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**WEGMANS HOLDINGS BERHAD**  
(Registration No. 201701005154 (1219319-D))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED BONUS ISSUE OF UP TO 156,250,000 FREE WARRANTS IN WEGMANS HOLDINGS BERHAD ON THE BASIS OF 1 FREE WARRANT FOR EVERY 4 EXISTING ORDINARY SHARES IN WEGMANS HOLDINGS BERHAD HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*

**RHB** ♦ InvestmentBank

**RHB Investment Bank Berhad**  
(Registration No. 197401002639 (19663-P))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Wegmans Holdings Berhad ("**Company**") to be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor Darul Takzim, on Thursday, 1 October 2020 at 11.00 a.m., or at any adjournment thereof, together with the accompanying Form of Proxy are enclosed herewith.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf.

The Form of Proxy should be completed and lodged at the registered office of the Company at No. 7 (1<sup>st</sup> Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor, not less than forty-eight (48) hours before the time set for holding the EGM, as indicated below, or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy ..... : Tuesday, 29 September 2020 at 11.00 a.m.

Date and time of the EGM ..... : Thursday, 1 October 2020 at 11.00 a.m.

This Circular is dated 16 September 2020

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## DEFINITIONS

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

<b>Board</b>	: Board of Directors of Wegmans
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad
<b>Circular</b>	: This circular to the Shareholders dated 16 September 2020 in relation to the Proposed Bonus Warrants
<b>Deed Poll</b>	: The deed poll constituting the Warrants B to be executed by the Company
<b>Directors</b>	: The directors of Wegmans and shall have the meaning given in Section 2(1) of the Companies Act 2016 and Section 2(1) of the Capital Markets and Services Act 2007
<b>EGM</b>	: Extraordinary general meeting
<b>Entitled Shareholders</b>	: The Shareholders whose names appear on the Record of Depositors of Wegmans at the close of business on the Entitlement Date
<b>Entitlement Date</b>	: 5.00 p.m. on a date to be determined and announced later by the Board on which the Shareholders must appear on the Record of Depositors of Wegmans in order to be entitled to the Proposed Bonus Warrants
<b>EPS</b>	: Earnings per Share
<b>Exercise Price</b>	: Exercise price of the Warrants B at RM0.235 for every 1 new Wegmans Share
<b>LPD</b>	: 19 August 2020, being the latest practicable date prior to the printing of this Circular
<b>Maximum Scenario</b>	: Assuming all of the outstanding Warrants A are exercised prior to the implementation of the Proposed Bonus Warrants
<b>Minimum Scenario</b>	: Assuming none of the outstanding Warrants A are exercised prior to the implementation of the Proposed Bonus Warrants
<b>NA</b>	: Net assets
<b>Official List</b>	: The list specifying all securities listed on the Main Market of Bursa Securities
<b>Proposed Bonus Warrants</b>	: Proposed bonus issue of up to 156,250,000 Warrants B on the basis of 1 Warrant B for every 4 existing Wegmans Shares held on the Entitlement Date

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**DEFINITIONS (CONT'D)**

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<b>Record of Depositors</b>	:	The record of depositors maintained by Bursa Depository under the rules of Bursa Depository
<b>RHB Investment Bank</b>	:	RHB Investment Bank Berhad
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively
<b>Shareholders</b>	:	Shareholders of Wegmans
<b>Warrants A</b>	:	124,999,999 outstanding warrants 2019/2022 as constituted by the deed poll dated 26 December 2018 and expiring on 13 January 2022
<b>Warrants B</b>	:	Up to 156,250,000 free warrants in Wegmans to be issued pursuant to the Proposed Bonus Warrants
<b>Wegmans or Company</b>	:	Wegmans Holdings Berhad
<b>Wegmans Group or Group</b>	:	Wegmans and its subsidiaries, collectively
<b>Wegmans Shares or Shares</b>	:	Ordinary shares in Wegmans

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and/or neuter genders and vice versa. References to persons shall include corporations.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

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

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

All references to “**you**” or “**your**” in this Circular are to the Shareholders.

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**WEGMANS HOLDINGS BERHAD**  
(Registration No. 201701005154 (1219319-D))  
(Incorporated in Malaysia)

**Registered Office**

No. 7 (1st Floor) Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1  
Jalan Bakri  
84000 Muar  
Johor

16 September 2020

**Board of Directors**

Chan Wan Seong (Independent Non-Executive Chairman)  
Keh Wee Kiet (Managing Director)  
Law Kok Lim (Executive Director)  
Maziah Binti Md Yamin (Independent Non-Executive Director)  
Faam Chang Pooh (Independent Non-Executive Director)

**To: Shareholders**

Dear Sir/Madam,

**PROPOSED BONUS WARRANTS**

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**1. INTRODUCTION**

On 21 August 2020, RHB Investment Bank announced, on behalf of the Board, that the Company proposes to undertake the Proposed Bonus Warrants.

On 3 September 2020, RHB Investment Bank announced, on behalf of the Board, that the listing application in relation to the Proposed Bonus Warrants had been submitted to Bursa Securities.

On 9 September 2020, RHB Investment Bank announced, on behalf of the Board, that Bursa Securities had vide its letter dated 8 September 2020, approved the following:

- (i) the admission of the Warrants B to the Official List of Bursa Securities;
- (ii) the listing and quotation of the Warrants B on the Main Market of Bursa Securities; and
- (iii) the listing and quotation of the new Wegmans Shares to be issued pursuant to the exercise of the Warrants B on the Main Market of Bursa Securities;

subject to the conditions as set out in **Section 7** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED BONUS WARRANTS AND TO SEEK YOUR APPROVAL ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS WARRANTS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS WARRANTS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.**

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

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

The Proposed Bonus Warrants entails an issuance of up to 156,250,000 Warrants B on the basis of 1 Warrant B for every 4 Wegmans Shares held by the Entitled Shareholders.

The basis of the Proposed Bonus Warrants of 1 Warrant B for every 4 existing Wegmans Shares was arrived at after taking into consideration the following:

- (i) the potential dilution to the consolidated EPS of Wegmans Group vis-à-vis the future earnings and prospects of Wegmans Group; and
- (ii) complying with Paragraph 6.50 of the Main Market Listing Requirements of Bursa Securities whereby the number of new Wegmans Shares which will arise from the outstanding Warrants A and Warrants B, when exercised, shall not exceed 50% of the total number of issued Wegmans Shares (excluding treasury shares and before the exercise of Warrants A and Warrants B) at all times.

As at LPD:

- (i) the issued share capital of Wegmans is 500,000,000 Wegmans Shares; and
- (ii) there are 124,999,999 outstanding Warrants A.

For information purposes, as at LPD, the outstanding Warrants A are out of the money as the market price of Wegmans Shares of RM0.25 was lower than the exercise price of the Warrants A of RM0.30.

The actual number of Warrants B to be issued will depend on the number of Wegmans Shares in issue on the Entitlement Date.

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

The Proposed Bonus Warrants will be implemented in a single tranche.

The Warrants B will be issued in registered form and constituted by the Deed Poll.

## 2.2 Basis of determining the issue price and exercise price of Warrants B

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

The Exercise Price of the Warrants B has been fixed at RM0.235 per Warrant B, which represents a discount of approximately 13.16% to the 5-day volume weighted average market price of Wegmans Shares up to and including 19 August 2020 of RM0.2706.

The Exercise Price was determined after taking into consideration the following:

- (i) the historical price movement of Wegmans Shares;
- (ii) the prevailing market conditions; and
- (iii) the future working capital requirements of Wegmans Group.

## 2.3 Ranking of new Wegmans Shares to be issued arising from the exercise of the Warrants B

The new Wegmans Shares arising from the exercise of Warrants B shall, upon allotment and issuance, rank equally in all respects with the then existing Wegmans Shares, save and except that the new Wegmans Shares shall not be entitled to any rights, allotments, dividends and/or other distributions that may be declared, made or paid prior to the date of allotment and issuance of the new Wegmans Shares arising from the exercise of Warrants B.

## 2.4 Listing and quotation of Warrants B and new Wegmans Shares to be issued arising from the exercise of the Warrants B

Bursa Securities had vide its letter dated 8 September 2020, approved the admission of the Warrants B to the Official List, the listing and quotation of the Warrants B as well as the listing and quotation of the new Wegmans Shares to be issued arising from the exercise of the Warrants B on the Main Market of Bursa Securities, subject to the conditions as stated in **Section 7** of this Circular.

## 2.5 Indicative salient terms of the Warrants B

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

<b>Terms</b>	<b>Details</b>
Issue Size	: Up to 156,250,000 Warrants B.
Form and denomination	: The Warrants B will be issued in registered form and constituted by the Deed Poll.
Tenure <sup>(1)</sup>	: 3 years commencing from and inclusive of the date of issue of the Warrants B.
Exercise Rights	: Each Warrant B entitles the holders of Warrant B (" <b>Warrant B Holders</b> ") to subscribe for 1 new Wegmans Share at any time during the Exercise Period at the Exercise Price, subject to the adjustments in accordance with the provisions of the Deed Poll.
Exercise Price	: RM0.235, being the amount payable in respect of each new Wegmans Share to which a Warrant B Holder is entitled to subscribe for on exercise of the Exercise Rights represented by the Warrant's B involving such new Wegmans Share or such price as adjusted under the provisions of the Deed Poll.

<b>Terms</b>	<b>Details</b>
Exercise Period	: The period commencing on, and inclusive of, the issue date of the Warrants B and ending at 5.00 p.m. in Malaysia on the expiry of the tenure, provided that if such day falls on a day which is not a market day, then it shall be the market day immediately preceding the said non-market day. Any Warrant B not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	: A Warrant B Holder must complete and sign the exercise notice (which shall be irrevocable) and deliver the duly completed and executed exercise notice to the Company's registrar together with a remittance by way of banker's draft or cashier's order or banker's draft or money order or postal order drawn by a bank or post office operating in Malaysia for the credit of the account maintained by the Company.
Participating rights of the Warrant B Holders	: The Warrant B Holders will not be entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless the Warrant B Holders exercise their Warrants B into new Wegmans Shares.
Adjustment in the exercise price and/or number of Warrants B	: The Exercise Price and/or number of Warrants B in issue shall from time to time be adjusted under certain circumstances in accordance with the provisions of the Deed Poll.
Modifications of rights of the Warrant B Holders	: The Company may, from time to time, without the consent or sanction of the Warrant B Holders but in accordance with the Deed Poll, modify the Deed Poll, if such modification made: <ul style="list-style-type: none"> <li>(i) in the opinion of the Company, does not materially prejudice the interests of the Warrant B Holders (which include modifications which relate to administrative matters); or</li> <li>(ii) is made to correct a manifest error; or</li> <li>(iii) to comply with prevailing laws of Malaysia, rules of Bursa Depository, Securities Industry (Central Depositories) Act 1991 and/or the Main Market Listing Requirements of Bursa Securities.</li> </ul> <p>Subject to the above and the approval of any relevant authority, any modification, alteration or abrogation of the covenants or provisions contained in the Deed Poll proposed or agreed to by the Company must be sanctioned by special resolution of the Warrant B Holders, effected by the Deed Poll and expressed to be supplemental and comply with the requirements of the Deed Poll.</p>
Rights of the Warrant B Holders in the event of winding-up, compromise or arrangement	: If a resolution is passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, <ul style="list-style-type: none"> <li>(i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant B Holders, or some persons designated by them for such purposes by a special resolution will be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant B Holders; or</li> </ul>



Terms	Details
	(ii) every Warrant B Holders shall be entitled (upon and subject to the conditions) at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants B to the Company, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by such Warrants B to the extent specified in the exercise notice(s) and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the Wegmans Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all exercise rights of the Warrants B shall lapse and cease to be valid for any purpose.
Transferability	: The Warrants B will only be transferable in the manner provided in the provisions of the Deed Poll subject always to the provisions of the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository.
Board lot	: For the purpose of trading on Bursa Securities, a board lot for the Warrants B shall be 100 Warrants B carrying the right to subscribe for 100 new Wegmans Shares or such number of Wegmans Shares as may be varied from time to time by Bursa Securities and/or any relevant authorities.
Listing status	: The Warrants B will be listed and quoted on the Main Market of Bursa Securities.
Governing law	: The Deed Poll is governed by the laws and regulations of Malaysia.

*Note:*

- (1) *The Company has resolved to fix a tenure of 3 years for the Warrants B instead of a longer tenure after taking into consideration the following:*
- (i) *the expected timeframe in respect of the proceeds to be raised from the exercise of the Warrants B, if any, for the proposed utilisation as set out in **Section 2.6** below; and*
  - (ii) *the flexibility for the Company to issue new warrants sooner to facilitate any future corporate proposals, if deemed appropriate and necessary.*

## 2.6 Utilisation of proceeds

The Proposed Bonus Warrants will not raise any immediate funds upon its issuance as the Warrants B will be issued at no cost by the Company to the Entitled Shareholders.

The exact quantum of the proceeds that may be raised by Wegmans would depend upon the actual number of Warrants B exercised at the Exercise Price of RM0.235 per Warrant B during the tenure of Warrants B. As such, the actual timeframe for utilisation of the proceeds is not determinable at this juncture.

For illustration purposes, assuming the full exercise of Warrants B at the Exercise Price of RM0.235 per Warrant B, the gross proceeds to be raised by the Company are set out below:

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
No. of new Wegmans Shares to be issued arising from the exercise of the Warrants B	125,000,000	156,250,000
Gross proceeds (RM)	29,375,000	36,718,750

The proceeds arising from the exercise of Warrants B will be utilised for the working capital requirements of Wegmans Group for the day-to-day operations to support its existing business operations, such as payment of trade and other payables, salaries, utilities, finance costs and other administrative expenses.

For information purposes, as at LPD, no proceeds have been raised from the Warrants A as all of the 124,999,999 outstanding Warrants A have not been exercised.

### **3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS WARRANTS**

The Board is of the view that the Proposed Bonus Warrants is an appropriate avenue for rewarding the existing shareholders of Wegmans after taking into consideration, amongst others, the following:

- (i) to reward the shareholders of the Company for their continuous support by enabling them to participate in a derivative of the Company without incurring any cost;
- (ii) to provide the shareholders with an opportunity to further increase their equity participation in the Company by exercising Warrants B at a pre-determined price over the tenure of Warrants B;
- (iii) to allow the shareholders of the Company to further participate in the future prospects and growth of Wegmans Group and/or any potential capital appreciation in Warrants B and Wegmans Shares, as and when Warrants B are exercised; and
- (iv) to help strengthen Wegmans Group's capital base and shareholders' funds as well as potentially provide funds for Wegmans Group to finance its working capital requirements, as and when Warrants B are exercised without incurring interest cost, as compared to bank borrowings.

For information purposes, the Company has not undertaken any equity fund raising exercises in the past 12 months prior to the announcement of the Proposed Bonus Warrants.

### **4. INDUSTRY OUTLOOK AND FUTURE PROSPECTS**

#### **4.1 Overview and outlook of the Malaysian economy**

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-à-vis the previous quarter.

Private investment declined by 26.4% (1Q 2020: -2.3%), due mainly to the COVID-19 containment measures and heightened uncertainty which affected business sentiments and investment intentions. During the quarter, investment was affected by mobility restrictions, which temporarily halted the implementation of projects. Despite the gradual relaxation of the movement control order (“MCO”), firms maintained a cautious approach to capital expenditure amid slower production and disruptions to global value chains. Furthermore, businesses also faced challenges in the delivery and installation of machinery & equipment amid border closures. Public investment also recorded a larger decline of 38.7% (1Q2020: -11.3%). This was due to a contraction in capital spending by both general government and public corporations due mainly to the movement restrictions.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), declined to -2.6% during the quarter (1Q 2020: 0.9%). The lower headline inflation was primarily due to the substantial decline in retail fuel prices (average RON95 petrol price per litre in 2Q 2020: RM 1.37; 1Q 2020: RM 1.96) and the implementation of the tiered electricity tariff rebate beginning the month of April.

Economic activity in Malaysia contracted sharply in the first half of the year (-8.3%) as the measures introduced to contain the pandemic globally and domestically resulted in a concurrent supply and demand shock to the economy. However, growth is expected to have troughed in 2Q 2020. Economic activity has resumed significantly since the economy began to reopen in early May. Monthly indicators such as wholesale and retail trade, industrial production, electricity generation, and gross exports all grew faster in June than in the period between March and May.

The performance of domestic financial markets improved during 2Q 2020, driven by a rebound in investor risk appetite following the quick implementation of large-scale liquidity injections and policy responses by central banks and governments around the world, particularly in advanced economies, to cushion the impact of the COVID-19 pandemic. The unprecedented magnitude of the policy actions by major central banks was sufficient to stabilise market sentiments. Additionally, as countries looked to restart their economies by gradually easing movement restrictions, this also provided further support to investor sentiments.

The improvement in growth in 2H 2020 will also be supported by the recovery in global growth and continued policy support. In particular, consumption and investment activities are expected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. While there is upside potential to growth, the pace and strength of the recovery remain susceptible to downside risks emanating from domestic and external factors. Growth could potentially be lifted by a larger-than-expected impact from stimulus measures. Nevertheless, the prospect of secondary COVID-19 outbreaks leading to the re-imposition of containment measures, more persistent weakness in labour market conditions, and a weaker-than-expected recovery in global growth pose downside risks to growth.

In 2H 2020, average headline inflation is expected to remain negative largely due to low retail fuel prices. Stimulus measures to alleviate cost burdens, such as the tiered electricity tariff rebate, would also keep inflation low. However, headline inflation is projected to decline by a smaller magnitude compared to 2Q 2020 as global oil prices continue to recover and economic conditions gradually improve.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, BNM Quarterly Bulletin, Bank Negara Malaysia)*

## 4.2 Overview and outlook of the manufacturing industry in Malaysia

The manufacturing sector contracted by 18.3% (1Q 2020: 1.5%), due largely to the imposition of MCO restrictions as well as weak demand conditions. The extension of the MCO from end-March throughout April curtailed production activity across all industries. Essential sectors and those in the related supply-chain sectors operated at reduced capacity to ensure sufficient social distancing at workplaces, while nonessential sectors such as transport equipment and textile-related industries did not operate. Following the lifting of MCO restrictions in May, manufacturing firms gradually restarted operations, but did so while observing sector-specific health protocols amidst subdued demand conditions externally and domestically. The latter had particularly affected the performance of the primary- and consumer-related clusters. Nevertheless, the impact of weak demand was partially mitigated by a backlog of orders which supported a faster production recovery, observed mainly in the E&E industry.

In the manufacturing sector, wages contracted by 4.0% (1Q 2020: +3.4%). This was mainly due to lower wage growth in the transport equipment and other manufactures sub-sector (-13.3%; 1Q 2020: 1.3%) and the textiles, wearing apparel, leather and footwear sub-sector (-15.3%; 1Q 2020: 2.4%) that were unable to operate during the MCO period.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, BNM Quarterly Bulletin, Bank Negara Malaysia)*

## 4.3 Overview and outlook of the furniture industry in Malaysia

Exports of wooden and rattan furniture for the period of January to May 2020 recorded mixed trends and a decrease of 5% to RM3.2 billion from RM3.4 billion in the previous corresponding period.

Exports of wooden furniture increased by 18% to RM713,201 from RM605,196. The US as a main buyer of wooden furniture has increased purchases by 38% to RM1.9 billion from RM1.4 billion in the corresponding period in 2019. In Europe, shipments to the UK and Germany decreased by 34% to RM143.0 million and 31% to RM16.8 million, respectively. Exports to the Netherlands decreased by 19% to RM11.4 million followed by Greece with a decrease of 31% to RM8.4 million, France 41% to RM16.2 million and Poland 41% to RM9.5 million. Similarly, purchases by Russia declined by 61% to RM4.9 million from RM11.3 million in the same period last year. Demand from Canada and Australia also decreased by 30% respectively to RM87.3 million and RM133.2 million.

In East Asia, exports to Japan reduced by 26% to RM180.3 million from RM242.7 million in the same period last year. However, South Korea increased consumption by 12% to RM38.5 million whilst exports to China decreased by 40% to RM47.9 million. Exports to India also decreased by 34% to RM52.4 million from RM79.5 million in the previous corresponding period.

In the ASEAN region, exports to the Philippines and Singapore recorded at RM40.5 million and RM91.1 million respectively. Elsewhere, exports to Saudi Arabia and Qatar also decreased by 30% to RM54.6 million and 59% to RM2.4 million respectively. The UAE also reduced buying by 33% to RM40.6 million followed by Kuwait by 51% to RM11.2 million and Oman by 70% to RM4.3 million.

Rattan furniture shipments for Jan – May 2020 recorded at RM713,201 from RM605,196 in the previous corresponding period. Exports to Australia decreased by 67% to RM127,541 whilst Singapore increase buying significantly to RM119,966 from only RM42,041 in the previous corresponding period. Meanwhile Poland, the USA, Viet Nam and the Netherland resumed purchase at RM32,591, RM18,294, RM6,851 and RM6,149 respectively. Japan, American Samoa and China didn't make any purchase compared to the previous corresponding period in 2019.

*(Source: MASKAYU, Volume 6, June 2020, Malaysia Timber Industry Board)*

#### **4.4 Impact of COVID-19 on Wegmans Group**

Following the official declaration of the COVID-19 as a pandemic by the Director-General of the World Health Organisation on 11 March 2020, Wegmans Group has begun monitoring its operations to ensure that any disruptions which may arise from the pandemic to its businesses are minimised. Wegmans had immediately taken a series of measures to contain and prevent the spread of COVID-19 to ensure the safety and well-being of its employees as well as to enable production and delivery to continue as usual for customers.

In response to the COVID-19 pandemic, the government of Malaysia had on 16 March 2020 announced the MCO to take effect from 18 March 2020 under the Prevention and Control of Infectious Diseases Act 1988 and Police Act 1967. Under the MCO, all government and private premises except those involved in providing essential services were closed until 3 May 2020. Although Wegmans Group's operations were listed as non-essential services, its operations were not fully suspended as Wegmans had obtained approval from Malaysian Timber Industry Board, whereby 50% of its workforce were allowed to resume work subject to standard operating procedures imposed by the government of Malaysia.

During the MCO, Wegmans Group's operations were significantly curtailed due to delay in shipments as a result of the containment measures implemented both domestically and abroad, leading to lockdown of activities in the respective countries. Consequently, Wegmans Group recorded losses for the 3-months financial period ended 30 June 2020.

The restrictions under the MCO were gradually relaxed with the implementation of the conditional movement control order ("**CMCO**") from 4 May 2020 to 9 June 2020 and followed by the recovery movement control order ("**RMCO**") which took effect from 10 June 2020. Following the implementation of the CMCO, Wegmans Group's full workforce has resumed work and the production and operations of Wegmans Group's businesses returned to its level prior to the implementation of the MCO, enabling it to meet the back orders from the domestic and export markets. In this respect, Wegmans envisages that any further adverse impact on its production arising from the RMCO to be minimal.

In view of the MCO, CMCO and RMCO, Wegmans Group has realised that it needs to adapt while also addressing the impact of the ongoing COVID-19 pandemic which may affect Wegmans Group's financial performance arising from the delay in the restoration of disrupted supply chains and shipments in respect of major raw materials and deliveries of orders.

The extent to which COVID-19 impacts the results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 and the actions to contain COVID-19 or treat its impact, among others.

*(Source: Management of Wegmans)*

#### **4.5 Prospects of Wegmans Group**

Wegmans Group is principally involved in the design, manufacture and sale of home furniture products, where it operates in 4 principal geographical areas (i.e. Asia, North and South America, Australasia and Europe). The furniture industries Wegmans Group operates in are highly sensitive to macroeconomic factors particularly the general economy and uncertainties surrounding the future economic prospects of the countries it exports to.

In view of the weak market sentiment following the outbreak of COVID-19 as set out in **Sections 4.1 and 4.4** above, Wegmans Group will endeavour to increase its product range and designs in addition to identifying export markets which are expected to face a greater economic recovery rate from COVID-19 in order to expand and diversify its customer base and become more resilient towards any future crisis. As part of its commitment to increase its product range and design, the management of the Group will undertake the following plans and strategies:

(i) Expanding its customer base

Wegmans Group intends to further broaden its customer base in the export markets by implementing the following:

- (a) increasing its marketing efforts by participating in international furniture trade exhibitions and events to promote its home furniture products; and
- (b) sourcing for suitable sales agents to promote its home furniture products in identified export markets which will experience faster economic recovery from COVID-19.

(ii) Increasing its product range and developing new product designs

The containment and restriction measures implemented globally has increased the trend of remote working arrangements, where a greater amount of time is spent at home. Consumers are substituting expenses on outdoor entertainment with furniture for the decoration/renovation of their home.

As such, Wegmans Group will continue to focus on the manufacturing and sale of dining room furniture to meet such demand. Nevertheless, Wegmans Group will also increase its product range for living room and bedroom furniture to remain competitive and relevant in the furniture industry.

Wegmans Group had on 8 March 2019, ventured into the original brand manufacturing business and launched its first ever own brand, Collino Designs. This new venture will enable Wegmans Group to have the flexibility in designing its own products to meet the latest trends.

In addition, the Board will continue to monitor the status and progress of COVID-19 and shall endeavour, to the extent possible, to review the performance and progress of Wegmans Group's operations and financial performance as well as introduce measures to minimise its operating costs, if required.

The Board will reassess the expenditure in respect to the above plans and strategies vis-à-vis the financial budget and performance as well as implement certain cost control measures, if required throughout certain divisions or operations.

*(Source: Management of Wegmans)*

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## 5. EFFECTS OF THE PROPOSED BONUS WARRANTS

### 5.1 Share capital

The pro forma effects of the Proposed Bonus Warrants on the share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Wegmans Shares	RM	No. of Wegmans Shares	RM
Share capital as at LPD	500,000,000	51,953,541	500,000,000	51,953,541
To be issued assuming full exercise of Warrants A	-	-	124,999,999	37,500,000
	<u>500,000,000</u>	<u>51,953,541</u>	<u>624,999,999</u>	<u>89,453,541</u>
To be issued assuming full exercise of Warrants B	125,000,000	<sup>(1)</sup> 29,375,000	156,250,000	<sup>(1)</sup> 36,718,750
<b>Enlarged share capital</b>	<b><u>625,000,000</u></b>	<b><u>81,328,541</u></b>	<b><u>781,249,999</u></b>	<b><u>126,172,291</u></b>

Note:

(1) Based on the Exercise Price of RM0.235 per Warrant B.

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## 5.2 Net Assets (“NA”) per Wegmans Share and gearing

Based on the latest audited consolidated statements of financial position of Wegmans as at 31 December 2019, the pro forma effects of the Proposed Bonus Warrants on the NA per Share and gearing of Wegmans Group are as follows:

	Minimum Scenario				Maximum Scenario				
	Audited as at 31 December 2019	<sup>(2)</sup> After adjustment for subsequent event	(I)		(II)		Assuming full exercise of the Warrants A	After the Proposed Bonus Warrants	(II) After (I) and assuming full exercise of the Warrants B
			RM	RM	RM	RM			
Share capital	51,953,541	51,953,541	51,953,541	<sup>(4)</sup> 81,328,541	89,453,541	89,453,541	89,453,541	<sup>(4)</sup> 126,172,291	
Merger deficit <sup>(1)</sup>	(22,100,000)	(22,100,000)	(22,100,000)	(22,100,000)	(22,100,000)	(22,100,000)	(22,100,000)	(22,100,000)	
Retained profits	48,547,386	<sup>(2)</sup> 46,047,386	<sup>(3)</sup> 45,887,386	45,887,386	46,047,386	46,047,386	<sup>(3)</sup> 45,887,386	45,887,386	
<b>Shareholders’ equity/NA</b>	<b>78,400,927</b>	<b>75,900,927</b>	<b>75,740,927</b>	<b>105,115,927</b>	<b>113,400,927</b>	<b>113,400,927</b>	<b>113,240,927</b>	<b>149,959,677</b>	
No. of Wegmans Shares in issue	500,000,000	500,000,000	500,000,000	625,000,000	624,999,999	624,999,999	624,999,999	781,249,999	
NA per Share (RM)	0.16	0.15	0.15	0.17	0.18	0.18	0.18	0.19	
Total borrowings	24,104,327	24,104,327	24,104,327	24,104,327	24,104,327	24,104,327	24,104,327	24,104,327	
Gearing (times)	0.31	0.32	0.32	0.23	0.21	0.21	0.21	0.16	

Notes:

- (1) Arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.
- (2) After deducting the final single-tier dividend of RM0.0050 per Wegmans Share amounting to RM2.5 million in respect of the financial year ended 31 December 2019 paid on 28 August 2020.
- (3) After deducting estimated expenses in relation to the Proposed Bonus Warrants amounting to approximately RM160,000.
- (4) Based on the Exercise Price of RM0.235 per Warrant B.



### 5.3 Earnings and EPS

The Proposed Bonus Warrants is not expected to have a material effect on the earnings of Wegmans Group for the financial year ending 31 December 2020. However, the EPS of Wegmans Group may be diluted as a result of the issuance of new Wegmans Shares from the exercise of the Warrants B.

### 5.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Bonus Warrants on the substantial shareholder's shareholdings of the Company, assuming all the Entitled Shareholders exercise their Warrants A and Warrants B during the exercise period of the Warrants B are as follows:

#### Minimum Scenario

	(I)				(II)			
	As at LPD		After the Proposed Bonus Warrants		assuming full exercise of the Warrants B		After (I) and	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Keh W'ee Kiet	175,000,000	35.00	-	-	175,000,000	35.00	-	-
Law Kok Lim	175,000,000	35.00	-	-	175,000,000	35.00	-	-

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**Maximum Scenario**

	(I)				(II)				
	As at LPD		Assuming full exercise of the Warrants A		after the Proposed Bonus Warrants		After (I) and		
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
Substantial shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Keh Wee Kiet	175,000,000	35.00	-	-	175,000,000	28.00	-	-	-
Law Kok Lim	175,000,000	35.00	-	-	175,000,000	28.00	-	-	-

	(III)		
	After (II) and assuming full exercise of the Warrants B		
	Direct	Indirect	
Substantial shareholders	No. of Shares	%	No. of Shares
Keh Wee Kiet	218,750,000	28.00	-
Law Kok Lim	218,750,000	28.00	-

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## 5.5 Convertible securities

As at LPD, save for the outstanding Warrants A, the Company does not have any other existing convertible securities.

Based on the deed poll governing the Warrants A, no adjustment is expected to be made to the existing exercise price and the number of outstanding Warrants A which remain unexercised upon the issue of the Warrants B.

## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the Wegmans Shares as traded on Bursa Securities for the past 12 months up to and including the LPD are set out in the table below:

	<u>High</u>	<u>Low</u>
	RM	RM
<b><u>2019</u></b>		
September	0.290	0.255
October	0.295	0.260
November	0.315	0.270
December	0.280	0.260
<b><u>2020</u></b>		
January	0.270	0.230
February	0.260	0.205
March	0.215	0.100
April	0.175	0.120
May	0.210	0.145
June	0.235	0.155
July	0.250	0.185
August	0.330	0.200
The last transacted market price of the Shares on 19 August 2020 (being the last trading day prior to the announcement of the Proposed Bonus Warrants)		0.250
The last transacted price of the Shares on 14 September 2020		0.320

*(Source: Bloomberg)*

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## 7. APPROVALS REQUIRED

The Proposed Bonus Warrants is subject to the following approvals being obtained:

- (i) Bursa Securities for the following which was obtained vide its letter dated 8 September 2020:
  - (a) the admission of the Warrants B to the Official List of Bursa Securities;
  - (b) the listing and quotation of the Warrants B on the Main Market of Bursa Securities; and
  - (c) the listing and quotation of the new Wegmans Shares to be issued pursuant to the exercise of the Warrants B on the Main Market of Bursa Securities;

subject to the following conditions:

<b>No.</b>	<b>Conditions</b>	<b>Status of compliance</b>
1.	Wegmans and RHB Investment Bank, must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Bonus Warrants;	To be complied
2.	Wegmans and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Bonus Warrants;	To be complied
3.	Wegmans to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Warrants is completed; and	To be complied
4.	Wegmans to furnish Bursa Securities on a quarterly basis a summary of the total number of new Wegmans Shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) the Shareholders at the forthcoming EGM; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Bonus Warrants is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

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## 8. OTHER CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at LPD, save as disclosed below, there are no other corporate exercises which have been announced but are pending completion:

- (i) On 27 February 2019, Wegmans Woodwork Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into 4 sale and purchase agreements with Johor Corporation, a statutory body via Johor Corporation Enactment No. 4, 1968 (as amended under Enactment No. 5, 1995), to acquire 4 pieces of leasehold land measuring a total of approximately 12.11 acres all held under the master title known as H.S.(D) 38459, PTD 13399, H.S(D) 38460, PTD 13400, Geran 50191, Lot 8531, situated in the Mukim of Jalan Bakri, District of Muar, Johor Darul Takzim for a total purchase consideration of approximately RM8.44 million (“SPAs”).

A progress claim in relation to the SPAs of approximately RM2.53 million has been included as additions to prepaid lease as part of the capital commitments of the Group. As at LPD, the acquisitions have yet to be completed; and

- (ii) The Proposed Bonus Warrants (which is the subject matter of this Circular).

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

None of the Directors, Chief Executive and/or major shareholders of the Company and/or persons connected to them has any interest, direct and/or indirect, in the Proposed Bonus Warrants, other than their respective entitlements to the Warrants B as shareholders of the Company, the rights of which are also available to all other existing shareholders of the Company on a pro-rata basis.

## 10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Bonus Warrants, including but not limited to the rationale as well as the effects of the Proposed Bonus Warrants, is of the opinion that the Proposed Bonus Warrants is in the best interest of the Company and the Shareholders.

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

## 11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Bonus Warrants is expected to be completed by the fourth quarter of 2020.

The tentative timetable for the implementation of the Proposed Bonus Warrants is as follows:

<u>Tentative timing</u>	<u>Events</u>
Early October 2020	<ul style="list-style-type: none"><li>▪ EGM for the Proposed Bonus Warrants</li><li>▪ Announcement of the Entitlement Date</li></ul>
Mid October 2020	<ul style="list-style-type: none"><li>▪ Entitlement Date</li></ul>
End October 2020	<ul style="list-style-type: none"><li>▪ Listing and quotation of the Warrants B</li><li>▪ Completion of the Proposed Bonus Warrants</li></ul>

**12. EGM**

The Company's forthcoming EGM will be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor Darul Takzim, on Thursday, 1 October 2020 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution, with or without any modification, to give effect to the Proposed Bonus Warrants.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions stated therein as soon as possible so as to reach the registered office of the Company at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor not less than forty-eight (48) hours before the time set for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

**13. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board  
**WEGMANS HOLDINGS BERHAD**

**CHAN WAN SEONG**  
Independent Non-Executive Chairman

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENT AND CONFLICT OF INTEREST**

RHB Investment Bank, being the Adviser for the Proposed Bonus Warrants, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

As at LPD, save as disclosed below, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or likely to exist in its capacity as the Adviser to the Company for the Proposed Bonus Warrants.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Wegmans Group, in addition to the role as set out in this Circular.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Wegmans Group and the Directors and/or the substantial shareholders of the Company, hold long or short positions in the securities offered by the Company, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in equity securities of the Company.

As at LPD, RHB Banking Group has, in the ordinary course of business extended a credit facility to directors of Wegmans Group ("**Credit Facility**"). The Credit Facility represents an exposure of less than 0.03% of RHB Banking Group's audited consolidated net assets of RM25,775.39 million as at 31 December 2019.

Notwithstanding the above, RHB Investment Bank as part of the RHB Banking Group is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Adviser to the Company for the Proposed Bonus Warrants is mitigated by the following:

- (i) The Credit Facility was provided on an arm's length basis and the facility is not material compared with RHB Banking Group's audited consolidated net assets of RM25,775.39 million as at 31 December 2019;
- (ii) The Credit Facility has been provided by RHB Banking Group in the ordinary course of business and is not conditional upon RHB Investment Bank being appointed as the Adviser for the Proposed Bonus Warrants or upon any other proposals being undertaken by any entities within the RHB Banking Group;

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**FURTHER INFORMATION (CONT'D)**


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- (iii) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;
- (iv) RHB Investment Bank is a licensed investment bank and its appointment as the Adviser for the Proposed Bonus Warrants is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Adviser for the Proposed Bonus Warrants; and
- (v) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

### 3. MATERIAL LITIGATION

As at 2 September 2020, save as disclosed below, Wegmans Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against Wegmans Group or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of Wegmans Group:

- (i) The Company and Wegmans Furniture Industries Sdn Bhd ("**Wegmans Furniture**"), a wholly-owned subsidiary of the Company, received a letter dated 16 July 2020 from the solicitors of the owner of an adjacent piece of land known as GRN 27757, Lot 2439, Mukim Parit Jawa, Daerah Muar, Negeri Johor ("**Land**") claiming for losses and damages for the following:
  - (a) loss of 1500 trees;
  - (b) cost of remedial work of the Land, road, water pipe and pond;
  - (c) losses arising from the deterioration of the Land; and
  - (d) loss of earnings,

over excessive surface runoff discharging which flowed to the Land on 20 June 2020 due to the collapse of a certain portion of the retaining structure on the land owned and occupied by Wegmans Furniture ("**Flood Incident**").

Wegmans Furniture has in turn referred the claim to its main contractor which constructed the retaining structure. Investigations have been initiated by the insurance company of the main contractor for the cause of loss due to the Flood Incident. As at 1 September 2020, Wegmans Furniture was informed by its main contractor's insurance adjuster that the investigation for the cause of loss due to the Flood Incident is still ongoing. Pending the results of such investigation, the Board has decided to seek legal advice as to whether the Company and/or Wegmans Furniture will be liable for the claim and if so, the quantum of such claim.



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**FURTHER INFORMATION (CONT'D)**


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**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****4.1 Material commitment**

As at LPD, save as disclosed below, there are no material commitments incurred or known to be incurred which may, upon becoming enforceable, have a material impact on the financial results or position of the Group:

	<u>RM'000</u>
<b>Capital commitments</b>	
Contracted but not provided for:	
- Purchase of property, plant and equipment	11,226
- Additions to prepaid lease <sup>(1)</sup>	2,532
<b>Total</b>	<u><b>13,758</b></u>

*Note:*

(1) *In relation to the progress claim for the SPAs as set out in Section 8 of the Circular.*

**4.2 Contingent liabilities**

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

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the registered office of the Company at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor during normal business hours from Monday to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of Wegmans;
- (ii) the audited consolidated financial statements of Wegmans for the past 2 financial years ended 31 December 2018 and 2019;
- (iii) the unaudited consolidated results of Wegmans for the 6 months financial period ended 30 June 2020;
- (iv) the letter of consent and declaration of conflict of interest referred to in **Section 2** above; and
- (v) the draft Deed Poll.



**WEGMANS HOLDINGS BERHAD**  
(Registration No. 201701005154 (1219319-D))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of Wegmans Holdings Berhad (“**Wegmans**” or “**Company**”) will be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor Darul Takzim, on Thursday, 1 October 2020 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering, and if thought fit, passing with or without modification, the following resolution:

### **ORDINARY RESOLUTION**

**PROPOSED BONUS ISSUE OF UP TO 156,250,000 FREE WARRANTS IN WEGMANS (“WARRANTS B”) ON THE BASIS OF 1 FREE WARRANT FOR EVERY 4 EXISTING WEGMANS SHARES HELD ON THE ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER**

“**THAT** subject to the approvals of all relevant authorities or parties, authority be and is hereby given to the Board to allot and issue up to 156,250,000 Warrants B, in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants B (“**Deed Poll**”) to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. on a day to be determined and announced by the Board (“**Entitled Shareholders**”) on the basis of 1 Warrant B for every 4 existing Wegmans Shares held by the Entitled Shareholders (“**Proposed Bonus Warrants**”);

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

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

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

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

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

**THAT** the proceeds raised from the exercise of the Warrants B, if any, be utilised for the purposes set out in the circular to shareholders of the Company dated 16 September 2020 and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (when required) to the approval of the relevant authorities;

**AND THAT** the Board be and is hereby empowered and authorised to take all such steps and do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company all necessary documents to give full effect to and for the purpose of completing and/or implementing the Proposed Bonus Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as a consequence of any such requirement as may be deemed necessary and/or expedient in the best interest of the Company.”

BY ORDER OF THE BOARD

**NG MEI WAN**

**(SSM Practicing Certificate No.: 201908000801) (MIA Member No.: 28862)**

**TAN HUI KHIM**

**(SSM Practicing Certificate No.: 201908000859) (License Secretary No.: LS 0009936)**

Company Secretaries

Muar, Johor Darul Takzim

16 September 2020

Notes:

- (1) *Only depositors whose names appear in the Record of Depositors as at 24 September 2020 shall be regarded as members and be entitled to attend, participate, speak and vote at the EGM.*
- (2) *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*
- (3) *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
- (4) *Where a member appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.*
- (5) *Any alterations in the Form of Proxy must be initialed by the member.*
- (6) *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*
- (7) *In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).*
- (8) *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at No. 7 (1st Floor) Jalan Pesta 1/1 Taman Tun Dr. Ismail 1 Jalan Bakri 84000 Muar Johor not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of EGM to be put to vote by poll.*

# FORM OF PROXY



**WEGMANS HOLDINGS BERHAD**  
 Registration No. : 201701005154 (1219319-D)  
 (Incorporated in Malaysia)

\*I/We.....  
 [Full name in block letters]

\*NRIC No./Company No.....of.....  
 [Full address]

.....being a \*Member/Members of Wegmans Holdings Berhad  
 ("**Company**"), hereby appoint .....  
 [Full name in block letters]

of.....\*and/or  
 [Full address]

.....of.....  
 [Full name in block letters] [Full address]

.....or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor Darul Takzim, on Thursday, 1 October 2020 at 11.00 a.m. or at any adjournment thereof in the manner as indicated below:

No.	Ordinary Resolution	For	Against
1	Proposed Bonus Warrants		

Please indicate with an "x" or "✓" in the space provided above on how you wish your vote to be cast on the resolution specified. If no specific direction as to the voting is given, the proxy will vote or abstain at his/her discretion.

	No of Shares	Percentage
First Named Proxy		
Second Named Proxy		
Total		100%

CDS Account No.	
No. of Shares held	

Signed this ..... day of ..... 2020

.....  
 Signature of Member or Common Seal

**Notes:**

- (1) Only depositors whose names appear in the Record of Depositors as at 24 September 2020 shall be regarded as members and be entitled to attend, participate, speak and vote at the EGM.
- (2) A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
- (3) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (4) Where a member appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
- (5) Any alterations in the Form of Proxy must be initialed by the member.
- (6) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
- (7) In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s)
- (8) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at No. 7 (1st Floor) Jalan Pesta 1/1 Taman Tun Dr. Ismail 1 Jalan Bakri 84000 Muar Johor not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of EGM to be put to vote by poll.



**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"),
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX  
STAMP

The Company Secretaries

**Wegmans Holdings Berhad**

Registration No. : 201701005154 (1219319 - D)

No. 7 (1st Floor)  
Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1  
Jalan Bakri  
84000 Muar, Johor

2nd Fold Here

Fold This Flap For Sealing