD0.8 million, calculated from the due date, being no later than 30 days after the date of the invoice or the date of issuance of the invoice, until the date of judgment;

(c) Post-judgment interest at the rate of 5% per annum on the judgment sum from the date of judgment until full and final settlement of the same;

(d) Costs; and

(e) Any further and other relief as the Court deems appropriate.

The Defendants filed a defence and counterclaim on 10 July 2020. In the counterclaim, the Defendants are claiming for, amongst others:

(aa) Damages for overpayment to the Plaintiff; and

(bb) Licence fees in the approximate sum of USD1.0 million.

Subsequently, the Plaintiff filed its reply and defence to counterclaim on 4 September 2020 and the Defendants filed their reply to the Plaintiff's defence to counterclaim on 16 October 2020.

The suit is presently fixed for case management on 17 December 2020.

The solicitors acting for and on behalf of the Defendants are of the view that the Defendants have a fair chance of defending the claim and also in succeeding with the counterclaim.

(ii) On 5 August 2019, CCM issued a termination notice ("Termination Notice") to FNS to terminate the outsourcing agreement dated 28 November 2017 entered into between CCM and FNS (which was supplemented by a first supplemental agreement dated 28 March 2019) for the supply, implementation, training, support and maintenance of CCM's Core Digital Registry Solution ("Outsourcing Agreement"). Pursuant to the Termination Notice, CCM alleged that FNS failed and/or neglected to complete the implementation of "Release 1" within the prescribed time frame set out in the notice of default dated 3 June 2019 issued by CCM and to fulfil all its obligations as stipulated in the Outsourcing Agreement. By reason thereof, CCM sought to terminate the Outsourcing Agreement and demanded liquidated ascertained damages in the sum of RM13.2 million from FNS.

FNS in response, via its letter dated 9 August 2019, denied CCM's allegations and took the position, amongst others, that the Termination Notice is unlawful and premature. In this regard, FNS took the position that if CCM continues to breach the Outsourcing Agreement, FNS will be constrained to commence proceedings against CCM and the indicative sum of damages sought (which is provided by the Outsourcing Agreement) would be RM150.0 million.

The parties thereafter engaged in dispute resolution discussions as provided for under the terms of the Outsourcing Agreement.

On 8 July 2020, CCM via its solicitors issued a letter to FNS confirming that CCM has maintained its decision to terminate the Outsourcing Agreement in accordance with the Termination Notice, as CCM believes that no amicable solution can be reached between the parties.

FNS maintains the position that it is not in default of the Outsourcing Agreement and intends to take such further actions as are necessary to enforce its rights and to claim for, amongst other, all costs incurred for the development of CCM's Core Digital Registry Solution and damages arising from the wrongful termination.

FNS is currently seeking legal advice on the matter and the remedies available to it to enforce its rights. Pending receipt of such legal advice the Board is unable to provide an opinion on the outcome of the matter at this juncture.

4. MATERIAL COMMITMENT

As at the LPD, the Board is not aware of any material capital commitment, incurred or known to be incurred by Omesti Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Omesti Group.

5. CONTINGENT LIABILITIES

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

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Ho Hup Tower-Aurora Place, 02-07-01, Level 7, Plaza Bukit Jalil No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur during normal business hours (except public holidays) from the date of this Circular up to and including the date of the EGM:

(i) Constitution of the Company;

(ii) Audited consolidated financial statements of Omesti for the FYE 31 March 2019 and FYE 31 March 2020 and the unaudited quarterly report on consolidated results for the financial period ended 30 September 2020;

(iii) IMR Report as set out in **Appendix III** of this Circular;

(iv) Letters of consent and declarations as referred to in Section 2 of this Appendix;

(v) Letters of Undertakings;

(vi) Draft Deed Poll;

(vii) Pro forma consolidated statement of financial position of Omesti Group as at 31 March 2020 together with the Reporting Accountants' report thereon, as set out in **Appendix II** of this Circular; and

(viii) Relevant cause paper in respect of the material litigation as referred to in Section 3 of this Appendix.

OMESTI BERHAD
(Registration No. 200001028094 (530701-T))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("EGM") of Omesti Berhad ("Omesti" or the "Company") will be held on Monday, 28 December 2020 at 2.30 p.m., or any adjournment thereof, as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower – Aurora Place, 2-09-01 – Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, for the purpose of considering and, if thought fit, to pass the following resolutions, with or without modifications:

SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO THE CONSTITUTION OF OMESTI ("PROPOSED CONSTITUTION AMENDMENTS")

"**THAT**, subject to the passing of Ordinary Resolution 1 and approvals being obtained from the relevant authorities and/or parties (where required), approval be and is hereby given for the Proposed Constitution Amendments as set out in Appendix I of the circular to shareholders dated 4 December 2020 ("Circular");

AND THAT the Board of Directors of the Company ("Board") be and is hereby authorised and empowered to do all such acts, deeds and things and to execute on behalf of the Company, all necessary documents to give effect to and complete the Proposed Constitution Amendments with full power to assent to any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required or imposed by the relevant authorities and to take all steps as it may deem necessary and expedient in order to implement, finalise and give full effect to the Proposed Constitution Amendments."

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 119,775,812 NEW REDEEMABLE PREFERENCE SHARES ("RPS") IN OMESTI AT AN ISSUE PRICE OF RM1.00 PER RPS TOGETHER WITH UP TO 279,476,894 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 RPS FOR EVERY 5 EXISTING ORDINARY SHARES HELD IN OMESTI TOGETHER WITH 7 WARRANTS FOR EVERY 3 RPS SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE OF RPS WITH WARRANTS")

"THAT subject to the passing of the Special Resolution 1 and approvals being obtained from the relevant authorities and/or parties (where required), approval be and is hereby given to the Directors of the Company to:

(i) provisionally allot and issue by way of a renounceable rights issue of up to 119,775,812 RPS together with up to 279,476,894 Warrants at an issue price of RM1.00 per RPS to the shareholders of Omesti whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Directors of the Company ("Entitled Shareholders") and/or their renouncees/transferees (if applicable) on the basis of 1 RPS for every 5 existing Omesti Shares and 7 Warrants for every 3 RPS subscribed;

(ii) allot and issue up to 279,476,894 Warrants to those Entitled Shareholders who have successfully applied for the RPS on the basis of 7 Warrants for every 3 RPS successfully subscribed;

(iii) create and constitute the Warrants upon the terms and conditions of a deed poll ("Deed Poll"), the principal terms of which are set out in Section 2.1.7 of the Circular and wherein each of the Warrant will carry the right to subscribe, subject to any adjustment in accordance with the Deed Poll, at any time during the exercise period, for one new Omesti Share at an exercise price of RM0.50 per Warrant or at any adjustment thereof under the provisions of the Deed Poll;

(iv) allot and issue such number of additional Warrants pursuant to adjustments as provided under the Deed Poll ("Additional Warrants") and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions of the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (if required); and

(v) allot and issue such number of new Omesti Shares credited to the holders of the Warrants arising from the exercise of the Warrants, and such further new Omesti Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants and such adjustments in accordance with the provisions of the Deed Poll;

THAT any RPS which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncees/transferees (if applicable) shall be made available for excess applications in a fair and equitable manner on a basis to be determined by the Board;

THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue of RPS with Warrants in such manner and on such terms and conditions as the Board in its discretion as it may deem fit or think expedient or in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue of RPS with Warrants be utilised for the purposes as set out in Section 2.1.9 of the Circular, and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interest of the Company, subject to the approval of the relevant authorities (if required);

THAT the RPS shall upon allotment rank equally amongst themselves and in priority to Omesti Shares and other preference shares that may be created in future but shall rank behind all the Company's secured and unsecured obligations;

THAT the new Omesti Shares to be issued pursuant to the exercise of the Warrants shall upon allotment rank equally in all respects with the then existing issued Omesti Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement dates (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) of which is prior to the date of allotment of the new Omesti Shares to be issued arising from the exercise of the Warrants;

THAT the RPS, Warrants and the new Omesti Shares to be issued pursuant to the exercise of the Warrants shall be listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**");

THAT the Board be and is hereby authorised and empowered to enter into and execute on behalf of the Company, the Deed Poll upon the terms set out in the Circular with full powers to assent to any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required or imposed by the relevant authorities with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as it may deem necessary and expedient in order to implement, finalise and give full effect to the Deed Poll;

THAT the Board be and is hereby authorised and empowered to do all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give effect to the Proposed Rights Issue of RPS with Warrants with full power to assent to any conditions, modifications, variations and/or amendments to the terms of the Proposed Rights Issue of RPS with Warrants in any manner in the best interest of the Company or as may be required or imposed by the relevant authorities and/or parties and to take all such steps as it may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of RPS with Warrants;

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

BY ORDER OF THE BOARD

Lim Shook Nyee
MAICSA 7007640
SSM Practicing Certificate No. 201908003593
Company Secretary

Kuala Lumpur
4 December 2020

Notes:

(i) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be present at the main venue of the meeting.

*Shareholders/proxies **WILL NOT BE ALLOWED** to attend this EGM in person at the broadcast venue on the day of the EGM. Therefore, shareholders are strongly advised to participate and vote remotely at the EGM through live streaming and online remote voting using the Remote Participation and Electronic Voting (RPEV) facilities.*

Please read these Notes carefully and follow the Procedures in the Administrative Guide for the EGM in order to participate remotely.

(ii) A member of the Company may appoint more than two (2) proxies to attend and vote at the same meeting via RPEV facilities. Where a member appoints two (2) or more proxies, he shall specify in each Form of Proxy the proportion of his shareholdings to be represented by each proxy.

(iii) 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(v) 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 or authority shall be deposited at the Registered Office of the Company at Ho Hup Tower - Aurora Place, 2-07-01 - Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil

1,Bandar Bukit Jalil, 57000 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(vi) Only members whose names appears in the Record of Depositors on 18 December 2020 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf via RPEV facilities.

(vii) The resolutions set out in the Notice of EGM will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

OMESTI BERHAD
(Registration No. 200001028094 (530701-T))

FORM OF PROXY

CDS Account No.

No. of shares held

I/We ______________________________ Tel: ______________
[Full name in block, and as per NRIC/Passport/Company No.]
of ____

being member(s) of Omesti Berhad, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and /or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held on Monday, 28 December 2020 at 2.30 p.m. as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower – Aurora Place, 2-09-01 – Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, any adjournment (as the case may be), and to vote as indicated below:

		FOR	**AGAINST**
Special Resolution			
1	Proposed Constitution Amendments		

Ordinary Resolution		**FOR**	**AGAINST**
1	Proposed Rights Issue of RPS with Warrants		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolutions. In the absence of specific direction, your proxy will vote or abstain at his/her discretion).

Dated this ___________day of___________, 2020

____
Signature of Shareholder/Common Seal

Notes:

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARIES

OMESTI BERHAD
(Registration No. 200001028094 (530701-T))

Ho Hup Tower-Aurora Place
02-07-01, Level 7
Plaza Bukit Jalil
No. 1, Persiaran Jalil 1
Bandar Bukit Jalil
57000 Kuala Lumpur

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