

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Exemption (as defined herein) prior to the issuance of this Circular.

The Securities Commission Malaysia ("SC") had on 23 August 2023 notified that it has no further comments to the contents of this Circular and the independent advice letter ("IAL") for the Proposed Exemption (as defined herein). However, such notification shall not be taken to suggest that the SC agrees with the recommendation of the independent adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the IAL. The SC is not responsible for the contents of this Circular, does not represent that this Circular is accurate or complete and disclaims any liability for any loss arising from, or due to, your reliance on this Circular.



ADVENTA BERHAD

(Registration No. 200301016113 (618533-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PART A

- I. **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 152,785,770 NEW ORDINARY SHARES IN ADVENTA BERHAD ("ADVENTA" OR THE "COMPANY") ("ADVENTA SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING ADVENTA SHARE HELD, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE"); AND**
- II. **PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS TO LOW CHIN GUAN AND PERSONS ACTING IN CONCERT WITH HIM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING ADVENTA SHARES NOT ALREADY OWNED BY THEM PURSUANT TO THE PROPOSED RIGHTS ISSUE ("PROPOSED EXEMPTION")**

PART B

INDEPENDENT ADVICE LETTER FROM CFSOLUTIONS SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF ADVENTA IN RELATION TO THE PROPOSED EXEMPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOB Kay Hian

UOB Kay Hian Securities (M) Sdn Bhd

(Registration No. 199001003423 (194990-K))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

cfSolutions

cfSolutions Sdn Bhd

Reg. No. 198501004650 (137090-W)
licensed corporate finance adviser

The Extraordinary General Meeting ("EGM") of Adventa to be held at No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Friday, 15 September 2023 at 2.30 p.m., or at any adjournment thereof. The Notice of EGM together with the Form of Proxy for the EGM are enclosed herewith.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submit via fax at 03-2094 9940 and/ or 03-2095 0292 or email to info@sshsb.com.my, not later than forty-eight (48) hours before the time appointed for holding the EGM. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the EGM.

Last date and time for lodging the Form of Proxy : Wednesday, 13 September 2023 at 2:30 p.m.

Date and time of the EGM : Friday, 15 September 2023 at 2:30 p.m.

This Circular is dated 28 August 2023

DEFINITIONS

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

"Act"	:	Companies Act 2016
"Adventa" or the "Company"	:	Adventa Berhad (200301016113 (618533-M))
"Adventa Group" or the "Group"	:	Adventa and its subsidiaries, collectively
"Adventa Share(s)" or "Share(s)"	:	Ordinary share(s) in Adventa
"Bloomberg"	:	Bloomberg Finance Singapore L.P.
"Board"	:	The Board of Directors of Adventa
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"cfSolutions" or the "Independent Adviser"	:	cfSolutions Sdn Bhd (198501004650 (137090-W)), the independent adviser to advise the non-interested Directors and the non-interested shareholders of the Company in relation to the Proposed Exemption
"Circular"	:	This circular to shareholders of Adventa dated 28 August 2023 in relation to the Proposals
"CMSA"	:	Capital Markets and Services Act 2007
"Code"	:	Malaysian Code on Take-Overs and Mergers 2016
"Comparable Companies"	:	Comparable companies listed on Bursa Securities and involved in the provision of healthcare equipment and services which the Independent Adviser presently consider to be most similar and relevant to Adventa
"COVID-19"	:	Coronavirus disease 2019
"Debt Scenario"	:	Assuming the Adventa Group utilises borrowings to raise RM45.84 million (equivalent to maximum proceeds expected from the Proposed Rights Issue under the Maximum Scenario) in the absence of the Proposed Rights Issue
"Director(s)"	:	The director(s) of Adventa for the time being and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA and Director shall be construed accordingly
"EGM"	:	Extraordinary general meeting of the Company
"Entitled Shareholders"	:	Shareholders whose names appear in the Record of Depositors of the Company as at the Entitlement Date
"Entitlement Date"	:	A date to be determined and announced later by the Board, on which the names of the Entitled Shareholders must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to the Rights Shares pursuant to the Proposed Rights Issue
"EPS/ (LPS)"	:	Earnings per share/ (Loss) per share

DEFINITIONS (CONT'D)

"Equity Scenario"	:	Implementation of the Proposed Rights Issue under the Maximum Scenario where there will be a partial repayment of RM7.00 million borrowings using proceeds raised from the Proposed Rights Issue
"ESS"	:	Employee share scheme of the Company
"Excess Take-Up"	:	On top of the Undertaking by Mr. Low, Mr. Low has also expressed interest to take up additional Rights Shares that remain unsubscribed by the Entitled Shareholders and/ or their renouncee(s) under the Proposed Rights Issue via the excess Rights Shares application, amounting up to 50,000,000 excess Rights Shares. In addition, the Excess Take-Up scenario illustrated herein also assumes the subscription of the Rights Shares entitlement by the PAC
"Foreign Entitled Shareholder(s)"	:	Entitled Shareholder(s) who have not provided an address in Malaysia for the service of documents to be issued for the purposes of the Rights Issue
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Illustrative Issue Price"	:	Illustrative issue price of RM0.30 per Rights Share
"Interested Director"	:	Mr. Low
"Interested Parties"	:	Mr. Low and Low Lea Kwan, collectively
"Land"	:	An industrial land/ plot containing an area of approximately 32,400 sq. m. and bearing a postal address Jalan Pareanom No. 11, Kawasan Ekonomi Khusus Kendal, Desa Brangsong, Kecamatan Brangsong, Kabupaten Kendal, 51371 Jawa Tengah, Indonesia
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	22 August 2023, being the latest practicable date prior to the printing and despatch of this Circular
"LTD"	:	13 July 2023, being the last trading date prior to the announcement in relation to the Proposals
"Market Days"	:	A day on which the stock market of Bursa Securities is open for the trading in securities, which may include a surprise holiday* *A "surprise holiday" refers to a day declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"Maximum Scenario"	:	Assuming all of the Entitled Shareholders fully subscribe for their respective entitlements under the Proposed Rights Issue
"Minimum Scenario"	:	Assuming the Proposed Rights Issue is undertaken on the Minimum Subscription Level (i.e. only the Undertaking Shareholder subscribes for the Rights Shares pursuant to his Undertaking and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue)

DEFINITIONS (CONT'D)

"Minimum Subscription Level"	:	Minimum subscription level of 59,035,652 Rights Shares by the Undertaking Shareholder based on the illustrative issue price of RM0.30 per Rights Share, in order to meet the minimum level of funds intended to be raised by the Company amounting to RM17,710,696 through the Proposed Rights Issue
"Mr. Low" or the "Undertaking Shareholder"	:	Low Chin Guan, the major shareholder of the Company
"MGO"	:	A mandatory take-over offer obligation under the CMSA and Rules by Mr. Low and PAC to acquire all the remaining Adventa Shares not already held by them pursuant to the Proposed Rights Issue
"NA"	:	Net assets attributable to owners of the Company
"Non-Interested Directors"	:	All directors of Adventa other than the Interested Director as detailed in Section 9 of Part A of this Circular
"Non-Interested Shareholders"	:	All shareholders of Adventa other than the Interested Director and interested major shareholder and persons connected to him as detailed in Section 9 of Part A of this Circular
"PAC"	:	The person acting in concert with the Applicant in relation to the Proposed Exemption in accordance with subsections 216(2) and 216(3) of the CMSA, that holds Adventa Shares as at the LPD, namely Low Lea Kwan
"PAT"/ (LAT)"	:	Profit/ loss after tax
"PBT"/ (LBT)"	:	Profit before taxation / (Loss before taxation)
"Proposals"	:	Collectively, the Proposed Rights Issue and Proposed Exemption
"Proposed Exemption"	:	Proposed exemption under subparagraph 4.08(1)(b) of the Rules to Mr. Low and PAC from the obligation to undertake a MGO for all the remaining Adventa Shares not already owned by them pursuant to the Proposed Rights Issue
"Proposed Rights Issue"	:	Proposed renounceable rights issue of up to 152,785,770 Rights Shares on the basis of 1 Rights Share for every 1 existing Adventa Share held on the Entitlement Date
"Record of Depositors"	:	A record of depositors established by Bursa Malaysia Depository Sdn Bhd under the Rules of Bursa Malaysia Depository Sdn Bhd
"Rights Issue Price"	:	The issue price per new Adventa Share to be issued pursuant to the Proposed Rights Issue which shall be determined and announced by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date, at a price that is deemed appropriate after taking into consideration the factors set out in the Section 2.2 of Part A of this Circular
"Rights Share(s)"	:	Up to 152,785,770 Rights Shares to be issued pursuant to the Proposed Rights Issue
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively

DEFINITIONS (CONT'D)

"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions as issued by the SC
"SC"	:	Securities Commission Malaysia
"TERP"	:	Theoretical ex-rights price
"Undertaking"	:	The irrevocable and unconditional undertaking provided by the Undertaking Shareholder vide his letter dated 14 July 2023 to subscribe in full for his entitlement based on his shareholdings as at the Entitlement Date. Pursuant to his Undertaking, Mr. Low will subscribe for his entitlement of 59,035,652 Rights Shares
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (199001003423 (194990-K))
"VWAP"	:	Volume weighted average market price
"2% Creeping Threshold"	:	Subsection 218(3) of the CMSA read together with paragraph 15(2) of the Code and subparagraph 4.01(b) of the Rules stipulates that unless otherwise exempted by the SC, a mandatory offer shall apply to an acquirer in a situation whereby the acquirer has triggered the creeping threshold, which refers to an acquisition of more than 2% of the voting shares or voting rights of a company in any period of six months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company

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

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

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

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

GLOSSARY OF TECHNICAL TERMS

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

" β "	:	Beta is the sensitivity of an asset's returns to the changes in the market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and vice versa
" K_d "	:	Cost of debt is the cost of servicing a company's interest-bearing debt obligations
" K_e "	:	Cost of equity is the rate of return required by the equity investors to compensate for the risk undertaken by their investment in the firm
" R_f "	:	Risk free rate is the expected rate of return from a risk-free asset
" R_m "	:	Expected market return is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market
"WACC"	:	Weighted average cost of capital, represents the average cost of financing a company's debt and equity, weighted to its respective use

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EXECUTIVE SUMMARY

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

Key information	Description	Reference to Circular
Summary of the Proposals	<p><u>Proposed Rights Issue</u></p> <p>The Proposed Rights Issue entails an issuance of up to 152,785,770 Rights Shares on the basis of 1 Rights Share for every 1 existing Adventa Share held by the Entitled Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on Entitlement Date.</p> <p>The Proposed Rights Issue will be undertaken on the Minimum Subscription Level, after taking into consideration the minimum level of funds the Company intends to raise from the Proposed Rights Issue amounting to RM17,710,696 based on the illustrative issue price of RM0.30 per Rights Share. Pursuant thereto, the major shareholder of Adventa namely, Mr. Low had vide his letter dated 14 July 2023 provided his Undertaking. Pursuant to his Undertaking, Mr. Low will subscribe for his entitlement of 59,035,652 Rights Shares.</p> <p><u>Proposed Exemption</u></p> <p>As at the LPD, Mr. Low and PAC collectively hold 64,546,612 Adventa Shares, representing approximately 42.25% equity interest in Adventa.</p> <p>Assuming none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, the shareholdings of Mr. Low and PAC in Adventa is expected to trigger the obligation to undertake a MGO as illustrated below:-</p> <ol style="list-style-type: none">from 38.64% to 55.74% upon the Proposed Rights Issue under the Minimum Scenariofrom 38.64% to 62.87% upon the Proposed Rights Issue under the Minimum Scenario and Excess Take-Up scenario <p>Given that the shareholdings of Mr. Low and PAC in Adventa may potentially increase by 2% or more pursuant to the Proposed Rights Issue, Mr. Low; and Mr. Low and PAC may trigger the obligation to undertake the MGO pursuant to subparagraph 4.01(b) of the Rules.</p> <p>However, it is not the intention of Mr. Low and PAC to undertake the MGO as a result of the Company undertaking the Proposed Rights Issue. In this regard, Mr. Low will seek an exemption under subparagraph 4.08(1)(b) of the Rules to relieve Mr. Low and PAC from the obligation to undertake the MGO for the remaining Adventa Shares not already held by them, pursuant to the Proposed Rights Issue.</p>	Section 2
Basis of determining and justifications for the Rights Issue Price	<p>The final Rights Issue Price shall be determined and announced by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date, at a price that is deemed appropriate after taking into consideration the TERP of Adventa Shares, calculated based on the 5-day VWAP of Adventa Shares immediately preceding the price-fixing date of the Rights Shares.</p>	Section 2.2

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
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The Board shall also take into consideration further justifications in determining the final Rights Issue Price including, amongst others, the following:-

- the funding requirements of the Group as set out in **Section 2.7**, Part A of this Circular;
- a discount range of up to 30% to the TERP of Adventa Shares based on 5-day VWAP of Adventa Shares immediately preceding the pricing fixing date;
- the prevailing market conditions and market prices of Adventa Shares. For illustrative purpose, the illustrative issue price of RM0.30 per Rights Share, represents a discount ranging from approximately 22.16% to the TERP of RM0.3854; and
- the rationale for the Proposed Rights Issue as set out in **Section 4.1**, Part A of this Circular.

Utilisation of proceeds from the Proposed Rights Issue	Based on the illustrative issue price of RM0.30, the gross proceeds to be raised from the Proposed Rights Issue will be utilised in the following manner:-	Section 2.7
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	Timeframe for utilisation from completion of the Proposed Rights Issue	Minimum Scenario RM'000	Maximum Scenario RM'000
Business expansion	Within 24 months	12,000	30,000
Working capital	Within 18 months	5,057	8,182
Repayment of bank borrowings	Within 6 months	-	7,000
Estimated expenses	Upon completion	654	654
Total		17,711	45,836

Rationale and justification for the Proposals	<u>Proposed Rights Issue</u>	Section 4.1
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- the Proposed Rights Issue will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility, as illustrated in **Section 6.2**, Part A of this Circular;
- the Proposed Rights Issue will help position the Group on a better financial footing to expand its business in the future, in tandem with its strategy to further enhance its profitability;
- the Proposed Rights Issue will enable the issuance of new Adventa Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue;
- as compared to a private placement which entails specific issuance of Shares on a non pro-rata basis resulting in a dilution in shareholders' shareholdings, the Proposed Rights Issue will provide all Entitled Shareholders with an opportunity to further participate in the prospects and future growth of the Group on a pro-rata basis; and

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<p>v. the Proposed Rights Issue will enable the Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.</p>	
	<p><u>Proposed Exemption</u></p> <p>The Proposed Exemption will relieve Mr. Low and PAC from the obligation to undertake the MGO upon the completion of the Proposed Rights Issue, as it is not their intention to undertake the MGO as a result of the Company undertaking the Proposed Rights Issue.</p>	Section 4.2
Approvals required/ obtained	<p>The Proposals are subject to the following approvals being obtained:-</p> <p>i. Bursa Securities, the approval of which has been obtained vide Bursa Securities' letter dated 9 August 2023;</p> <p>ii. Non-Interested Shareholders of the Company for the Proposals at the forthcoming EGM; and</p> <p>iii. the SC, for the Proposed Exemption. The application will be submitted to the SC after the Non-Interested Shareholders' approval has been obtained at the forthcoming EGM.</p>	Section 8
Interests of directors, major shareholders, chief executive and/ or persons connected to them	<p>Save as disclosed below, none of the Directors, major shareholders and/ or chief executive of Adventa and/ or persons connected with them has any interest, whether direct or indirect, in the Proposals:-</p> <p>i. Mr. Low, being the Executive Director and a major shareholder of Adventa as well as being the applicant seeking the Proposed Exemption; and</p> <p>ii. Low Lea Kwan, a shareholder of Adventa as well as being the sister of Mr. Low and the PAC to which the Proposed Exemption relates to.</p> <p>The Interested Director has abstained and will continue to abstain from Board deliberation and voting on the Proposals. In addition, the Interested Parties will also abstain from voting and will also ensure that the persons connected with them will abstain from voting in respect of their direct and/ or indirect shareholdings in the Company, if any, on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p>	Section 9
Directors' statement and recommendation	<p>The Board (save for the Interested Director), having considered all aspects of the Proposals, including but are not limited to, the basis, the rationale and the pro forma effects of the Proposals as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposals are in the best interests of the Company and its shareholders.</p> <p>Accordingly, the Board (save for the Interested Director) recommends that you vote in favour of the resolutions pertaining to the Proposals at the forthcoming EGM.</p>	Section 10

PART A

CIRCULAR TO THE SHAREHOLDERS OF THE COMPANY IN RELATION TO THE PROPOSALS



ADVENTA BERHAD

ADVENTA BERHAD

(Registration No. 200301016113 (618533-M))
(Incorporated in Malaysia)

Registered Office

No. 21, Jalan Tandang 51/205A
Seksyen 51
46050 Petaling Jaya
Selangor Darul Ehsan

28 August 2023

Board of Directors

Edmond Cheah Swee Leng (*Chairman/ Senior Non-Independent Non-Executive Director*)
Low Chin Guan (*Executive Director*)
Kwek Siew Leng (*Executive Director*)
Toh Seng Thong (*Non-Independent Non-Executive Director*)
Dato' Selwyn Vijayarajan Das (*Independent Non-Executive Director*)
Muhamad Yazdi Bin Che Ya (*Independent Non-Executive Director*)

To: The shareholders of Adventa Berhad

Dear Sir/ Madam,

I. PROPOSED RIGHTS ISSUE; AND

II. PROPOSED EXEMPTION

1. INTRODUCTION

On 14 July 2023, UOBKH had, on behalf of the Board, announced that the Company proposed to undertake the following:-

- i. a renounceable rights issue of up to 152,785,770 Rights Shares on the basis of 1 Rights Share for every 1 existing Adventa Share held on the Entitlement Date; and
- ii. an exemption under subparagraph 4.08(1)(b) of the Rules to Mr. Low and PAC from the obligation to undertake a mandatory take-over offer for all the remaining Adventa Shares not already owned by them pursuant to the Proposed Rights Issue.

On 9 August 2023, UOBKH had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 9 August 2023, resolved to approve the listing and quotation of up to 152,785,770 Rights Shares pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities, subject to the conditions as disclosed in **Section 8**, Part A of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL BY WAY OF POLL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX AS SET OUT IN THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED RIGHTS ISSUE

2.1 Details of the Proposed Rights Issue

The Proposed Rights Issue entails an issuance of up to 152,785,770 Rights Shares on the basis of 1 Rights Share for every 1 existing Adventa Share held by the Entitled Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on Entitlement Date.

As at the LPD, Adventa has an issued share capital of RM57,680,204 comprising 152,785,770 Adventa Shares. In addition, as at the LPD, the Company has an ESS, which comprises the employee share option scheme and the share grant plan of up to 15% of the issued share capital of the Company at any point in time for a period of 5 years with an option to extend the ESS for a period of up to another 5 years. The ESS was implemented on 12 October 2022 and will expire on 11 October 2027. For the avoidance of doubt, there have been no ESS granted and exercised since the implementation of the ESS. As at the LPD, there are no outstanding ESS granted that are not exercised.

For purposes of implementing the Proposed Rights Issue, the Company has undertaken not to grant any ESS until the completion of the Proposed Rights Issue. Accordingly, a total of up to 152,785,770 Rights Shares will be issued pursuant to the Proposed Rights Issue.

The Proposed Rights Issue will be undertaken on the Minimum Subscription Level, after taking into consideration the minimum level of funds the Company intends to raise from the Proposed Rights Issue amounting to RM17,710,696 based on the illustrative issue price of RM0.30 per Rights Share, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.7**, Part A of this Circular. Pursuant thereto, the major shareholder of Adventa namely, Mr. Low had vide his letter dated 14 July 2023 provided his Undertaking. Pursuant to his Undertaking, Mr. Low will subscribe for his entitlement of 59,035,652 Rights Shares.

On top of his Undertaking above, Mr. Low has also expressed interest to take up additional Rights Shares that remain unsubscribed by the Entitled Shareholders and/ or their renouncee(s) under the Proposed Rights Issue via the excess Rights Shares application, amounting up to 50,000,000 excess Rights Shares. For avoidance of doubt, the aforesaid 50,000,000 excess Rights Shares which may be taken up by Mr. Low do not form part of his Undertaking. Further details of the Undertaking are set out in **Section 2.5**, Part A of this Circular.

The actual number of Rights Shares to be issued will depend on the eventual subscription rate of the Proposed Rights Issue.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue.

In determining the entitlement of the Entitled Shareholders under the Proposed Rights Issue, fractional entitlements, if any, will be disregarded and dealt with in such manner and on such terms and conditions as the Board in its sole and absolute discretion deem fit or expedient and in the best interests of the Company.

The Rights Shares which are not taken up, shall be made available for excess Rights Shares application by the other Entitled Shareholders and/ or their renouncee(s). The Board intends to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board and set out in the abridged prospectus to be issued at a later stage ("**Basis of Excess Allocation**").

2.2 Basis and justification of arriving at the Rights Issue Price

The final Rights Issue Price shall be determined and announced by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date, at a price that is deemed appropriate after taking into consideration the TERP of Adventa Shares, calculated based on the 5-day VWAP of Adventa Shares immediately preceding the price-fixing date of the Rights Shares.

The Board shall also take into consideration further justifications in determining the final Rights Issue Price including, amongst others, the following:-

- i. the minimum gross proceeds of RM17,710,696 to be raised from the Proposed Rights Issue based on the illustrative issue price of RM0.30 per Rights Share, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.7**, Part A of this Circular;
- ii. a discount range of up to 30% to the TERP of Adventa Shares based on 5-day VWAP of Adventa Shares immediately preceding the pricing fixing date. The discount range was determined by the Board after taking into consideration the need to price the Rights Shares at an issue price that would be deemed sufficiently attractive to encourage the subscription of the Rights Shares by the Entitled Shareholders and/ or their renouncee(s);
- iii. the prevailing market conditions and market prices of Adventa Shares. For illustrative purpose, the illustrative issue price of RM0.30 per Rights Share represents a discount to the respective TERPs based on the respective VWAPs of Adventa Shares as follows:-

Up to and including the LPD	VWAP RM	TERP RM	Discount to the TERP RM	%
5-day VWAP of Shares	0.4708	0.3854	(0.0854)	(22.16)
1-month VWAP of Shares	0.4888	0.3944	(0.0944)	(23.94)
3-month VWAP of Shares	0.5219	0.4110	(0.1110)	(27.01)
6-month VWAP of Shares	0.5872	0.4436	(0.1436)	(32.37)
12-month VWAP of Shares	0.6509	0.4755	(0.1755)	(36.91)

(Source: Bloomberg)

Based on the above, the illustrative issue price of RM0.30 per Rights Share, represents a discount ranging from approximately 22.16% to 36.91% to the respective TERPs above; and

- iv. the rationale for the Proposed Rights Issue as set out in **Section 4.1**, Part A of this Circular.

2.3 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing Adventa Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

2.4 Listing and quotation of the Rights Shares

Bursa Securities had, vide its letter dated 9 August 2023, approved the listing and quotation of Rights Shares pursuant to the Proposed Rights Issue. The approval of Bursa Securities is subject to the conditions disclosed in **Section 8**, Part A of this Circular.

2.5 Minimum Subscription Level and Undertaking

The Board has determined to undertake the Proposed Rights Issue on the Minimum Subscription Level after taking into consideration the minimum level of funds that the Company intends to raise from the Proposed Rights Issue amounting to approximately RM17.71 million that will be channelled towards the proposed utilisation as set out in **Section 2.7**, Part A of this Circular.

In order to meet the Minimum Subscription Level, Mr. Low, being the Undertaking Shareholder, had on 14 July 2023 provided his Undertaking to subscribe in full for his Rights Shares entitlement based on his shareholdings as at the Entitlement Date. Vide the same Undertaking, he has also undertaken not to dispose any Adventa Shares up to the Entitlement Date. As at the LPD, the Undertaking Shareholder holds 59,035,652 Adventa Shares representing approximately 38.64% of the issued shares of Adventa.

On top of his Undertaking above, Mr. Low has also expressed interest to take up additional Rights Shares that remain unsubscribed by the Entitled Shareholders and/ or their renounee(s) under the Proposed Rights Issue via the excess Rights Shares application, amounting up to 50,000,000 excess Rights Shares. For avoidance of doubt, the aforesaid 50,000,000 excess Rights Shares which may be taken up by Mr. Low do not form part of his Undertaking. In other words, Mr. Low may also apply via the excess Rights Shares application to subscribe for up to 50,000,000 Rights Shares prior to the closing date and time of application, and that the Excess Take-Up shall only be subscribed during the excess allocation in accordance with the Basis of Excess Allocation in the event of a shortfall in the actual number of Rights Shares subscribed (after allocation to all Entitled Shareholders' and/ or their renounee(s)' respective entitlements). For information, the Excess Take-Up (of up to 50,000,000 excess Rights Shares) by Mr Low and/ or any excess Rights Shares application by persons acting in concert with him, if any, will be allocated in a similar order of priority with other excess applications, which is in line with the Basis of Excess Allocation which will be determined in a fair and equitable manner by the Board and set out in the abridged prospectus to be issued at a later stage.

Pursuant to Paragraph 6.18(4) of the Listing Requirements, where the minimum subscription level is not achieved, the implementation of the rights issue of securities must be terminated and all consideration received will be immediately returned to all subscribers. As such, if the Minimum Subscription Level is not achieved by reason of the failure to fulfil the obligations under the Undertaking or for any other reason, the Company will not proceed with the implementation of the Proposed Rights Issue. All subscription monies received pursuant to the Proposed Rights Issue will be returned without interest as soon as practicable to the Entitled Shareholders and/ or their renounee(s) and/ or transferee(s) (if applicable) who have subscribed for their entitlements.

For illustration purpose, a summary of the Undertaking (and assuming the Excess Take-Up scenario) is set out as follows:-

Before Excess Take-Up scenario

Undertaking Shareholder	Direct shareholdings as at the LPD No. of Shares	% ^{*1}	Rights Shares to be subscribed under the Undertaking No. of Shares	% ^{*2}	Direct shareholdings after the Proposed Rights Issue No. of Shares	% ^{*3}	Gross proceeds raised from Undertaking RM ^{*4}
Mr. Low	59,035,652	38.64	59,035,652	100.00	118,071,304	55.74	17,710,696

Notes:-

^{*1} Based on the total issued shares as at the LPD of 152,785,770 Adventa Shares

^{*2} Based on 59,035,652 Rights Shares available for subscription under the Minimum Scenario

^{*3} Based on the enlarged total issued shares of 211,821,422 Adventa Shares after the Proposed Rights Issue

^{*4} Computed based on the illustrative issue price of RM0.30 per Rights Share

After Excess Take-Up scenario (strictly for information purpose)

Undertaking Shareholder	Direct shareholdings as at the LPD No. of Shares	% ^{*1}	Rights Shares to be subscribed under the Undertaking and Excess Take- Up No. of Shares	% ^{*2}	Direct shareholdings after the Proposed Rights Issue No. of Shares	% ^{*3}	Gross proceeds raised from Undertaking and Excess Take-Up RM ^{*4}
Mr. Low	59,035,652	38.64	109,035,652	100.00	168,071,304	62.87	32,710,696

Notes:-

^{*1} Based on the total issued shares as at the LPD of 152,785,770 Adventa Shares

^{*2} Based on 59,035,652 Rights Shares available for subscription under the Minimum Scenario and assuming Excess Take-Up of 50,000,000 Rights Shares

^{*3} Based on the enlarged total issued shares of 267,332,382 Adventa Shares after the Proposed Rights Issue and after assuming Excess Take-Up scenario

^{*4} Computed based on the illustrative issue price of RM0.30 per Rights Share

As the Proposed Rights Issue will be undertaken on the Minimum Subscription Level, the Company does not intend to procure any underwriting arrangement for the remaining Rights Shares not taken up by other Entitled Shareholders and/ or their renouncee(s). The Undertaking Shareholder has confirmed that he has sufficient financial resources to fulfil his Undertaking and such confirmation has been verified by UOBKH, being the adviser for the Proposed Rights Issue.

The public shareholding spread of the Company is not expected to fall below the minimum public shareholding spread of 25% pursuant to Paragraph 8.02(1) of the Listing Requirements pursuant to the implementation of the Proposed Rights Issue under the Minimum Scenario, as illustrated in the following table:-

	I			II		
	After the Proposed Rights Issue pursuant to the Undertaking			After I and the Proposed Rights Issue pursuant to the Excess Take-Up		
	No. of Shares	%	No. of Shares	No. of Shares	%	%
Share capital	152,785,770	100.00	211,821,422	267,332,382	100.00	100.00
Less: Directors'/ substantial associates' shareholdings	65,046,612	42.57	124,082,264	179,593,224	58.58	67.18
Public shareholdings	87,739,158	57.43	87,739,158	87,739,158	41.42	32.82

For information, the effects under the Maximum Scenario are not illustrated hereinabove as the Proposed Rights Issue under this scenario will not have any effect on the percentage of the shareholders' shareholdings pursuant to the Proposed Rights Issue, as the Rights Shares are assumed to be fully subscribed by all the Entitled Shareholders on a pro-rata basis.

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2.6 MGO implication

As at the LPD, Mr. Low and the following PAC hold the following direct interests in Adventa:-

	No. of Shares	%
Mr. Low	59,035,652	38.64
Low Lea Kwan (PAC)	5,510,960	3.61
	64,546,612	42.25

The pro forma shareholdings of Mr. Low and PAC pursuant to the Minimum Scenario and Excess Take-Up scenario are illustrated as follow:-

	As at LPD		I After the Proposed Rights Issue pursuant to the Undertaking		II After I and the Proposed Rights Issue pursuant to the Excess Take-Up	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Low	59,035,652	38.64	118,071,304	55.74	168,071,304	62.87
Low Lea Kwan (PAC)	5,510,960	3.61	5,510,960	2.60	11,021,920	4.12
	64,546,612	42.25	123,582,264	58.34	179,093,224	66.99

For information, the effects under the Maximum Scenario are not illustrated hereinabove as the Proposed Rights Issue under this scenario will not have any effect on the percentage of the shareholders' shareholdings pursuant to the Proposed Rights Issue, as the Rights Shares are assumed to be fully subscribed by all the Entitled Shareholders on a pro-rata basis.

Pursuant to the Proposed Rights Issue, the shareholdings of Mr. Low and/ or PAC in Adventa may increase by 2% or more, such as in the event of any the following scenarios:-

- assuming the Minimum Scenario and that only Mr. Low subscribes for his Undertaking and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, the shareholdings of Mr. Low in Adventa may increase from 38.64% to 55.74% upon the Proposed Rights Issue. If inclusive of the PAC, the collective shareholdings of Mr. Low and PAC in Adventa may further increase to 58.34% upon the Proposed Rights Issue; or
- assuming the Minimum Scenario, Excess Take-Up scenario, the subscription of Rights Shares entitlement by the PAC and that only Mr. Low subscribe for his Undertaking as well as up to 50,000,000 excess Rights Shares and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, the shareholdings of Mr. Low in Adventa may increase from 38.64% to 62.87% upon the Proposed Rights Issue. If inclusive of the PAC, the collective shareholdings of Mr. Low and PAC in Adventa may further increase to 66.99% upon the Proposed Rights Issue.

Please take note that the actual shareholding percentages may vary depending on the actual number of Rights Shares to be subscribed by the Entitled Shareholders and/ or their renounee(s).

Notwithstanding this, the scenarios above is to illustrate the potential outcome which may give rise to MGO implication. Given that the shareholdings of Mr. Low; and Mr. Low and PAC in Adventa may potentially increase by 2% or more pursuant to the Proposed Rights Issue, Mr. Low and PAC may trigger the obligation to undertake the MGO pursuant to subsection 218(3) of the CMSA read together with paragraph 15(2) of the Code and subparagraph 4.01(b) of the Rules.

However, it is not the intention of Mr. Low and PAC to undertake the MGO as a result of the Company undertaking the Proposed Rights Issue. In this regard, Mr. Low will seek an exemption from the SC to relieve Mr. Low and PAC from the obligation to undertake the MGO pursuant to the Proposed Rights Issue, of which further details of the Proposed Exemption are set out in **Section 3**, Part A of this Circular.

2.7 Utilisation of proceeds

Based on the illustrative issue price of RM0.30, the gross proceeds to be raised from the Proposed Rights Issue will be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation from completion of the Proposed Rights Issue	Minimum Scenario		Maximum Scenario	
		RM'000	%	RM'000	%
Business expansion ^{*1}	Within 24 months	12,000	67.8	30,000	65.5
Working capital ^{*2}	Within 18 months	5,057	28.5	8,182	17.8
Repayment of bank borrowings ^{*3}	Within 6 months	-	-	7,000	15.3
Estimated expenses ^{*4}	Upon completion	654	3.7	654	1.4
Total		17,711	100.0	45,836	100.0

Notes:-

^{*1} Adventa Group is principally engaged in the healthcare business and warehousing provider. The healthcare business represents the Group's largest revenue contributor for the recent financial years, contributing to more than 99% of the Group's revenue. The revenue breakdown of the Group for the past 3 financial years up to FYE 31 December 2022 are as follows:-

	----- Audited ----->		
	FYE 31 December 2020 RM	FYE 31 December 2021 ^a RM	FYE 31 December 2022 ^a RM
<u>Segmental revenue</u>			
Healthcare business	55,975,182	97,580,561	58,905,088
Warehousing provider	42,000	-	95,220
Revenue	56,017,182	97,580,561	59,000,308
PAT/ (LAT)	6,505,394	7,902,234	(5,141,551)

Note:-

^a These financial results have excluded discontinued operations of the renal dialysis treatment business, whereby the Group provides home dialysis products for the treatment of end stage renal disease and its related services to its customers. For the FYE 31 December 2022, the Group recorded revenue of RM59.00 million which represents a decrease of RM38.58 million or 39.54% as compared to the preceding financial year of RM97.58 million. The decrease in revenue was mainly attributable to the tightening procurement budgets for most hospitals in the public sector also resulted in many projected demand quantities not materialising. Consequently, the Group recorded a LAT of RM5.14 million for the FYE 31 December 2022 as compared to the preceding financial year PAT of RM7.90 million

In line with the expansion of the Group's healthcare business as set out in **Section 5.5**, Part A of this Circular, the proceeds earmarked for business expansion is intended to be utilised to fund the Group's construction of a manufacturing facility in Indonesia to manufacture disposable medical devices such as invasive medical devices, which includes, amongst others, cannulas, hypodermic syringes and intravenous line (IV) systems, which are the existing products distributed by Adventa through its trading and distribution business. Adventa had on 13 January 2023 announced that PT Adventa Biotech International, a subsidiary company of Adventa, had on the even date entered into a sale and purchase agreement with PT. Kawasan Industri Kendal for the acquisition of an industrial land/ plot containing an area of approximately 32,400 sq. m. and bearing a postal address Jalan Pareanom No. 11, Kawasan Ekonomi Khusus Kendal, Desa Brangsong, Kecamatan Brangsong, Kabupaten Kendal, 51371 Jawa Tengah, Indonesia, for a total purchase consideration of Rp45,036,000,000.00 or approximately RM13,060,440.00 ("**Acquisition**") and is expected to be completed by September 2023. For information purposes, the purchase consideration of Rp45,036,000,000.00 for the Acquisition will be funded via a combination of internally generated funds and bank borrowings. As at the LPD, the Company has paid Rp40,532,400,000.00 of the purchase consideration and the remaining of Rp4,503,600,000.00 will be paid by September 2023.

The Land has been earmarked for a manufacturing facility to be erected upon. To-date, the Group has appointed a project consultant to facilitate the conceptual planning of the building plan design and architectural layout, as well as in the midst of surveying quotations from contractors to undertake the construction scope of works including building and infrastructure.

Based on management discussion with its consultant/ contractor at this juncture, the total estimated all-in construction cost for the manufacturing facility (including purchase, installation and commissioning of plant and machinery) is envisaged to amount to approximately RM30.00 million, further details as set out below:-

Estimated total construction cost		RM'000
(a)	Building and infrastructure works	24,000
	Mainly comprise a production block, warehouse, sterilisation complex and an office-administration block, with an estimated built up area of approximately 14,000 sq. m. This cost is inclusive of incidental expenses to be incurred with the building and infrastructure works such as professional consultancy fees for project planning, submission fees to authorities, as well as contingency costs to cater for fluctuations in construction material costs, overtime costs, and/ or costs due to variation in building plan design and architectural layout, civil, structural and mechanical and electrical works	
(b)	Purchase, installation and commissioning of 6 production lines including plant and machinery	5,600
	Mainly comprise the plastic injection lines, parts processing, assemble and packing machines, most of which are automated for efficiency as well as auxiliary machinery which includes compressors, chillers and sterilization equipment. For information, the plant (with 6 production lines) is targeted to generate a production capacity of approximately 300 million units of medical device products per annum	
(c)	Others	400
	Mainly comprise utilities and office equipment, furniture and fittings	
Total		30,000

The aforesaid construction cost is expected to be funded via a combination of proceeds raised from the Proposed Rights Issue and/ or bank borrowings, the breakdown of which have not been determined at this juncture. For information purposes, depending on the timing of Proposed Rights Issue implementation vis-à-vis the construction take-off, Adventa may first procure bank borrowings to fund the construction and/ or purchase of plant and machinery, and that the proceeds raised from the Proposed Rights Issue will accordingly be used to repay such bank borrowings. For information purposes, as at the LPD, Adventa had incurred approximately Rp2,444,200,000 for the soil investigation, installation of earth filling and the appointment of the consultant in relation to the construction of the manufacturing facility.

The construction is envisaged to commence during the fourth quarter of 2023, subject to expected finalisation of development plan approvals from all relevant authorities. The main authority approvals required for the construction of manufacturing facility includes the following:-

Key approvals required

Indicative timeframe

Approval for the building permit (Persetujuan Bangunan Gedung) from the central government of Indonesia

The building permit is expected to be submitted by end August 2023 and the approval is expected to be obtained by the fourth quarter of 2023

Approval for the environmental management plan (Rencana Pengelolaan Lingkungan Hidup) and environmental monitoring plan (Rencana Pemantauan Lingkungan Hidup) from the National Council for Special Economic Zones

The application is expected to be submitted by third quarter of 2023 and the approval is expected to be obtained by fourth quarter 2023

Barring any unforeseen circumstances, the construction of the manufacturing facility (including installation and commissioning of the entire 6 production lines) is expected to be completed by second half of 2024. Thereafter, the Group will apply for the Indonesian Certificate of Occupancy (Sertifikat Laik Fungsi) to certify the building being fit for occupation. Upon such certificate of occupancy being obtained, the Group expects to commence its manufacturing operations in 2024.

²

The proceeds earmarked for working capital is intended to be utilised to fund the Group's working capital requirements for existing and future business operations, the indicative breakdown of which is as follows:-

Working capital requirements	Notes	Indicative percentage allocation (%)
Purchase of inventories	(a)	60.0
Operating costs	(b)	40.0
Total		100.0

Notes:-

- a. The Group has earmarked 60% of the proceeds to be raised for working capital of the Group for the purchase of inventories for the healthcare distribution business, which may include, amongst others, surgical instruments, devices, gloves, wound care management products, urology products, disposable protective products and non-woven products; and
- b. The Group has earmarked 40% of the proceeds to be raised for working capital of the Group for the operating costs, which includes, but not limited to, payments to trade and non-trade creditors, rental, utilities, insurance, lease payment, corporate/ statutory, finance costs, repayment of scheduled bank borrowings and/ or trade related facilities and professional and consultancy fees and personnel expenses (i.e. salaries, sales commission and related cost).

The actual breakdown for the utilisation for working capital is subject to the Group's operational requirements at the time of utilisation and as such can only be determined at a later stage. Accordingly, the Board shall have the discretion to allocate funds for the Group's working capital, depending on the actual working capital requirements at the time of utilisation.

³

As at the LPD, the total borrowings of Adventa Group (comprising of term loans, trade loans and hire purchases) was RM8.25 million. In an effort to reduce the gearing level and financing costs, the Group intends to partially repay its term loans amounting to RM7.59 million. The Group had incurred such bank borrowings, to mainly finance the working capital requirements of the distribution business and for the partial payment of acquiring the Land. The proceeds for the partial repayment of borrowings to be utilised and the potential interest savings from the repayment are set out below:-

Type of facility	Amount outstanding as at the LPD RM'000	Effective interest rate %	Proposed allocation of proceeds RM'000	Estimated yearly interest cost savings arising from the repayment RM'000
Term loans	7,591	8.25	7,000	577

⁴ *The proceeds earmarked for estimated expenses in relation to the Proposals will be utilised as set out below:-*

	RM'000
<i>Professional fees</i>	518
<i>Regulatory fees</i>	66
<i>Other incidental expenses in relation to the Proposals</i>	70
Total	654

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be for working capital.

The actual gross proceeds to be raised from the Proposed Rights Issue is dependent on the final issue price and the number of Rights Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for the working capital of the Group.

Pending the utilisation of proceeds from the Proposed Rights Issue for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used as the working capital of the Group.

2.8 Other equity fund raising exercises in the past 12 months

The Company has not undertaken any other equity fund raising exercises in the 12 months prior to the date of this Circular.

2.9 Foreign Entitled Shareholders

An abridged prospectus together with its accompanying documents or any other documents to be issued in connection with the Proposed Rights Issue are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue will not be offered for subscription in any countries or jurisdictions other than Malaysia. The abridged prospectus together with its accompanying documents or any other documents relating to the Proposed Rights Issue will only be sent to the Entitled Shareholders who have a registered address or an address for service of documents in Malaysia as registered in the Record of Depositors on the Entitlement Date and will not be sent to Foreign Entitled Shareholders as at the Entitlement Date.

Foreign Entitled Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers to effect the change of address prior to the Entitlement Date.

Alternatively, such Foreign Entitled Shareholders may collect the abridged prospectus from the Company's share registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

The Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in the Company's Record of Depositors as at the Entitlement Date and will not accept or deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign Entitled Shareholders may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so and the Company and/ or any of its advisers would not, in connection with the Proposed Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders may be subject to.

Foreign Entitled Shareholders will be responsible for payment of any issue or transfer fees or costs, and any taxes or requisite payments due in such jurisdiction and the Company shall be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such persons may be required to pay. They will have no claims whatsoever against the Company, its share registrar and/ or any of its advisers in respect of their rights or entitlements under the Proposed Rights Issue. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue.

The Foreign Entitled Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by the applicants in the Proposed Rights Issue shall be on the basis of a warranty by the applicants that they are allowed to do so lawfully without the Company and/ or the advisers being in breach of the laws of any jurisdiction.

Neither the Company nor any of its advisers to the Proposed Rights Issue shall accept any responsibility or liability in the event that any acceptance by a Foreign Entitled Shareholder of his/ her rights in respect of the Proposed Rights Issue is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign Entitled Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject, will have no claims whatsoever against the Company and/ or any of its advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue.

The Company reserves the right in its absolute discretion to treat any subscription of the Rights Shares as being invalid if it believes or has reason to believe that such subscription for the Rights Shares may violate applicable legal or regulatory requirements.

3. PROPOSED EXEMPTION

Subsection 218(3) of the CMSA read together with paragraph 15(2) of the Code and subparagraph 4.01(b) of the Rules stipulates that *unless otherwise exempted by the SC, a mandatory offer shall apply to an acquirer in a situation whereby the acquirer has triggered the creeping threshold, which refers to an acquisition of more than 2% of the voting shares or voting rights of a company in any period of six months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company.*

As at the LPD, Mr. Low and PAC hold the following direct interests in Adventa:-

	No. of Shares	%
Mr. Low	59,035,652	38.64
Low Lea Kwan (PAC)	5,510,960	3.61
	64,546,612	42.25

As set out in **Section 2.6**, Part A of this Circular, by virtue of the Company undertaking the Proposed Rights Issue, the shareholdings of Mr. Low and/ or PAC in Adventa may increase by 2% or more, such as in the event of any the following scenarios:-

- assuming the Minimum Scenario and that only Mr. Low subscribes for his Undertaking and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, the shareholdings of Mr. Low in Adventa may increase from 38.64% to 55.74% upon the Proposed Rights Issue. If inclusive of the PAC, the collective shareholdings of Mr. Low and PAC in Adventa may further increase to 58.34% upon the Proposed Rights Issue; or

- assuming the Minimum Scenario, Excess Take-up scenario, the subscription of Rights Shares entitlement by the PAC and that only Mr. Low subscribe for his Undertaking as well as up to 50,000,000 excess Rights Shares and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, the shareholdings of Mr. Low in Adventa may increase from 38.64% to 62.87% upon the Proposed Rights Issue. If inclusive of the PAC, the collective shareholdings of Mr. Low and PAC in Adventa may further increase to 66.99% upon the Proposed Rights Issue.

Given that the shareholdings of Mr. Low and PAC in Adventa may potentially increase by 2% or more pursuant to the Proposed Rights Issue, Mr. Low; and Mr. Low and PAC may trigger the obligation to undertake the MGO pursuant to subsection 218(3) of the CMSA read together with paragraph 15(2) of the Code and subparagraph 4.01(b) of the Rules.

However, it is not the intention of Mr. Low and PAC to undertake the MGO as a result of the Company undertaking the Proposed Rights Issue. In this regard, Mr. Low will seek an exemption under subparagraph 4.08(1)(b) of the Rules to relieve Mr. Low and PAC from the obligation to undertake the MGO for the remaining Adventa Shares not already held by them, pursuant to the Proposed Rights Issue. The Proposed Exemption shall only be sought from the SC, after the Company having obtained the approval from its Non-Interested Shareholders, by way of poll, at a general meeting to be convened.

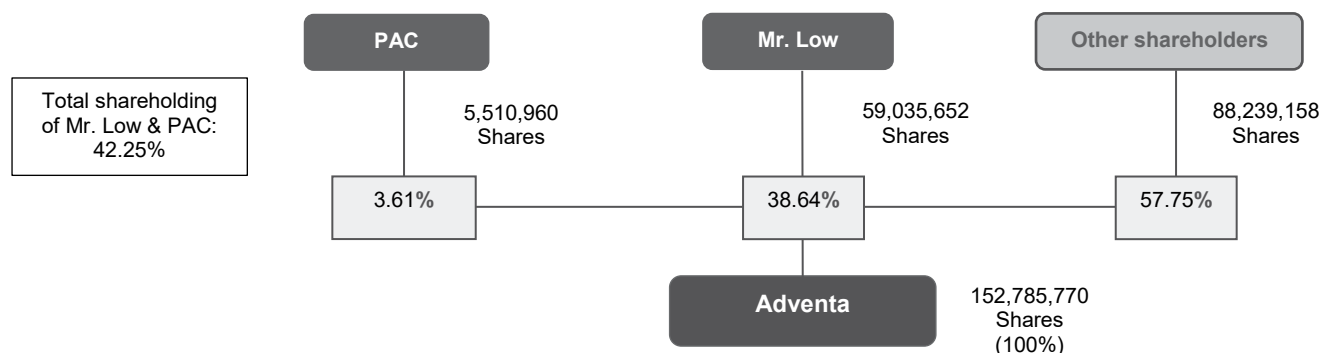
In the event the Proposed Exemption is not approved by the Non-Interested Shareholders and/or SC, the Proposed Rights Issue will not be implemented as the Proposed Exemption and the Proposed Rights Issue are inter-conditional.

3.1 Maximum potential holdings of Mr. Low and PAC pursuant to the Proposed Rights Issue

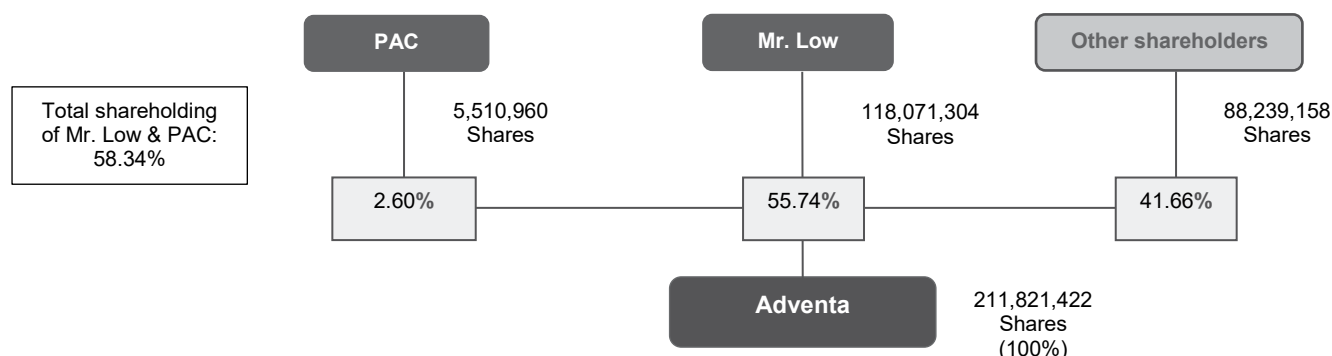
The shareholding structure of Adventa illustrating the maximum potential holdings of Mr. Low and PAC before and after the Proposed Rights Issue based on direct shareholdings as at the LPD is set out in the following diagrams:-

Minimum Scenario

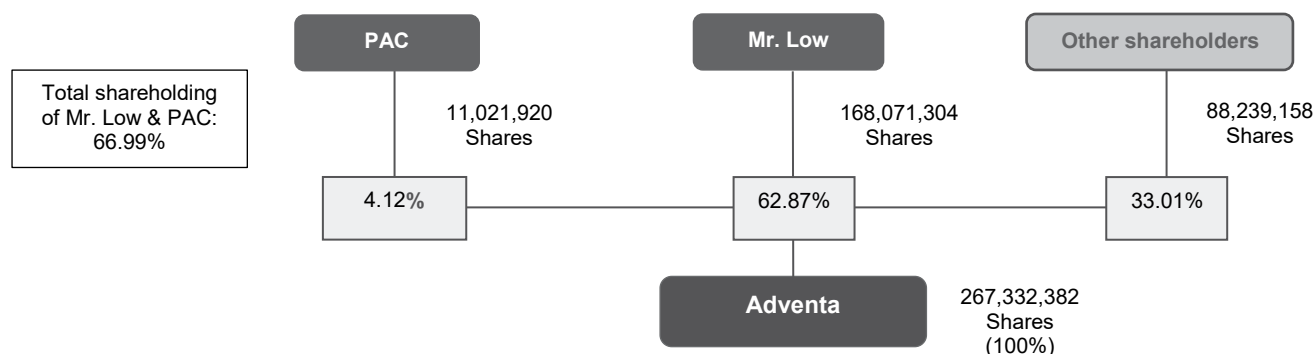
a. Before the Proposed Rights Issue



b. Upon subscription of the Rights Shares pursuant to the Undertaking

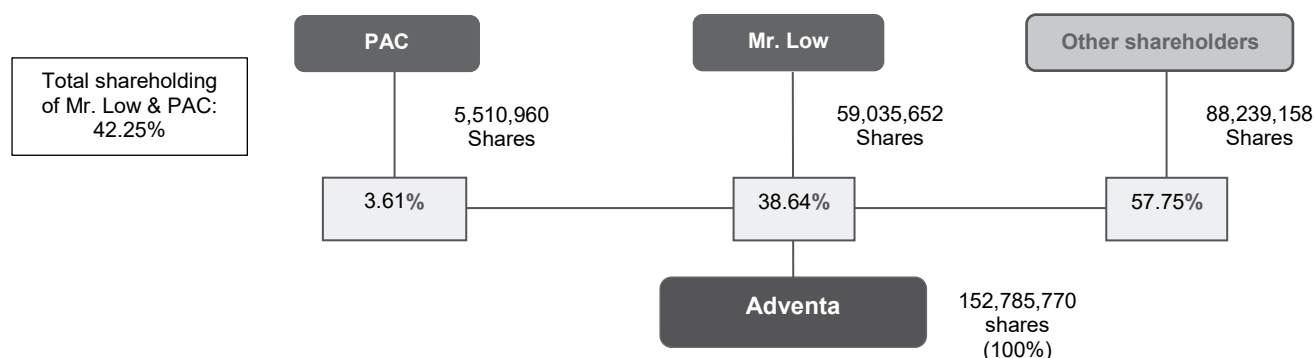


- c. Upon subscription of the Rights Shares pursuant to the Undertaking and after the Take-Up Excess scenario (i.e. assuming 50,000,000 excess Rights Shares subscribed by Mr. Low via excess application and also assuming the subscription of Rights Shares entitlement by the PAC)

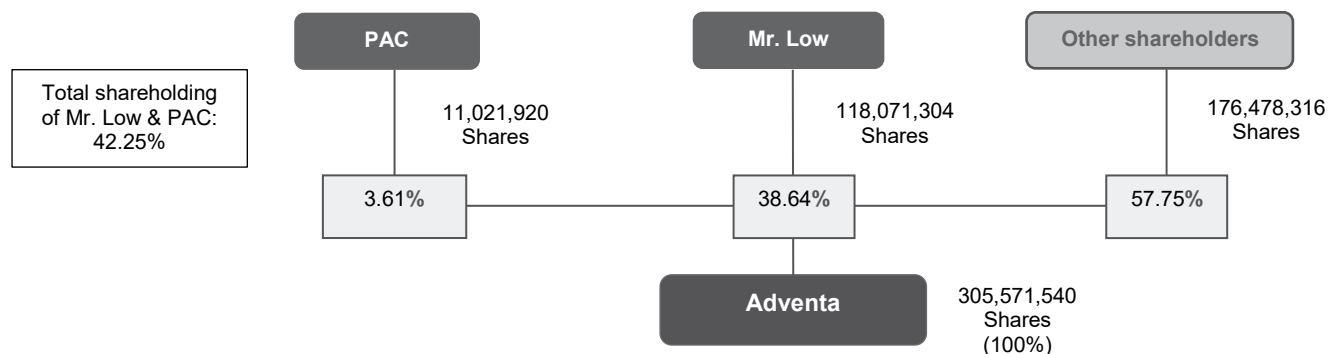


Maximum Scenario

- a. Before the Proposed Rights Issue



- b. Upon subscription of the Rights Shares (i.e. full subscription by all Entitled Shareholders)



3.2 Dealings in Shares by Mr. Low and PAC

Mr. Low and PAC have declared and confirmed that they have not acquired any direct or indirect interest in the voting shares or voting rights in Adventa during the past 6 months prior to the announcement in relation to the Proposals.

4. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

4.1 Proposed Rights Issue

The Board is of the view that the Proposed Rights Issue is the most appropriate avenue to raise the necessary funding for the Group as set out in **Section 2.7**, Part A of this Circular after taking into consideration the following:-

- i. the Proposed Rights Issue will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility, as illustrated in **Section 6.2**, Part A of this Circular;
- ii. the Proposed Rights Issue will help position the Group on a better financial footing to expand its business in the future, in tandem with its strategy to further enhance its profitability;
- iii. the Proposed Rights Issue will enable the issuance of new Adventa Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue;
- iv. as compared to a private placement which entails specific issuance of Shares on a non pro-rata basis resulting in a dilution in shareholders' shareholdings, the Proposed Rights Issue will provide all Entitled Shareholders with an opportunity to further participate in the prospects and future growth of the Group on a pro-rata basis; and
- v. the Proposed Rights Issue will enable the Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.

4.2 Proposed Exemption

The Proposed Exemption will relieve Mr. Low and PAC from the obligation to undertake the MGO upon the completion of the Proposed Rights Issue, as it is not their intention to undertake the MGO as a result of the Company undertaking the Proposed Rights Issue.

In addition, as the Proposed Rights Issue is being undertaken on a Minimum Subscription Level pursuant to the Undertaking and that it is also inter-conditional with the Proposed Exemption, the Proposed Exemption will thereby ensure that the Proposed Rights Issue can be successfully undertaken to raise the minimum level of funds required to achieve the fundraising objective of the Group.

5. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF THE GROUP

5.1 Overview and outlook of the Malaysian economy

The global gross domestic product ("GDP") growth in 2022 moderated to 3.4% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies (EMDEs). Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5% - 7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism. Subsequently, encouraging expansion in all economic sectors primarily the services and manufacturing have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia's major trading partners.

In 2023, global growth is expected to further soften at 2.9% on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies. Meanwhile, Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021 – 2025 (12MP). However, a slowdown in external demand is expected to moderate exports growth, particularly in the electrical and electronic (E&E) products and major commodities.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia's performance. Overall, the nation's GDP is forecast to grow approximately 4.5% in 2023.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance of Malaysia)

5.2 Overview and outlook of the healthcare industry in Malaysia

The services sector grew by 10.9% in 2022, mainly supported by the wholesale and retail trade; transportation and storage; as well as real estate and business services subsectors. The performance was attributed to the upswing in tourism-related activities following the reopening of international borders, increased consumer spending, higher adoption of digitalisation across all sectors as well as improved demand for professional services.

The other services subsector rebounded by 9.2% following improvement in private education and health segments in line with high enrolments in private colleges and universities along with a strong demand for private healthcare services. The rebound was also supported by the recovery in sports and recreational activities as the country transitions into normalcy. Meanwhile, the government services subsector grew by 4.7%.

The other services subsector is projected to expand backed by private health and education segments. The extensive efforts by the Malaysia Healthcare Travel Council (MHTC) in international forums to promote quality, accessible and affordable healthcare services as well as the reopening of the borders will spur the private health segment. In this regard, MHTC estimates healthcare tourism revenue to increase by 30% to more than RM1.5 billion in 2023. Likewise, the private education segment is forecast to remain favourable in line with the encouraging number of foreign students following the competitive education fees offered by private education institutions. Meanwhile, the government services subsector is expected to further grow in 2023.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance of Malaysia)

The medical devices industry is poised for growth and development in Malaysia, well supported by an environment that promotes manufacturing and investment, and a healthcare system that is mature and globally recognised. Notably, Malaysia's healthcare system has been lauded by the World Health Organisation (WHO) as a sustainable model which is accessible and affordable by all, served by both the public and private sectors. The Government continues to prioritise national health and wellbeing as it has been laid out as one of the three main themes of the Twelfth Malaysia Plan (12MP) 2021-2025 and will undertake a medium-to long-term reform of its healthcare sector while gradually aiming to increase healthcare spending every year towards maintaining a world-class healthcare system.

A manufacturing base in Malaysia offers the perfect opportunity to tap into the burgeoning Asia Pacific healthcare market. It is predicted that over 60 per cent of the world's population will be living in Asia by 2030 with one in four people over the age of 60 or older. As more emphasis is placed on healthcare and wellness, driven by the needs of an ageing population and unexpected situations like the COVID-19 pandemic, demand for medical devices and consumables is always on the rise.

Consumables such as syringes, test kits, rubber gloves, and personal protective equipment (PPE) increased tremendously during the years of the pandemic. Many elective surgeries which had been postponed during the height of the pandemic are now being rescheduled, which will re-stimulate the demand. The shift to home care using more portable medical devices is also another factor that will increase the demand for medical equipment.

(Source: Malaysia's Medical Devices Industry: Immense Growth Potential, Malaysian Investment Development Authority (MIDA))

5.3 Overview and outlook of the healthcare industry in Indonesia

Healthcare is a priority on Indonesia's national agenda, and the central and regional governments continue to build and upgrade healthcare facilities. Indonesia currently has 2,925 hospitals, with around 63 percent being privately managed. According to Indonesia's Statistic Bureau, as of 2020, there are 10,205 public Health Community Centers (PUSKESMAS) that provide comprehensive primary healthcare and vaccinations.

Although the Indonesian government has implemented local content requirements and import tariffs, Indonesia continues to rely on imported innovative medical devices. An increase in public awareness about the importance of healthcare, the expansion of public and private hospitals, and the implementation of Indonesia's public health insurance system known as "BPJS-Kesehatan" (Jaminan Kesehatan Nasional, or JKN) in 2014, have led to an increased demand for more sophisticated and modern medical devices. Per February 2022, the membership coverage has reached 236.8 million people, or around 86% of the total population in Indonesia.

In 2020, the Indonesian government began a process of promoting the consolidation of state-owned public hospitals in order to increase operational efficiency and quality of care through standardization. PT Pertamina Bina Medika, also known as Pertamedika IHC (Indonesia Health Corp), is the holding entity for state-owned hospitals and ranks as the second-largest hospital group in Indonesia with more than 6,500 hospital beds after their planned merger with other state-owned hospital companies in December.

Indonesia relies heavily on imported medical equipment and supplies to meet local demand. Hospital and medical trade shows are good places to search for potential local partners in Indonesia. The association of medical device importers, Gakeslab Indonesia, is also a valuable resource for firms looking for experienced local partners. In Indonesia, medical buyers prefer high-quality products but are also highly price sensitive.

(Source: Indonesia - Healthcare (Medical Devices & Equipment), International Trade Administration)

5.4 Overview and outlook of the manufacturing industry in Indonesia

Improvements in the national economy were seen in the majority of business fields and in all regions, predominantly attributed to several sectors, especially manufacturing, transportation and warehousing, as well as wholesale and retail trade. Geographically, economic improvements were seen across Indonesia, with the highest growth in the Sulampua region, followed by Jawa, Sumatra, Kalimantan and Balinusra. Stronger growth in the Sulampua, Kalimantan and Sumatra regions was supported by solid exports. Meanwhile, in most other regions, especially Jawa and Balinusra, economic performance was driven by improvements in domestic demand in line with the people's greater mobility. The surplus in the goods trade balance increased in line with the better exports performance, owing to a surge in commodity prices due to the Russia-Ukraine war and strong demand from trading partner countries for Indonesia's manufacturing and mining products.

Business fields related to domestic demand and mobility are expected to follow-up with strong growth in 2022. Improvements were seen mainly in export-led sectors, such as manufacturing industry, while sectors related to domestic demand, such as construction, trade and infocomm, are expected to have a downward bias from previous estimates due to the impact of fuel price hikes and higher interest rates. The performance of the manufacturing industry is expected to have improved in the fourth quarter of 2022, supported by stronger performance of export-oriented industries, such as base metals.

(Source: Economic Report on Indonesia 2022, Bank Indonesia)

The latest Prompt Manufacturing Index-Bank Indonesia (PMI-BI) reading in the second quarter of 2023 indicates increasing manufacturing industry performance, remaining in expansionary territory, as reflected by a higher PMI-BI of 52.39% compared to 50.75% in the previous period. Increases were recorded across all PMI-BI components, particularly production volume, order volume and inventory, which maintained expansionary phases with index readings above 50. Most manufacturing subsectors recorded gains, led by the leather, leather products and footwear industry, followed by the machinery and equipment industry, non-metallic mineral products industry as well as the chemicals, pharmaceuticals and traditional medicaments industry.

Survey respondents forecast manufacturing industry performance to continue improving in the third quarter of 2023, with the PMI-BI increasing to 53.53% from 52.39% in the previous period. Respondents predict nearly all PMI-BI components to increase and occupy expansionary territory, particularly production volume, followed by supplier delivery times and inventory.

(Source: Prompt Manufacturing Index, Quarter 2 – 2023, Bank Indonesia)

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5.5 Future prospects of the Group

Adventa Group is principally engaged in the healthcare business and warehousing provider. The healthcare business represents the Group's largest revenue contributor for the recent financial years, contributing to more than 99% of the Group's revenue. Within this sector, it is involved in the distribution of medical and healthcare equipment, appliances, and medical disposal products.

Currently, the Group distributes hospital disposable supplies such as surgical instruments, airway management, wound care management, fluid suction management, personal protective apparels, IV therapy & vascular access, urology & drainage, diagnostics, gloves and incontinences product. As part of the Board's strategy to expand the healthcare business, the Group had on 13 January 2023 announced the acquisition of the Land in Jawa Tengah, Indonesia for the purpose of setting-up a manufacturing facility for the medical equipment industry targeting the Asian region particularly in Malaysia, Sri Lanka and Indonesia. For clarification purposes, the aforementioned manufacturing facility is the first manufacturing factory that the Board intended to construct for its business and that the Group does not have any existing manufacturing facility as at the LPD.

By having the manufacturing facility in place, Adventa Group will be able to vertically integrate its supply chain through the streamlining of its manufacturing operation to support its distribution model of healthcare and medical products. This accords the Group a more seamless control and management oversight over the quality of its products, production cost and also delivery lead time, as compared to entirely relying on external suppliers for inventory.

On the decision on having its manufacturing footprint in Indonesia, the Board has taken into consideration amongst others, the strategic distribution location in the central Jawa (Indonesia), access to a vast pool of manpower resources as well as relatively lower-cost operational structure. In its deliberation with regards to the making of the Group's planned investment in Indonesia, the Board has also considered certain barriers to entry associated therewith, particularly regulatory challenge, infrastructure constraints (i.e. logistic, port access) and competition. The Board opines that these challenges remain manageable and can be mitigated to an extent in view that there are competitive aspects which can augur well with the Group's long-term business trajectory if executed successfully, such as the following:-

(i) Strategic geographical location

Jawa's central location within Indonesia offers strategic advantage for distribution and export. Being connected by air, sea and land transportation, it can serve as a hub to reach not only the vast Indonesia market but also neighbouring countries in the Asian region.

(ii) Emerging market potential and manpower availability

The Group is able to tap into the emerging Indonesian market which caters to a large growing population, increasing urbanisation and rising middle class, which brings about vast pool of manpower availability as well as sustained demand for healthcare and medical device sector in line with the rising public healthcare awareness.

(iii) Diverse product range

In marking its foray into the manufacturing in Indonesia, the Group will first aim to manufacture a diverse range of disposal medical devices such as invasive medical devices, which includes, amongst others, cannulas, hypodermic syringes and intravenous line (IV) systems. Having such a diverse product range allows the Group to achieve a competitive advantage over other manufacturers who rely on single or specific product segment, as the Group will be able to cater to the varied needs of healthcare operators and patient demographics, in addition to enhancing its chances of engaging with a broader range of customers and generating more cross-selling opportunities over time once customer relationship is established, as well as that the impact of any downturn in a specific product segment can be mitigated (such as in the case of rubber gloves overcapacity in 2022/2023).

Adventa has made sustainable businesses linked to the healthcare system as one of its core focus sectors. With the prevailing trend of moving away from globalised procurement systems towards risk-averse and self-sufficiency policies in many countries, the Company thus sees an opportunity to viably operate a manufacturing centre in central Jawa (Indonesia) to cater for domestic, regional and intercontinental exports. This is seen as an inevitable step for the Group to move up the value chain of its primary trading and distribution business to manufacturing its own products, and thereby securing its long-term business prospects.

Based on the latest audited financial statement for the FYE 31 December 2022, the cash and bank balances of the Group stood at approximately RM8.20 million. The Group has undertaken the Proposed Rights Issue with the main objective of funding its construction of the said manufacturing facility in Indonesia. The said facility shall comprise 6 production lines which are envisaged to generate a production capacity of approximately 300 million units of medical device products per annum. With regards to the future contribution to the Group's production, revenue and profitability to be derived from its facility in Indonesia, the management of Adventa is unable to provide a reasonable estimate of such expected contribution at this material point in time, as this would depend on a number of variables such as size of the volume or value of order secured, competition risk, and change in economic, social, political and regulatory developments applicable to healthcare and medical segment. Nevertheless, for a start, the Group intends to leverage on its close working relationship with its customer base to establish business development opportunities and generate sales lead for its product output from the Indonesian plant.

Further, to support the development of the healthcare business of the Group, it will from time to time require more funding for its existing and future business operations. As such, the Board has earmarked up to approximately up to RM8.18 million of the proceeds from the Proposed Rights Issue to fund its working capital requirements accordingly. Premised on the above, and in line with the Group's objective to improve its overall financial performance moving forward, the Proposed Rights Issue will allow the Group to raise funds on an expeditious manner to improve the market share of its products and will be able to generate positive returns upon completion of the construction of the manufacturing facility coupled with the interest cost savings upon the repayment of bank borrowings.

Barring any unforeseen circumstances, after having considered all the relevant aspects including the current business operations, the abovementioned prospects and the healthcare industry outlook, the Proposed Rights Issue is expected to place the Group in a better financial footing moving forward as well as deliver greater value to the shareholders of the Company and potentially generate positive returns to the Group which in turn be adequate to turnaround the financial condition of the Group as well as to grow and further improve the financial performance of the Group moving forward.

6. EFFECTS OF THE PROPOSALS

The Proposed Exemption, on a standalone basis, will not have any effect on the issued share capital of the Company, NA, NA per Share, gearing, earnings and EPS of the Group, and the substantial shareholders' shareholdings in the Company. For shareholders' information, the Proposed Exemption is necessary as the Proposed Rights Issue and Proposed Exemption are inter-conditional upon each other.

The effects of the Proposed Rights Issue on the issued share capital of the Company, NA, NA per Share, gearing, earnings and EPS of the Group, and the substantial shareholders' shareholdings in the Company are as follows:-

6.1 Issued Share capital

The pro forma effects of the Proposed Rights Issue on the issued share capital of Adventa are set out as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	152,785,770	57,680,204	152,785,770	57,680,204
Rights Shares to be issued pursuant to the Proposed Rights Issue	59,035,652	17,710,696 ^{*1}	152,785,770	45,835,731 ^{*1}
After the Excess Take-Up ^{*2}	55,510,960	16,653,288	-	-
Enlarged issued share capital	267,332,382	92,044,188	305,571,540	103,515,935

Notes:-

^{*1} Computed based on the illustrative issue price of RM0.30 per Rights Share

^{*2} Strictly for information purpose

6.2 NA per Share and gearing ratio

Based on the latest audited consolidated statements of financial position of the Group as at latest audited FYE 31 December 2022, the pro forma effects of the Proposed Rights Issue on the NA per Share and gearing ratio of the Group are set out as follows:-

Minimum Scenario

	Audited as at 31 December 2022 RM'000	I After the Proposed Rights Issue ^{*2} RM'000	II After I and the Excess Take- Up ^{*4} RM'000
Share capital	57,680	75,391	92,044
Retained earnings	5,457	4,803 ^{*3}	4,803
Foreign currency translation reserve	(154)	(154)	(154)
Shareholders' fund/ NA	62,983	80,040	96,693
Non-controlling interest	(13)	(13)	(13)
Total equity	62,970	80,027	96,680
No. of Shares in issue ('000)	152,786	211,821	267,332
NA per Share (RM)	0.41	0.38	0.36
Total borrowings (RM'000)	8,254 ^{*1}	8,254	8,254
Gearing ratio (times)	0.13	0.10	0.09

Notes:-

- ^{*1} For the avoidance of doubt, based on the latest audited FYE 31 December 2022, the total borrowings of the Group was RM0.61 million. However for illustration purposes, the total borrowings as at the LPD was RM8.25 million
- ^{*2} Computed based on the subscription of 59,035,652 Rights Shares at the illustrative issue price of RM0.30 per Rights Share pursuant to the Proposed Rights Issue
- ^{*3} After deducting the estimated expenses of approximately RM0.65 million in relation to the Proposals
- ^{*4} Strictly for information purpose

Maximum Scenario

	Audited as at 31 December 2022 RM'000	After the Proposed Rights Issue ^{*2} RM'000
Share capital	57,680	103,516
Retained earnings	5,457	4,803 ^{*3}
Foreign currency translation reserve	(154)	(154)
Shareholders' fund/ NA	62,983	108,165
Non-controlling interest	(13)	(13)
Total equity	62,970	108,152
No. of Shares in issue ('000)	152,786	305,572
NA per Share (RM)	0.41	0.35
Total borrowings (RM'000)	8,254 ^{*1}	1,254 ^{*4}
Gearing ratio (times)	0.13	0.01

Notes:-

- ^{*1} For the avoidance of doubt, based on the latest audited FYE 31 December 2022, the total borrowings of the Group was RM0.61 million. However for illustration purposes, the total borrowings as at the LPD was RM8.25 million
- ^{*2} Computed based on the subscription of 152,785,770 Rights Shares at the illustrative issue price of RM0.30 per Rights Share pursuant to the Proposed Rights Issue
- ^{*3} After deducting the estimated expenses of approximately RM0.65 million in relation to the Proposals
- ^{*4} After adjusting for the utilisation of proceeds from the Proposed Rights Issue amounting to approximately RM7.00 million for the repayment of bank borrowings

6.3 Substantial shareholders' shareholdings

For illustration purpose, the pro forma effects of the Proposed Rights Issue on the shareholdings of the substantial shareholders of Adventa are as follows:-

Minimum Scenario

	Shareholdings as at the LPD				I After the Proposed Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*2}
Low Chin Guan	59,035,652	38.64	-	-	118,071,304	55.74	-	-
	II After I and the Excess Take-Up ^{*3}							
	<-----Direct----->		<-----Indirect----->					
	No. of Shares	% ^{*3}	No. of Shares	% ^{*3}				
Low Chin Guan	168,071,304	62.87	-	-				

Notes:-

- ^{*1} Based on the total issued shares of 152,785,770 of the Company as at the LPD
- ^{*2} Based on the enlarged issued shares of 211,821,422 of the Company after the Proposed Rights Issue
- ^{*3} Based on the enlarged total issued shares of 267,332,382 Adventa Shares after the Proposed Rights Issue and after assuming Excess Take-Up scenario. Strictly for information purpose

Maximum Scenario

	Shareholdings as at the LPD				After the Proposed Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*2}
Low Chin Guan	59,035,652	38.64	-	-	118,071,304	38.64	-	-

Notes:-

- ^{*1} Based on the total issued shares of 152,785,770 of the Company as at the LPD
- ^{*2} Based on the enlarged issued shares of 305,571,540 of the Company after the Proposed Rights Issue

6.4 Earnings and EPS

The Proposed Rights Issue is not expected to have any material effect on the earnings and EPS of the Group for the FYE 31 December 2023. However, there will be a dilution in the EPS of the Group for the FYE 31 December 2023 due to the increase in the number of Shares in issue arising from the Proposed Rights Issue. Notwithstanding that, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group in the ensuing financial year(s) via the utilisation of the proceeds as set out in **Section 2.7**, Part A of this Circular.

Minimum Scenario

	Audited as at FYE 31 December 2022 RM	I After the Proposed Rights Issue RM	II After I and the Excess Take-Up ^{*2} RM
PAT/ (LAT) attributable to shareholders ^{*1}	(5,141,551)	(5,141,551)	(5,141,551)
Total number of Shares in issue (units)	152,785,770	211,821,422	267,332,382
Basic EPS/ (LPS) (sen)	(3.37)	(2.43)	(1.92)

Maximum Scenario

	Audited as at FYE 31 December 2022 RM	After the Proposed Rights Issue RM
PAT/ (LAT) attributable to shareholders ^{*1}	(5,141,551)	(5,141,551)
Total number of Shares in issue (units)	152,785,770	305,571,540
Basic EPS/ (LPS) (sen)	(3.37)	(1.68)

Notes:-

*1 Based on the latest audited consolidated financial results of Adventa for the FYE 31 December 2022

*2 Strictly for information purpose

6.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Adventa Shares as traded on Bursa Securities for the past 12 months from August 2022 to July 2023 are set out below:-

	High RM	Low RM
2022		
August	0.660	0.550
September	0.575	0.430
October	0.755	0.440
November	0.785	0.605
December	0.745	0.590
2023		
January	0.710	0.635
February	0.660	0.550
March	0.655	0.510
April	0.690	0.560
May	0.630	0.545
June	0.580	0.535
July	0.570	0.480
Last transacted market price of on the LTD		0.540
Last transacted market price on the LPD		0.470

(Source: Bloomberg)

8. APPROVALS REQUIRED/ OBTAINED

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

- i. Bursa Securities, for the listing and quotation of up to 152,785,770 Rights Shares pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities, the approval of which has been obtained vide Bursa Securities' letter dated 9 August 2023 subject to the following conditions:-

	Conditions	Status of compliance
(a)	Adventa and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue;	To be complied
(b)	Adventa and UOBKH are required to inform Bursa Securities upon the completion of the Proposed Rights Issue;	To be complied
(c)	UOBKH is required 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 is completed;	To be complied
(d)	UOBKH to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Proposed Rights Issue; and	To be complied

	Conditions	Status of compliance
	(e) Payment of outstanding additional listing fees based on the market value of the Rights Shares to be listed, if applicable. In this respect, the Company is required to furnish Bursa Securities a cheque drawn to the order of Bursa Malaysia Securities Berhad for the outstanding fees together with a copy of the details of the computation of the amount of fees payable.	To be complied
ii.	Non-Interested Shareholders of the Company for the Proposals at the forthcoming EGM; and	
iii.	the SC, for the Proposed Exemption. The application will be submitted to the SC after the Non-Interested Shareholders' approval has been obtained at the forthcoming EGM.	

The Proposed Rights Issue and Proposed Exemption are inter-conditional upon each other.

The Proposals are not conditional upon any other proposal undertaken or to be undertaken by the Company.

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

Save as disclosed below, none of the Directors, major shareholders and/ or chief executive of Adventa and/ or persons connected with them has any interest, whether direct or indirect, in the Proposals:-

- i. Mr. Low, being the Executive Director and a major shareholder of Adventa (with 38.64% direct equity interest) as well as being the applicant seeking the Proposed Exemption; and
- ii. Low Lea Kwan, a shareholder of Adventa (with 3.61% direct equity interest) as well as being the sister of Mr. Low and the PAC to which the Proposed Exemption relates to,

collectively, the **"Interested Parties"**.

In view of the above, the Interested Parties are deemed interested in the Proposed Exemption. As the Proposed Rights Issue and Proposed Exemption are inter-conditional upon each other, the Interested Parties are therefore also deemed to be interested in the Proposed Rights Issue.

As such, the Interested Director has abstained and will continue to abstain from Board deliberation and voting on the Proposals. In addition, the Interested Parties will also abstain from voting and will also ensure that the persons connected with them will abstain from voting in respect of their direct and/ or indirect shareholdings in the Company, if any, on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Director), having considered all aspects of the Proposals, including but are not limited to, the basis, the rationale and the pro forma effects of the Proposals as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposals are in the best interests of the Company and its shareholders.

Accordingly, the Board (save for the Interested Director) recommends that you **vote in favour** of the resolutions pertaining to the Proposals at the forthcoming EGM.

11. ESTIMATED TIME FRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed in the fourth quarter of 2023.

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

Month	Events
15 September 2023	<ul style="list-style-type: none">• EGM for the Proposed Rights Issue
Early October 2023	<ul style="list-style-type: none">• Approval from the SC for the Proposed Exemption• Announcement of the Entitlement Date of the Proposed Rights Issue
End October 2023	<ul style="list-style-type: none">• Entitlement Date• Issuance of Abridged Prospectus, Rights Subscription Form and Notice Provisional Allotment for the Proposed Rights Issue
Early November 2023	<ul style="list-style-type: none">• Closing date of the application and acceptance for the Rights Shares
End November 2023	<ul style="list-style-type: none">• Listing and quotation of the Rights Shares on the Main Market of Bursa Securities

12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Acquisition announced on 13 January 2023 (details as set out in **Section 2.7**, Part A of this Circular) and the Proposals, which are the subject matter of this Circular, the Board confirms that there are no other outstanding proposals which have been announced but not yet completed as at the LPD.

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Friday, 15 September 2023 at 2:30 p.m., for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend, participate, speak and vote in person at the EGM, the completed and signed Form of Proxy should be deposited at Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submit via fax at 03-2094 9940 and/ or 03-2095 0292 or email to info@sshsb.com.my, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the EGM.

14. FURTHER INFORMATION

Shareholders of the Company are advised to refer to the enclosed appendix for further information.

Yours faithfully,
For and on behalf of the Board
ADVENTA BERHAD

EDMOND CHEAH SWEE LENG
Chairman/ Senior Non-Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF ADVENTA
IN RELATION TO THE PROPOSED EXEMPTION**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the Definitions section of Part A of the Circular and this IAL except where the context otherwise requires or otherwise defined herein.

This Executive Summary highlights the salient information relating to the Proposed Exemption. Non-Interested Shareholders of Adventa are advised to read this IAL thoroughly for further information and recommendation in relation to the Proposed Exemption. This IAL should also be read in conjunction with the contents set out in Part A of the Circular and its enclosed appendices.

1. INTRODUCTION

On 14 July 2023, UOBKH had, on behalf of the Board, announced that the Company proposes to undertake the following:-

- (i) proposed renounceable rights issue of up to 152,785,770 new ordinary shares in Adventa on the basis of 1 new ordinary share for every 1 existing Adventa Share held on an entitlement date to be determined and announced later; and
- (ii) proposed exemption under subparagraph 4.08(1)(b) of the Rules to Mr. Low Chin Guan and person acting in concert with him from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares of Adventa not already owned by them pursuant to the aforesaid rights issue.

The Proposed Rights Issue is renounceable in full or in part and will be undertaken on a Minimum Subscription Level after taking into consideration the minimum level of funds the Company intends to raise and the proposed utilisation, and based on the Undertaking provided by the largest shareholder of the Company, Mr. Low.

Pursuant to the said Undertaking, Mr. Low will subscribe for his entire entitlement to 59,035,652 Rights Shares at the final issue price to be determined. Mr. Low has also expressed interest to submit an excess Rights Shares application for up to 50,000,000 excess Rights Shares. For avoidance of doubt, the Excess Take-Up by Mr. Low is at his sole discretion and does not form part of the Undertaking and the Board intends to allocate all excess Rights Shares to applicants for the same in a fair and equitable manner to be outlined in the relevant abridged prospectus.

Pursuant to subsection 218(3) of the CMSA, an acquirer who has obtained control shall not acquire any additional voting shares or voting rights in that company, except in accordance with the provisions of the Code. In accordance to paragraph 15(2) of the Code and subparagraph 4.01(b) of the Rules, a mandatory offer shall apply to an acquirer where the acquirer has triggered an acquisition of more than 2% of the voting shares or voting rights of a company in any period of 6 months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company.

For illustrative purposes, the shareholdings of Mr. Low, PAC and the Non-Interested Shareholders under respective scenarios are summarised in the ensuing table:

Shareholdings in Adventa	As at the LPD	Minimum Scenario	Excess-Take Up Scenario	Maximum Scenario
Mr. Low	38.64%	55.74%	62.87%	38.64%
PAC	3.61%	2.60%	4.12%	3.61%
	42.25%	58.34%	66.99%	42.25%
Non-Interested Shareholders	57.75%	41.66%	33.01%	57.75%
	100.00%	100.00%	100.00%	100.00%

As at the LPD, Mr. Low and PAC have direct shareholdings of 38.64% and 3.61% respectively (i.e. 42.25% collectively) in Adventa. Pursuant to the Proposed Rights Issue and in view of the Undertaking provided, the individual and/or collective shareholdings of Mr. Low and/or PAC may increase by more than 2% and thereby trigger the abovementioned MGO obligation.

In the event that Mr. Low; and Mr. Low and PAC, should trigger the 2% Creeping Threshold further to their participation in the Proposed Rights Issue, it is not their intention to undertake the MGO. Accordingly, an exemption will be sought from the SC under subparagraph 4.08(1) of the Rules.

The Proposed Rights Issue and Proposed Exemption are inter-conditional. Hence, in the event that the Non-Interested Shareholders or the SC do not approve the Proposed Exemption, the Proposed Rights Issue will not be implemented.

In compliance with the Rules, cfSolutions was appointed by the Board on 14 July 2023 to act as the Independent Adviser to advise the Non-Interested Directors and Non-Interested Shareholders of Adventa on the Proposed Exemption. Pursuant to Paragraph 3.07 of the Rules, cfSolutions had on 17 July 2023 declared its independence from any conflict of interest or potential conflict of interest to the SC in relation to its role as the Independent Adviser for the Proposed Exemption.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC had, on 23 August 2023, given its notification that it has no further comments to the contents of this IAL. The aforementioned notification shall not to be taken to suggest that the SC agrees with the recommendation of cfSolutions or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is solely to provide the Non-Interested Directors and Non-Interested Shareholders with an evaluation on the fairness and reasonableness of the Proposed Exemption on a holistic basis, together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified in this IAL.

The Non-Interested Directors and Non-Interested Shareholders should nonetheless rely on their own evaluation of the merits and demerits of the Proposed Exemption before making a decision on the course of action to be taken.

2. EVALUATION OF THE PROPOSED EXEMPTION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic basis in accordance with Schedule 2: Part III of the Rules and given due consideration to the Company's rationale for the Proposed Rights Issue as both the said proposals are inter-conditional. In this regard, we have taken into consideration the following factors in forming our opinion:

Section in this IAL	Area of Evaluation	Our Comments
6.1	Rationale for the Proposed Rights Issue	<p>Our comments on the rationale of the Proposed Rights Issue are summarised as follows:-</p> <p>(i) Strengthen the share capital base and financial position of the Adventa Group</p> <ul style="list-style-type: none"> The Proposed Rights Issue will strengthen the share capital base of Adventa on a pro forma basis from RM57.68 million to RM75.39 million under the Minimum Scenario (up to RM103.52 million under the Maximum Scenario). The pro forma NA of the Group will also correspondingly increase from RM62.98 million to RM80.04 million under the Minimum Scenario (up to RM108.17 million under the Maximum Scenario). The additional equity raised of between RM17.71 million and RM45.84 million will strengthen the capital structure of the Group and provide it with greater financial flexibility. <p>(ii) Raise fresh funds for Adventa's expansion plans</p> <p>The funds raised from the Proposed Rights Issue would be timely to facilitate the business expansion plans of the Group and for its working capital requirements in view of the following:</p> <p>(a) Funds available in the Adventa Group would need to be utilised to partially pay for the industrial land/plot in Jawa Tengah, Indonesia acquired pursuant to the Acquisition; and</p> <p>(b) Cash flow position of Adventa Group</p> <ul style="list-style-type: none"> Based on the quarterly results up to 31 March 2023, that the Group had drawn down RM10.8 million of borrowings to fund the cash flow requirements of its operating activities; and The funds from the Proposed Rights Issue would help support the Group's operating cash requirements as it embarks on expansion plans. <p>(iii) Reduce reliance on debt financing thereby reducing any financing burden</p> <p>The Proposed Rights Issue will provide the Company with a cash pile without a corresponding debt service burden for ease of its expansion and working capital.</p>

Section in this IAL	Area of Evaluation	Our Comments												
		<p>(iv) Potential impact to the cost of capital and gearing level of the Group</p> <p>Based on the unaudited financial results of the Adventa Group as at FPE 31 March 2023, we have assessed the proforma changes in the WACC and gearing of the Adventa Group with reference to the following scenarios as at the LPD:</p> <table border="1"> <thead> <tr> <th>Scenarios</th><th>WACC (%)</th><th>Gearing (times)</th></tr> </thead> <tbody> <tr> <td>As at the LPD</td><td>11.08%</td><td>0.182</td></tr> <tr> <td>Equity Scenario</td><td>11.01%</td><td>0.041</td></tr> <tr> <td>Debt Scenario</td><td>11.29%</td><td>0.909</td></tr> </tbody> </table> <p>We are of the view that the Proposed Rights Issue is justifiable and appropriate to raise the necessary funds to the Adventa Group at this juncture due to the following (based on the Maximum Scenario):</p> <ul style="list-style-type: none"> The gearing ratio of the Adventa Group is expected to improve from 0.182 times to 0.041 times under the Equity Scenario whilst the WACC decreases from 11.08% to 11.01%; and In the absence of the Proposed Rights Issue, the Debt Scenario is expected to increase the gearing of the Company from 0.182 times to 0.909 times whilst WACC of the Group is higher at 11.29%. <p>(v) Opportunity for all existing shareholders to participate in an equity offering of Adventa Shares on a pro-rata basis at an attractive price</p> <ul style="list-style-type: none"> If the Entitled Shareholders subscribe for their entitlements, the Proposed Rights Issue will also provide an avenue for them to participate in the future growth of Adventa at the same proportion of shareholdings as before the Proposed Rights Issue. We note that the Board intends to fix the Rights Issue Price at a discount of up to 30% to the TERP of Adventa Shares based on 5-day VWAP of Adventa Shares immediately preceding the pricing fixing date. The Board is of the view that the discount for the Rights Issue Price would be deemed sufficiently attractive to encourage the subscription of the Rights Shares by the Entitled Shareholders and/or their renouncee(s). 	Scenarios	WACC (%)	Gearing (times)	As at the LPD	11.08%	0.182	Equity Scenario	11.01%	0.041	Debt Scenario	11.29%	0.909
Scenarios	WACC (%)	Gearing (times)												
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Debt Scenario	11.29%	0.909												

Section in this IAL	Area of Evaluation	Our Comments
		<p>(vi) Commitment from the largest major shareholder</p> <p>In order to ensure that the minimum fundraising objective of the Company will be met, Mr. Low has provided an irrevocable and unconditional undertaking to subscribe in full for his entire Rights Shares entitlement, thereby reinforcing his commitment to Adventa Group as the largest major shareholder.</p>
6.2	Rationale for the Proposed Exemption	<p>The Proposed Exemption will relieve Mr. Low and PAC from the obligation to undertake the MGO upon the completion of the Proposed Rights Issue, as it is not their intention to undertake the MGO as a result of the Company undertaking the Proposed Rights Issue. We have taken into consideration the following in assessing the Proposed Exemption:-</p> <ul style="list-style-type: none"> (i) The Proposed Rights Issue is an equity offering on a pro-rata basis to all Entitled Shareholders; (ii) The Proposed Exemption is not intended to dilute the shareholdings of the other Entitled Shareholders as the collective shareholding percentage of Mr. Low and PAC in Adventa will only increase if the remaining Rights Shares are not subscribed for by the other Entitled Shareholders and/or their renouncee(s); (iii) The Undertaking (and the Excess Take-Up, if it materialises) underscores Mr Low's support for the Proposed Rights Issue and demonstrates his commitment to and confidence in the prospects of the Adventa Group; (iv) The Proposed Exemption will not result in any change in controlling shareholder of Adventa and on a standalone basis has no effects on the Company; and (v) As the Proposed Rights Issue and the Proposed Exemption are inter-conditional, the Proposed Rights Issue will not proceed without the Proposed Exemption. Accordingly, Adventa Group will be able to realise any potential benefits arising from the Proposed Rights Issue only if the Proposed Exemption is approved by the SC and Non-Interested Shareholders.
6.3	Evaluation of the Rights Issue Price	<p>The Illustrative Issue Price, inter-alia,-</p> <ul style="list-style-type: none"> (i) represents a discount ranging from 28.57% to 37.26% as well as from 22.08% to 36.91% over the TERPs based on the last closing market price, 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of the Adventa Shares up to the LTD and LPD respectively; and (ii) represents a discount ranging from 14.29% to 26.83% to the latest audited, latest unaudited and pro forma consolidated NA per Adventa Share. <p>We considered the following:</p>

Section in this IAL	Area of Evaluation	Our Comments
		<ul style="list-style-type: none"> (i) The Board's proposed discount of up to 30% to the TERP of Adventa Shares serves to increase the pricing attractiveness of the Rights Shares to the Entitled Shareholders and to subscribe for the Rights Shares at the same issue price on a pro-rata basis; (ii) The subscription to additional Rights Shares by Mr. Low via the excess Rights Shares application under the Excess Take-Up scenario will be on the same terms as those offered to other Entitled Shareholders and/or their renouncees; (iii) The pricing mechanism of the Rights Shares will be market-based as it is based on the 5-day VWAP immediately preceding the price-fixing date of the Rights Shares; (iv) Entitled Shareholders who choose to renounce their entitlements to the Rights Shares can sell all or part of their entitlements to the Rights Shares on the open market; and (v) It allows the Company to raise the minimum equity funds required for business expansion and working capital.
6.4	Effects of the Proposals	<p>The Proposed Exemption on a standalone basis will not have any impact on the issued share capital, substantial shareholders' shareholdings, NA, gearing and earnings of Adventa.</p> <p>Concurrently, the proforma effects of the Proposed Rights Issue on the share capital, substantial shareholders' shareholdings, NA, gearing and earnings are as follows:</p> <ul style="list-style-type: none"> (i) The capital base of the Company will be strengthened and increased by the amount of net proceeds raised via the said issuance; (ii) Under the Minimum Scenario, Mr. Low's direct shareholdings will increase from 38.64% to 55.74% as a result of the Undertaking provided. Should the Minimum Scenario include the Excess Take-Up scenario, Mr. Low's direct shareholdings may increase up to 62.87% on completion of the Proposals. Under the Maximum Scenario, there will be no effect on the substantial shareholders' percentage shareholdings; (iii) The proforma consolidated NA per share will record a dilution if the Proposed Rights Issue is implemented at the Illustrative Issue Price representing a discount to NA per share on a pro forma basis under the Minimum Scenario, Excess Take-Up scenario and Maximum Scenario. Pro forma gearing ratio of the Group is expected to reduce from approximately 0.13 times to 0.09 times under the Excess Take-Up scenario and may reduce further to approximately 0.01 times under the Maximum Scenario; and (iv) The Proposed Rights Issue is expected to have an immediate dilution to the Company's consolidated LPS on a pro forma basis. However, we note that the proceeds to be raised from the Proposed Rights Issue will be utilised for mainly for business expansion and working capital needs, which are expected to

Section in this IAL	Area of Evaluation	Our Comments
		contribute positively to the future profitability of the Group barring unforeseen circumstances.
6.5	Industry outlook and prospects of the Group	<p>We note that Adventa has earmarked its proceeds from the Proposed Rights Issue to finance the Group's construction of a manufacturing facility in Indonesia in order to tap into the disposable medical devices manufacturing sector as well as to fund its working capital required for existing healthcare distribution business and future business operations of the Group.</p> <p>As such, the performance of the Adventa Group is influenced by the economic outlook and industry development in Malaysia and Indonesia, being the principal places of business of the Group.</p> <p>The prominence of Malaysia's healthcare system together with the implementation of the Twelfth Malaysia Plan within the nation, rising demand for medical device and equipment mainly due to the aging demographics in Malaysia, national health insurance scheme advocated by Indonesian government as well as incentives offered to attract foreign investment in medical device and equipment sector of Indonesia would augur well for the business strategy and plans of the Adventa Group.</p>
6.6	Implications of the Proposed Exemption	<p>Should the Non-Interested Shareholders <u>vote in favour</u> of the Proposed Exemption, the SC would be able to consider the Proposed Exemption. The Non-Interested Shareholders' approval of the Proposed Exemption will imply that Non-Interested Shareholders agree to waive their rights to a general offer by Mr. Low and PAC for Adventa Shares based on the highest price paid by Mr. Low and PAC for Adventa Shares in the past six months preceding the commencement of the offer. Under the Minimum Scenario, Mr. Low and PAC may obtain further control of Adventa without a premium being paid to the Non-Interested Shareholders. The Proposals are inter-conditional and without the Proposed Exemption, the Proposed Rights Issue will not proceed. Therefore, voting in favour of the Proposed Exemption will enable the Adventa Group to benefit from the Proposed Rights Issue.</p> <p>If the Non-Interested Shareholders <u>vote against</u> the Proposed Exemption, both the Proposed Rights Issue and Proposed Exemption will not proceed as they are inter-conditional and the shareholdings structure of Adventa will remain the same. The rationale of the Proposed Rights Issue and any potential benefits therefrom would not materialise.</p>

3. CONCLUSION AND RECOMMENDATION

The Proposed Exemption, if granted, will allow the Adventa Group to undertake the Proposed Rights Issue. Accordingly, the potential advantages and disadvantages are summarised below:

Potential Advantages

- The Proposed Exemption serves to facilitate the Proposed Rights Issue as the Proposals are inter-conditional. The Company will be able to reap the potential benefits from the Proposed Rights Issue such as the planned business expansion in Indonesia for which the proceeds raised are substantially earmarked for, if the Proposed Exemption is implemented. However, there is no certainty on the realisation of the benefits arising from the utilisation of proceeds from the Proposed Rights Issue;
- The Proposals will strengthen the overall NA, financial position and capital base of the Adventa Group as it raises fresh capital and cash of between RM17.71 million and RM45.84 million for business expansion, working capital and other funding needs;
- The Group need not be burdened by additional debt service obligations while growing its business which would otherwise be required if the Company's expansion plans were to be funded via debt financing;
- We estimate that the WACC of the Group will decrease from 11.08% to 11.01% pursuant to the Proposed Rights Issue. In the event the Group utilises borrowings to raise RM45.84 million (equivalent to maximum proceeds expected from the Proposed Rights Issue under the Maximum Scenario), the WACC will increase from 11.08% to 11.29%. The gearing ratio of the Adventa Group pursuant to the Proposed Rights Issue would improve from 0.182 times to 0.041 times whereas the Debt Scenario would increase the gearing ratio of Adventa from 0.182 times to 0.909 times;
- The Proposed Rights Issue is an equity fundraising method which provides an opportunity to all Entitled Shareholders to further participate in the equity and future prospects of Adventa at a discounted price (of up to 30%) to the TERP of Adventa Shares vis-à-vis other equity offerings which are not undertaken on a pro-rata basis. The shareholdings of all Entitled Shareholders will not be diluted provided they subscribe in full for their respective entitlements; and
- The Undertaking from Mr. Low reaffirms his confidence and commitment to the Adventa Group and further aligns his interests (as the single largest shareholder) to the Adventa Group while providing certainty to Adventa in raising the minimum level of funds the Company intends to raise from the Proposed Rights Issue. The Proposed Exemption enables him to provide strong support for the Proposed Rights Issue as a viable equity fundraising option for the Company which does not depend on the availability of underwriters nor be subject to the uncertainties of equity offering subscription levels.

Potential Disadvantages

- Mr. Low and PAC would be exempted from the MGO obligation to acquire all remaining Adventa Shares not owned by them even if they should trigger the 2% Creeping Threshold requiring a mandatory offer further to their participation in the Proposed Rights Issue. Should the Non-Interested Shareholder vote in favour of the Proposed Exemption, they are waiving their rights to the said offer;
- Non-Interested Shareholders who do not subscribe for or only partially subscribe for the Proposed Rights Issue entitlements will be diluted given the Undertaking provided by Mr. Low in which he commits to subscribe for all his entitlements in support of the Proposed Rights Issue. Should there only be a minimum level of subscription for the Proposed Rights Issue, the collective shareholdings of the Non-Interested Shareholders may potentially be diluted from 57.75% to 41.66% under the Minimum Scenario and further to 33.01% should the Excess Take-Up scenario (which also assumes the subscription of Rights Shares entitlement by the PAC) materialise. The shareholdings of all Entitled Shareholders may not be diluted if the Entitled Shareholders subscribe in full for their respective entitlements as the Proposed Rights Issue is an equity offering to all Entitled Shareholders on the same terms and on a pro-rata basis;

- Depending on final subscription levels of the Proposed Rights Issue to be implemented together with the Proposed Exemption, the deemed equity interests of Mr. Low and PAC in Adventa may increase to more than 50.00%, thereby giving them statutory control in certain scenarios. For example, in the Maximum Scenario, there is no change to their shareholdings further to the Proposed Rights Issue. However, in the Minimum Scenario such shareholdings would increase from 42.25% up to 58.34% and could be as high as 66.99% in the Excess Take-Up scenario (which also assumes the subscription of Rights Shares entitlement by the PAC). Should they attain and remain at shareholding levels in excess of 50.00% post completion of the Proposals: (i) any subsequent shareholding increase would not trigger any MGO obligations; and (ii) would enable Mr. Low and PAC to determine the outcome of the ordinary resolutions which require a simple majority of 50% plus 1 share and have significant influence on the outcome of the special resolutions which require a special majority of at least 75% at general meetings (unless they are required to abstain from voting);
- Pricing of the Rights Shares is expected to be fixed at a discount of up to 30% to the TERP by the Board to encourage shareholder participation in the Proposed Rights Issue taking into consideration, inter-alia, the minimum gross proceeds the Company seeks to raise and the then prevailing market conditions on price-fixing date. The said discount would only be enjoyed by participating shareholders (including Mr. Low due to his Undertaking and possible Excess Take-Up). Any non-participating shareholder(s) would not enjoy the benefit of such discount (which also represents a discount to pro forma NA per share) and enable Mr. Low to further increase his controlling shareholding in Adventa without a premium being paid to the Non-Interested Shareholders; and
- There would be a dilution in the proforma NA per Adventa Share from RM0.41 to RM0.38 (Minimum Scenario) and RM0.35 (Maximum Scenario) due to the Rights Shares to be issued.

Premised on the above and our evaluation and assessment of the Proposed Exemption on the basis of the relevant information made available to us as at the LPD and set out in this IAL, we are of the opinion that overall the merits outweigh the disadvantages. Therefore, on a holistic approach, the Proposed Exemption is **FAIR AND REASONABLE** to the Non-Interested Shareholders of Adventa.

Accordingly, cfSolutions recommends that the Non-Interested Shareholders **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

The Non-Interested Shareholders are advised not to rely solely on the Executive Summary or this IAL to form an opinion on the Proposed Exemption. Non-Interested Shareholders shall exercise their own judgement and are responsible for the ultimate decision on whether to take that course of action. Non-Interested Shareholders are advised to consider the merits and demerits of the Proposed Exemption carefully based on all relevant and pertinent factors including those set out in the Circular and this IAL, as well as other publicly available information prior to making a decision to voting on the resolution pertaining to the Proposed Exemption. Further, the Non-Interested Shareholders should consider our recommendation herein together with the limitations of our evaluation of the Proposed Exemption as set out in Section 3 of this IAL.

This IAL is prepared solely for the use of the Non-Interested Shareholders for the purpose of considering the Proposed Exemption and should not be used or relied upon by any other party for any other purpose whatsoever. We also have not given consideration to the specific investment objectives, risk profiles, financial situations, tax positions and any particular needs of any individual shareholder or any specific group of shareholders. IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.



cfSolutions Sdn Bhd

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28 August 2023

To: The Non-Interested Directors and Non-Interested Shareholders of Adventa Berhad

Dear Sir / Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED DIRECTORS AND NON-INTERESTED SHAREHOLDERS OF ADVENTA BERHAD IN RELATION TO THE PROPOSED EXEMPTION

This IAL is prepared for inclusion in the circular to the shareholders of Adventa dated 28 August 2023 in relation to the Proposed Rights Issue and Proposed Exemption ("Circular") and should be read in conjunction with the rest of the Circular.

1. INTRODUCTION

On 14 July 2023, UOBKH had, on behalf of the Board, announced that the Company proposes to undertake the following:-

- (i) proposed renounceable rights issue of up to 152,785,770 new ordinary shares in Adventa on the basis of 1 new ordinary share for every 1 existing Adventa Share held on an entitlement date to be determined and announced later; and
- (ii) proposed exemption under subparagraph 4.08(1)(b) of the Rules to Mr. Low Chin Guan and person acting in concert with him from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares of Adventa not already owned by them pursuant to the aforesaid rights issue.

The Proposed Rights Issue is renounceable in full or in part and will be undertaken on a Minimum Subscription Level after taking into consideration the minimum level of funds the Company intends to raise and the proposed utilisation, and based on the Undertaking provided by the largest shareholder of the Company, Mr. Low.

Pursuant to the said Undertaking, Mr. Low will subscribe for his entire entitlement to 59,035,652 Rights Shares at the final issue price to be determined. Mr. Low has also expressed interest to submit an excess Rights Shares application for up to 50,000,000 excess Rights Shares. For avoidance of doubt, the Excess Take-Up by Mr. Low is at his sole discretion and does not form part of the Undertaking and the Board intends to allocate all excess Rights Shares to applicants for the same in a fair and equitable manner to be outlined in the relevant abridged prospectus.

Pursuant to subsection 218(3) of the CMSA, an acquirer who has obtained control shall not acquire any additional voting shares or voting rights in that company, except in accordance with the provisions of the Code. In accordance to paragraph 15(2) of the Code and subparagraph 4.01(b) of the Rules, a mandatory offer shall apply to an acquirer where the acquirer has triggered an acquisition of more than 2% of the voting shares or voting rights of a company in any period of 6 months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company.

For illustrative purposes, the shareholdings of Mr. Low, PAC and the Non-Interested Shareholders under respective scenarios are summarised in the table below:

Shareholdings in Adventa	As at the LPD	Minimum Scenario	Excess-Take Up Scenario	Maximum Scenario
Mr. Low	38.64%	55.74%	62.87%	38.64%
PAC	3.61%	2.60%	4.12%	3.61%
	42.25%	58.34%	66.99%	42.25%
Non-Interested Shareholders	57.75%	41.66%	33.01%	57.75%
	100.00%	100.00%	100.00%	100.00%

As at the LPD, Mr. Low and PAC have direct shareholdings of 38.64% and 3.61% respectively (i.e. 42.25% collectively) in Adventa. Pursuant to the Proposed Rights Issue and in view of the Undertaking provided, the individual and/or collective shareholdings of Mr. Low and/or PAC may increase by more than 2% and thereby trigger the abovementioned MGO obligation. This may occur in the event of the following scenarios (which may differ from the final outcome and are for illustrative purposes only):-

- assuming the Minimum Scenario occurs, i.e. only Mr. Low subscribes for his Rights Shares entitlement pursuant to the Undertaking and none of the other Entitled Shareholders subscribe for their respective entitlements to Rights Shares and there are no applications for excess Rights Shares; accordingly, the direct shareholdings of Mr. Low in Adventa may increase from 38.64% to 55.74% (or from 42.25% to 58.34% collectively with PAC); or
- assuming the Minimum Scenario and Excess Take-Up occurs in full, i.e. Mr. Low subscribes for his Undertaking as well as the maximum of 50,000,000 excess Rights Shares, PAC subscribes for her Rights Shares entitlement and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue and there are no other applications for excess Rights Shares; accordingly, the direct shareholdings of Mr. Low in Adventa may increase from 38.64% to 62.87% (or from 42.25% to 66.99% collectively with PAC).

Therefore, post-implementation of the Proposed Rights Issue, the actual shareholding percentages would depend on the actual number of Rights Shares subscribed for by Entitled Shareholders and applicants for excess Rights Shares.

In the event that Mr. Low; and Mr. Low and PAC, should trigger the 2% Creeping Threshold further to their participation in the Proposed Rights Issue as outlined above, it is not their intention to undertake the MGO. Accordingly, an exemption will be sought from the SC under subparagraph 4.08(1) of the Rules. The SC may consider granting such an exemption if Mr. Low and PAC have satisfied the following conditions as set out in subparagraph 4.08(2) of the Rules:

- (i) there has been no disqualifying transaction(s); and

(The disqualifying transaction above refers to a situation whereby Mr. Low and PAC have acquired any Adventa Shares during the six months prior to the announcement of the Proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposals, until the completion of the Proposed Rights Issue.)

- (ii) approval is obtained from the Non-Interested Shareholders at the forthcoming EGM for the Proposed Exemption.

In addition, when seeking the approval of the Non-Interested Shareholders, the following procedures are to be observed:

- (i) the resolution for the Proposed Exemption is separate from other resolutions but may be conditional on other resolutions;
- (ii) All interested parties are required to abstain from voting on the Proposed Exemption at the forthcoming EGM;
- (iii) the voting at the forthcoming EGM is conducted by way of poll;
- (iv) the Company must appoint its auditors, any share registrar or external accountants who are qualified to serve as auditors for the Company, as scrutineer for the vote-taking. The identity of the scrutineer and the results of the poll (including the number of shares voted for and against the resolution) must be announced;
- (v) The whitewash circular must be submitted to the SC for SC's comments on the contents relating to the Proposed Exemption and must not be issued until the SC has notified that it has no further comments thereon;
- (vi) where the SC has notified that it has no further comments to the contents of the whitewash circular relating to the Proposed Exemption, a statement shall be included that such notification shall not be taken to suggest that the SC recommends the Proposed Exemption or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the whitewash circular;
- (vii) the Non-Interested Shareholders are provided with competent independent advice regarding the Proposed Exemption where this IAL must be submitted to the SC for comments and must not be issued until the SC has notified that it has no further comments thereon;
- (viii) this IAL contains all information as required under Schedule 2 of the Rules;
- (ix) where the SC has notified that it has no further comments to the contents of this IAL, a statement shall be included that such notification shall not be taken to suggest that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL; and
- (x) this IAL is despatched to the Shareholders at least 14 days before the forthcoming EGM.

The Proposed Rights Issue and Proposed Exemption are inter-conditional. Hence, in the event that the Non-Interested Shareholders or the SC do not approve the Proposed Exemption, the Proposed Rights Issue will not be implemented.

In compliance with the Rules, cfSolutions was appointed by the Board on 14 July 2023 to act as the Independent Adviser to advise the Non-Interested Directors and Non-Interested Shareholders of Adventa on the Proposed Exemption. Pursuant to Paragraph 3.07 of the Rules, cfSolutions had on 17 July 2023 declared its independence from any conflict of interest or potential conflict of interest to the SC in relation to its role as the Independent Adviser for the Proposed Exemption.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC had, on 23 August 2023, given its notification that it has no further comments to the contents of this IAL. The aforementioned notification shall not be taken to suggest that the SC agrees with the recommendation of cfSolutions or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is solely to provide the Non-Interested Directors and Non-Interested Shareholders with an evaluation on the fairness and reasonableness of the Proposed Exemption on a holistic basis, together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified in this IAL and should not be used nor relied upon by any other party for any other purpose whatsoever.

The Non-Interested Directors and Non-Interested Shareholders should nonetheless rely on their own evaluation of the merits and demerits of the Proposed Exemption and are advised to read this IAL together with Part A of the Circular and the appendices thereto, and to consider carefully the recommendation contained in this IAL before voting on the resolution pertaining to the Proposed Exemption at the forthcoming EGM of the Company. If you are in any doubt as to the course of action to be taken, you should consult your stockbrokers, bank managers, solicitors, accountants and other professional advisers immediately.

2. DETAILS OF THE PROPOSALS

The details of the Proposals are as set out in Sections 2 and 3 of Part A of the Circular.

3. LIMITATIONS TO THE EVALUATION OF THE PROPOSED EXEMPTION

cfSolutions was not involved in any negotiation, discussion or formulation of the Proposals and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposals. cfSolutions' terms of reference as an independent adviser is limited to expressing an independent evaluation of the Proposed Exemption per subparagraph 4.08(3) of the Rules.

In our evaluation and analysis, and in formulating our recommendation, we have reviewed and relied upon the reasonableness, accuracy and completeness of the following information:-

- (i) the information contained in Part A of the Circular and the appendices attached thereto;
- (ii) the audited financial statements of Adventa Group for the FYE 2021 to FYE 2022;
- (iii) the latest unaudited quarterly results of Adventa Group up to FPE 31 March 2023;
- (iv) discussions with the Board and the management of Adventa;
- (v) other relevant information, documents, confirmations and representation furnished to us by the Board and management of Adventa; and
- (vi) other publicly available information.

Our evaluation and recommendation expressed herein shall hold only in so far as the information and data supplied to us or which are available to us as at the date hereof remain accurate and consistent. We have further assumed that such information has been prepared in good faith and reflects the best judgement and estimates of Adventa as of the date hereof and that Adventa is not aware of any facts that would make the documents, financial and/or other information as provided to us being incomplete, false, misleading or inaccurate. Further, we have requested for the verification of the information and documents and made enquiries with the Directors and the management of Adventa as well as third party experts (where relevant) and reviewed documents and made reliance on information provided by them. Whilst we make no representation as to the accuracy, validity and completeness of the information provided, we have no reason to believe that the aforesaid information/documents provided to us are unreasonable, unreliable, incomplete, misleading and/or inaccurate or that the material omission of which would make the information misleading or inaccurate.

We have obtained confirmation from the Board of Adventa that they have seen this IAL and they, collectively and individually, accept full responsibility for the accuracy of the information provided and given to us subject to limitation in its responsibility as detailed in the Section 8 of this IAL and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there is no statement or information contained in this IAL to the extent the statement or information related to the Adventa Group, the Proposals, Mr. Low and PAC which is inaccurate, incomplete, false or misleading and all information relevant to our evaluation of the Proposed Exemption have been disclosed to us and that there is no other fact or information, the omission of which would make any information or statement in this IAL and/or any information furnished to cfSolutions incomplete, false, misleading or inaccurate as at the LPD.

In rendering our advice, cfSolutions had taken note of pertinent issues, which we believe are necessary and of importance to an assessment of the implications of the Proposed Exemption and are therefore of general concern to the Non-Interested Directors and Non-Interested Shareholders.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the LPD. Our advice should be considered in the context of the entirety of this IAL.

We shall notify the SC in writing and the Non-Interested Shareholders by way of announcement if, after despatching this IAL and prior to the EGM, we become aware that the information or document previously circulated or provided:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

The disclosures and announcements of such facts or statements shall be made before 9 a.m. on the next market day, pursuant to subparagraph 11.07(3) of the Rules. If circumstances require, we shall issue a supplementary IAL in accordance with subparagraph 11.07(2) of the Rules.

It is not within our terms of reference to express any opinion on the commercial merits and/or risks of the Proposals nor the impact on future prospects post-completion of the same, the assessment of which remain the sole responsibility of the Board although we may draw upon the Board's rationale in arriving at our opinion. As such, where comments or points of consideration are included on matters which may be commercially oriented, these are incidental to our overall evaluation. We wish to emphasise that our role as Independent Adviser also does not extend to rendering an expert opinion on legal, accounting and tax positions relating to the Proposals and to any particular needs of any individual shareholder or any specific group of shareholders. In carrying out our evaluation, we also have not given consideration to the specific investment objectives, risk profiles, financial situations and any particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders. We will not be responsible for any damages or loss or any kind sustained or suffered by any individual shareholder or any group of shareholders in reliance on the opinion stated herein for any purposes whatsoever.

Accordingly:-

- (i) cfSolutions' views and advice as contained in this IAL only cater to the Non-Interested Shareholders as a whole and not to any non-interested shareholder individually; and
- (ii) we recommend that any individual non-interested shareholder or group of non-interested shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposed Exemption in the context of their individual objectives, risk profiles, financial, legal, accounting and tax situations or particular needs, should consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers immediately.

4. CREDENTIALS, EXPERIENCE AND EXPERTISE OF CFSOLUTIONS

cfSolutions is a corporate finance adviser licensed by the SC under the CMSA and recognised by Bursa Securities. cfSolutions offers a spectrum of corporate finance services including the provision of independent advice, valuation of assets and opinion on transactions.

The credentials and experience of cfSolutions as an independent adviser where it has been appointed prior to the date of this IAL include, amongst others, the following:-

No.	Company name / Date of independent advice letter	Description of proposals
(i)	TA Global Berhad / 28 August 2014	Proposed acquisition of the Trump International Hotel & Tower Vancouver, 1151 West Georgia, Vancouver, B.C., Canada by Maxfine International Limited, a subsidiary of TA Global Berhad from West Georgia Development Limited Partnership for a total cash consideration of C\$100.0 million (equivalent to approximately RM 293.71 million).
(ii)	Asian Pac Holdings Berhad ("Asian Pac") / 29 December 2016	Proposed exemption to Mah Sau Cheong ("MSC") who is a major shareholder of Asian Pac and persons acting in concert with him under Paragraph 4.08 of the Rules from the obligation to undertake a mandatory takeover offer for all the Asian Pac shares, convertible securities and new Asian Pac shares to be issued pursuant to the conversion of irredeemable convertible unsecured loan stocks and/or the exercise of the warrants not held by MSC or persons acting in concert with him.

Company name / Date of independent advice letter		
No.		Description of proposals
(iii)	Malaysian Genomics Resource Centre Berhad / 27 November 2019	Proposed disposal of 100% equity interest in Mpath Sdn Bhd to Gribbles Pathology (Malaysia) Sdn Bhd for a total cash consideration of RM42 million.
(iv)	Lay Hong Berhad / 5 October 2021	Proposed acquisition of the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd comprising 500,001 shares not already owned by Lay Hong Berhad for a total consideration of RM28 million and proposed exemption under subparagraph 4.08(1)(a) of the Rules for Dato' Yap Hoong Chai and persons acting in concert with him, from the obligation to undertake a mandatory take-over offer to acquire the remaining ordinary shares and warrants in Lay Hong Berhad not already owned by them upon completion of the proposed acquisition
(v)	EP Manufacturing Berhad / 13 May 2022	Proposed disposal of 2 parcels of freehold land held together with the factories and offices constructed thereon for a total cash consideration of RM53.5 million and the subsequent leaseback of part of the aforementioned factories and offices.
(vi)	Atlan Holdings Berhad / 28 February 2023	Proposed acquisition of a hotel from Belle Isle Property Ltd ("BIP") for a purchase consideration of GBP10.8 million and proposed acquisition of all of BIP's existing assets and liabilities which relate to the operations of the property to be acquired for a purchase consideration of GBP1

Based on the credentials and experience above, cfSolutions has the necessary resources and expertise to carry out its role and responsibilities as an independent adviser to advise the Non-Interested Directors and Non-Interested Shareholders in relation to the Proposed Exemption.

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

As set out in Section 9 of Part A of the Circular, *save as disclosed below, none of the Directors, major shareholders and/or chief executive of Adventa and/or persons connected with them has any interest, whether direct or indirect, in the Proposals:-*

- (i) *Mr. Low, being the Executive Director and a major shareholder of Adventa (with 38.64% direct equity interest) as well as being the applicant seeking the Proposed Exemption; and*
- (ii) *Low Lea Kwan, a shareholder of Adventa (with 3.61% direct equity interest) as well as being the sister of Mr. Low and the PAC to which the Proposed Exemption relates to,*

collectively, the "Interested Parties".

In view of the above, the Interested Parties are deemed interested in the Proposed Exemption. As the Proposed Rights Issue and Proposed Exemption are inter-conditional upon each other, the Interested Parties are therefore also deemed to be interested in the Proposed Rights Issue.

As such, the Interested Director has abstained and will continue to abstain from Board deliberation and voting on the Proposals. In addition, the Interested Parties will also abstain from voting and will also ensure that the persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

6. EVALUATION OF THE PROPOSED EXEMPTION

In accordance with Paragraph 8 of Schedule 2: Part III of the Rules, a holistic approach should be taken in assessing whether the Proposed Exemption is fair and reasonable and whether the Non-Interested Shareholders should vote for or against the Proposed Exemption.

As Independent Adviser for the Proposed Exemption, we have also given due consideration to the Company's rationale for the Proposed Rights Issue as both the said proposals are inter-conditional.

Our evaluation is set out in the ensuing sections:

	<u>Section of the IAL</u>
(a) Rationale for the Proposed Rights Issue	6.1
(b) Rationale for the Proposed Exemption	6.2
(c) Evaluation of the Rights Issue Price	6.3
(d) Effects of the Proposals	6.4
(e) Industry outlook and prospects of the Group	6.5
(f) Implications of the Proposed Exemption	6.6

6.1. Rationale for the Proposed Rights Issue

We note from Section 4 of Part A of the Circular that the Board is of the view that the Proposed Rights Issue is the most appropriate avenue to raise the necessary funding for the Group after taking into consideration the following:-

- (i) *the Proposed Rights Issue will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility, as illustrated in Section 6.2, Part A of this Circular;*
- (ii) *the Proposed Rights Issue will help position the Group on a better financial footing to expand its business in the future, in tandem with its strategy to further enhance its profitability;*
- (iii) *the Proposed Rights Issue will enable the issuance of new Adventa Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue;*
- (iv) *as compared to a private placement which entails specific issuance of Shares on a non pro-rata basis resulting in a dilution in shareholders' shareholdings, the Proposed Rights Issue will provide all Entitled Shareholders with an opportunity to further participate in the prospects and future growth of the Group on a pro-rata basis; and*
- (v) *the Proposed Rights Issue will enable the Company to raise the requisite funds without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.*

We further note that the gross proceeds from the Proposed Rights Issue is proposed to be utilised in the following manner:-

<i>Details of utilisation</i>	<i>Timeframe for utilisation from completion of the Proposed Rights Issue</i>	<i>Minimum Scenario</i>		<i>Maximum Scenario</i>	
		<i>RM'000</i>	<i>%</i>	<i>RM'000</i>	<i>%</i>
<i>Business expansion</i>	<i>Within 24 months</i>	12,000	67.8	30,000	65.5
<i>Working capital</i>	<i>Within 18 months</i>	5,057	28.5	8,182	17.8
<i>Repayment of bank borrowings</i>	<i>Within 6 months</i>	-	-	7,000	15.3
<i>Estimated expenses</i>	<i>Upon completion</i>	654	3.7	654	1.4
<i>Total</i>		<i>17,711</i>	<i>100.0</i>	<i>45,836</i>	<i>100.0</i>

Pursuant thereto, our comments on the rationale of the Proposed Rights Issue are as follows:

(i) Strengthen the share capital base and financial position of the Adventa Group

The issued share capital and net assets base of the Adventa Group as at 31 December 2021 and 2022 and 31 March 2023 are summarised as follows:

	Audited As at 31 December 2021	Audited As at 31 December 2022	Unaudited As at 31 March 2023
	RM'000	RM'000	RM'000
Share capital	57,680	57,680	57,680
NA	68,278	62,984	63,019

The issued share capital of Adventa has remained unchanged at RM57.86 million from FYE 2021 to 31 March 2023 as it had not undertaken any new share issuance over that period. However, the Group's NA had deteriorated from RM68.28 million as at FYE 2021 to RM62.98 million as at FYE 2022 mainly attributable to the decrease in revenue arising from the tightening procurement budgets for most hospitals in the public sector which resulted in a loss after taxation of RM5.14 million. Notwithstanding that losses were incurred in the first quarter of 2023 mainly as a result of lower margin for certain products due to competitive pricing particularly for products like disposable gloves, NA increased marginally to RM63.02 million due to an increase in unrealised foreign exchange reserve in respect of a foreign operation.

Based on the audited financial statements of the Adventa Group as at 31 December 2022 and the Illustrative Issue Price, the Proposed Rights Issue will strengthen the share capital base of Adventa on a pro forma basis from RM57.68 million to RM75.39 million under the Minimum Scenario (up to RM103.52 million under the Maximum Scenario). The pro forma NA of the Group will also correspondingly increase from RM62.98 million to RM80.04 million under the Minimum Scenario (up to RM108.17 million under the Maximum Scenario).

The additional equity raised of between RM17.71 million and RM45.84 million will strengthen the capital structure of the Group and provide it with greater financial flexibility.

(ii) **Raise fresh funds for Adventa's expansion plans**

The revenue of the healthcare business of the Adventa Group for FYEs 2021 and 2022 as well as FPE 31 March 2023 are as follows:

	Audited FYE 2021	Audited FYE 2022	Unaudited FPE 31 March 2023
Healthcare business~	RM'000	RM'000	RM'000
Revenue*	97,581	58,905	13,751
PBT / (LBT)	9,140	(4,833)	(635)

Notes:

~ The healthcare business segment comprises the supply of healthcare and related products and services to hospitals, healthcare centres and pharmacies.

* After eliminating inter-company transactions.

The healthcare business segment represents the largest revenue contributor to the Adventa Group representing approximately 100%, 99.84% and 100% of the Group's total revenue derived from continued operation in FYE 2021, FYE 2022 and FPE 31 March 2023 respectively.

As the Group transitioned into the endemic phase of COVID-19 in 2022, the business environment for hospital supplies became more challenging as most hospitals found themselves in an overstocked situation for many items like rubber gloves, surgical masks and other personal protective equipment that formed the mainstay of demand for the Group's products in 2021. This was exacerbated by increased manufacturing and logistics costs of the Group's overseas suppliers caused by a variety of external factors that led to higher fuel and energy costs globally. (Source: Adventa's Annual Report 2022). The overstocking and budget constraints from hospitals situation continued in the first quarter of FYE 31 December 2023. (Source: Adventa's unaudited 1st quarter report ended 31 March 2023)

We note under Section 2.7 of Part A of the Circular that the Company intends to construct and set up a facility on the industrial land/plot in Jawa Tengah, Indonesia, to manufacture disposable medical devices such as invasive medical devices, which includes, amongst others, cannulas, hypodermic syringes and intravenous line (IV) systems, which are the existing products distributed by Adventa through its trading and distribution business, at the estimated cost of approximately RM30 million. The said expansion plans which Adventa is pursuing to move up the value chain and secure longer term business prospects involves a gestation period. The Proposed Rights Issue raises fresh funds and injects new liquidity to facilitate the said expansion. Under the Minimum Scenario, RM12.00 million will be raised for the Group's business expansion and as much as RM30.00 million will be raised for the same under the Maximum Scenario.

In assessing this rationale, we have considered the following:-

(a) **Funds available in the Adventa Group**

- (i) Notwithstanding that Adventa had reported having fixed deposits with licensed banks as well as cash and bank balances amounting to RM10.95 million, the Company also had a capital commitment of RM9.28 million at the end of FYE 2022, which relates to the industrial land/plot in Jawa Tengah, Indonesia acquired pursuant to the Acquisition detailed in the Section 2.7 of Part A of the Circular.

- (ii) Adventa had announced that the Company will fund the acquisition of the industrial land in Jawa Tengah, Indonesia via a combination of internally generated funds and bank borrowings on 13 January 2023. Accordingly, the Company would need to utilise its available funds to partially pay for the acquisition.

(b) Cash flow position of Adventa Group

	Audited FYE 2021	Audited FYE 2022	Unaudited FPE 31 March 2023
	RM'000	RM'000	RM'000
Net cash from/(used in) operating activities	(15,017)	460	(12,278)

Adventa Group reported net cash used in operating activities for FYE 2021 and FPE 31 March 2023 of RM15.02 million and RM12.28 million respectively while recording net cash from operating activities of RM0.46 million in FYE 2022. The reduced cash flows in operating activities were due to increase in receivables from customers arising from the slowdown in payment as compared to normal cycle and a lower revenue generated arising from the overstocking of personal protective equipment in hospitals and hence demand for Adventa's products dampened. We note further from the quarterly results up to 31 March 2023, that the Group had drawn down RM10.8 million of borrowings to fund the cash flow requirements of its operating activities.

To support its healthcare business, Adventa Group will from time to time require more working capital for its existing and future business operations. Accordingly, under the Minimum Scenario, RM5.06 million has been earmarked for the Group's working capital and up to RM8.18 million under the Maximum Scenario. These funds would help support the Group's operating cash requirements as it embarks on expansion plans.

Therefore, we believe that the funds raised from the Proposed Rights Issue would be timely to facilitate the business expansion plans of the Group and for its working capital requirements.

(iii) Reduce reliance on debt financing thereby reducing any financing burden

Bank Negara Malaysia has withdrawn the monetary stimulus intended to address the economic downturn due to the COVID-19 crisis and promote economic recovery and has gradually raised the Overnight Policy Rate from 1.75% in May 2022 to 3.00% in May 2023 and maintained the same in July 2023. (Source: www.bnm.gov.my)

The Proposed Rights Issue will provide the Company with a cash pile without a corresponding debt service burden for ease of its expansion and working capital. Alternatively, if the expansion and working capital were funded via debt, the Company would have to shoulder additional interest expenses, which would negatively impact the cashflows and earnings of the Company over the period when it needs to incur new capital expenditure to bolster its future prospects.

For illustrative purposes, if Adventa Group relied entirely on further bank borrowings to raise up to RM45.84 million for its funding needs (equivalent to the amount of Proposed Rights Issue proceeds raised under the Maximum Scenario) at the interest rate of 8.25% per annum (being the cost of current financing facilities utilised by the Adventa Group as at the LPD), Adventa Group would need to incur an additional RM3.78 million in annual interest expenses.

(iv) Potential impact to the cost of capital and gearing level of the Group

The WACC represents the cost of debt and equity capital used to finance assets. Based on the unaudited financial results of the Adventa Group as at FPE 31 March 2023, we have assessed the proforma changes in the WACC and gearing of the Adventa Group with reference to the following scenarios as at the LPD (prior to the implementation of the Proposed Rights Issue):

- (a) Equity Scenario : Implementation of the Proposed Rights Issue under the Maximum Scenario where there will be a partial repayment of RM7 million borrowings using proceeds raised from the Proposed Rights Issue
- (b) Debt Scenario : Assuming the Adventa Group utilises borrowings to raise RM45.84 million (equivalent to maximum proceeds expected from the Proposed Rights Issue under the Maximum Scenario) in the absence of the Proposed Rights Issue

The WACC of the Adventa Group, being the computation of the cost of each capital component multiplied by its proportionate weight is derived as follows:-

$$WACC = \frac{E}{D + E} (k_e) + \frac{D}{D + E} (k_d)(1 - t)$$

Where:

Component	Description
E :	Market value of Adventa's equity as follows:
	<ul style="list-style-type: none"> (a) As at the LPD / Debt Scenario - Based on the 5-day VWAP of Adventa Shares up to and including the LPD of RM0.47 and the issued share capital of Adventa as at the LPD of 152.79 million Adventa Shares. (b) Equity Scenario - Based on the TERP of RM0.39 computed based on the 5-day VWAP of Adventa Shares up to and including the LPD of RM0.47 and the enlarged share capital of Adventa of 305.57 million Adventa Shares under the Maximum Scenario.
D :	Market value of Adventa's debt as follows:
	<ul style="list-style-type: none"> (a) As at the LPD / Equity Scenario - Based on the Adventa Group's unaudited interest-bearing debts as at 31 March 2023 of RM11.46 million. We have taken into consideration the partial repayment of RM7 million borrowings using proceeds raised from the Proposed Rights Issue under Equity Scenario. (b) Debt Scenario - Based on the Adventa Group's unaudited interest-bearing debts as at 31 March 2023 of RM11.46 million and assuming an additional debt financing of RM45.84 million (equivalent to maximum proceeds expected from the Proposed Rights Issue under the Maximum Scenario).

Component	Description
k_e :	The rate of return required by the equity investors of Adventa to compensate for the risks undertaken by their investment in Adventa as at the LPD, which is derived based on following formula of Capital Asset Pricing Model:

$$k_e = R_f + \beta (R_m - R_f)$$

and taking into consideration the parameters set out as follows:

Parameters	Description
(a) Risk free rate (R_f)	Risk free rate is the expected rate of return from a risk-free asset. The yield of 10-year Malaysian Government Securities as at the LPD of 3.86% was adopted as proxy of the risk free rate. We are of the opinion the 10-year Malaysian Government Securities as the proxy of the risk free rate is justifiable as it is a long-term bond issued by the Government of Malaysia denominated in Ringgit Malaysia and widely referenced to as risk free rate. In arriving at our opinion, we also took into consideration the historical performance and expansion plans of Adventa Group.

(b) Beta (β)	Beta is the sensitivity of an asset's returns to the changes in the market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and vice versa.
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We have identified 4 Comparable Companies listed on Bursa Securities and involved in the provision of healthcare equipment and services which we presently consider to be most similar and relevant to the Adventa Group after applying the selection criteria as follows:

- (i) Market capitalisation between RM50 million and RM300 million taking into consideration the market capitalisation of Adventa as at the LPD of RM71.81 million; and
- (ii) Principal activities are at least 85% in the healthcare equipment and services segment based on the latest audited or unaudited 12-month consolidated revenue (as may be applicable) of the respective selected Comparable Companies.

For information purposes, the market capitalisation and historical 5-year unlevered beta up to the LPD of the Comparable Companies are as follows:

Component	Description																			
	Parameters	Description																		
	Comparable Companies	<table> <tr> <th></th><th>Market capitalisation at the LPD (RM' million)</th><th>5-Year unlevered beta up to the LPD (times)</th></tr> <tr> <td>Careplus Group Bhd</td><td>162.87</td><td>1.204</td></tr> <tr> <td>Hextar Healthcare Bhd</td><td>230.44</td><td>1.215</td></tr> <tr> <td>LKL International Bhd</td><td>58.21</td><td>1.636</td></tr> <tr> <td>UMediC Group Berhad</td><td>295.39</td><td>0.954</td></tr> <tr> <td>Average</td><td></td><td>1.252</td></tr> </table>		Market capitalisation at the LPD (RM' million)	5-Year unlevered beta up to the LPD (times)	Careplus Group Bhd	162.87	1.204	Hextar Healthcare Bhd	230.44	1.215	LKL International Bhd	58.21	1.636	UMediC Group Berhad	295.39	0.954	Average		1.252
	Market capitalisation at the LPD (RM' million)	5-Year unlevered beta up to the LPD (times)																		
Careplus Group Bhd	162.87	1.204																		
Hextar Healthcare Bhd	230.44	1.215																		
LKL International Bhd	58.21	1.636																		
UMediC Group Berhad	295.39	0.954																		
Average		1.252																		

(Source: Bloomberg and announcements of respective companies)

The selection may not be identical or directly comparable to the Adventa Group in terms of the size of the company, the type of all business activities, the scale of operations, the geographical and market coverage, the track record, the future prospects, the asset base as well as the business risks. Nonetheless, the selected Comparable Companies are companies involved in the healthcare equipment and services industry in general and serve as an acceptable basis for the purpose of estimating average unlevered beta of the industry.

We have re-levered the average historical 5-year unlevered beta up to the LPD of 1.252 of selected Comparable Companies listed on Bursa Securities based on the capital structure of Adventa Group under respective scenarios and adopted the re-levered industry beta as the beta of Adventa as at the LPD as follows:

Scenarios	Debt-to-equity ratio (times)	Re-levered β of Adventa (times)
As at the LPD	0.159	1.404
Equity Scenario	0.038	1.288
Debt Scenario	0.796	2.011

(c) Expected market return (R_m)

Expected market return is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.

We have adopted the expected market return based on the internal rate of return, weighted by the market capitalisation of each index member of the FTSE Bursa Malaysia Top 100 Index, which is a forward-looking estimate. As extracted from Bloomberg, the expected market return for the FTSE Bursa Malaysia Top 100 Index, which is mainly based on the dividend discount model, is 9.55% on the LPD.

Component	Description								
	The rate of return required by the equity investors of Adventa, k_e as at the LPD under respective scenarios after taking into consideration of the R_f , β and R_m discussed above are as follows:								
	<table> <tr> <th>Scenarios</th><th>k_e</th></tr> <tr> <td>As at the LPD</td><td>11.84%</td></tr> <tr> <td>Equity Scenario</td><td>11.19%</td></tr> <tr> <td>Debt Scenario</td><td>15.29%</td></tr> </table>	Scenarios	k_e	As at the LPD	11.84%	Equity Scenario	11.19%	Debt Scenario	15.29%
Scenarios	k_e								
As at the LPD	11.84%								
Equity Scenario	11.19%								
Debt Scenario	15.29%								
k_d	: 8.25%, being the cost of current financing facilities utilised by the Adventa Group as at the LPD.								
t	: The corporate tax rate, being the latest statutory tax rate of 24%.								

For illustration purposes, the WACC and gearing of the Adventa Group as at the LPD after taking into account of the abovementioned pro forma changes are set out below:

Scenarios	WACC	Gearing
	(%)	(times)
As at the LPD	11.08%	0.182
Equity Scenario	11.01%	0.041
Debt Scenario	11.29%	0.909

As illustrated in the Equity Scenario above, WACC of the Adventa Group decreases from 11.08% to 11.01%. Furthermore, the pro forma NA of the Adventa Group, based on the financial position as at the FPE 31 March 2023 will increase from RM63.02 million to up to RM108.20 million and hence, the gearing of the Group on a proforma basis, will improve from 0.182 times to 0.041 times.

For comparison purposes, should Adventa utilise borrowings to raise RM45.84 million (equivalent to maximum proceeds expected from the Proposed Rights Issue under the Maximum Scenario) as illustrated in the Debt Scenario above, the WACC of Adventa Group would increase from 11.08% to 11.29%. Additionally, gearing ratio would increase from 0.182 times to 0.909 times under the Debt Scenario.

We are of the view that the Proposed Rights Issue is justifiable and appropriate to raise the necessary funds to the Adventa Group at this juncture due to the following (based on the Maximum Scenario):

- The gearing ratio of the Adventa Group is expected to improve from 0.182 times to 0.041 times under the Equity Scenario whilst the WACC decreases from 11.08% to 11.01%;
- In the absence of the Proposed Rights Issue, the Debt Scenario is expected to increase the gearing of the Company from 0.182 times to 0.909 times whilst WACC of the Group is higher at 11.29% under the Debt Scenario as compared to 11.01% under the Equity Scenario. A high gearing ratio may limit the Group's accessibility to creditors' funds in future;

- (c) If the Adventa Group were to incur interest expense from additional bank borrowings under the Debt Scenario, there will be an impact on the Group's interest servicing or loan repayment capability as well as the Group's earnings as a result of higher cash outflow. The total interest expenses and the net operating loss incurred by the Adventa Group for FYE 31 December 2022 were approximately RM0.16 million and RM4.58 million respectively. For illustrative purposes, an additional borrowing of RM45.84 million would result in an additional interest expense to the Group of approximately RM3.78 million per annum based on the pre-tax cost of debt of approximately 8.25% (which is the current cost of borrowing for the facility utilised by Adventa Group as at the LPD) and render additional financial burden to the Group; and
 - (d) The Proposed Rights Issue would enable the Company to raise the requisite funds without incurring cash outflows (save for the estimated expenses in relation to the Proposed Rights Issue) necessary for the Adventa Group's working capital purposes and to finance the construction of the facility in Indonesia to manufacture disposable medical devices as detailed in Section 2.7 of Part A of the Circular, which in turn will contribute to the earnings of the Group and is expected to provide an additional sustainable income stream.
- (v) Opportunity for all existing shareholders to participate in an equity offering of Adventa Shares on a pro-rata basis at an attractive price**

The Proposed Rights Issue represents an opportunity for all Adventa shareholders to further increase their equity participation in the Company on an equitable basis and at a discount to the TERP of Adventa Shares. The Adventa Group suffered LAT in FYE 31 December 2022 mainly due to the tightening procurement budgets for most hospitals in the public sector resulted in projected demand quantities not materialising. The LAT incurred in the first quarter ended 31 March 2023 was mainly attributable to the lower margin for certain products due to competitive pricing. Accordingly, the proceeds from the Proposed Rights Issue which will be utilised for the business expansion as well as partial repayment of the Group's borrowings (under Maximum Scenario) and thereby reducing its finance cost, may contribute positively to the future profitability of the Group. If the Entitled Shareholders subscribe for their entitlements, the Proposed Rights Issue will also provide an avenue for them to participate in the future growth of Adventa at the same proportion of shareholdings as before the Proposed Rights Issue.

We note that the Board intends to fix the Rights Issue Price at a discount of up to 30% to the TERP of Adventa Shares based on 5-day VWAP of Adventa Shares immediately preceding the pricing fixing date. The discount for the Rights Issue Price was determined by the Board after taking into consideration the need to price the Rights Shares at an issue price that would be deemed sufficiently attractive to encourage the subscription of the Rights Shares by the Entitled Shareholders and/or their renounee(s).

As the Proposed Rights Issue is an equity offering to all Entitled Shareholders on a pro-rata basis at the pre-determined ratio and pre-determined issue price, the shareholdings of all Entitled Shareholders will not be diluted (provided they subscribe in full for their respective entitlements). Other types of equity fundraising exercises, such as a private placement, would not provide such an opportunity to participate to all shareholders.

(vi) Commitment from the largest major shareholder

We note that the Board has determined to undertake the Proposed Rights Issue on the Minimum Subscription Level which will ensure that the minimum fundraising objective of the Company will be met via the said issue. In order to ensure that the Minimum Subscription Level is met, Mr. Low has provided an irrevocable and unconditional undertaking to subscribe in full for his entire Rights Shares entitlement, thereby reinforcing his commitment to Adventa Group as the largest major shareholder.

Premised on the above, we are of the view that the Proposed Rights Issue has its merits.

6.2. Rationale for the Proposed Exemption

As mentioned in Section 4.2, Part A of the Circular, *the Proposed Exemption will relieve Mr. Low and PAC from the obligation to undertake the MGO upon the completion of the Proposed Rights Issue, as it is not their intention to undertake the MGO as a result of the Company undertaking the Proposed Rights Issue.*

In addition, as the Proposed Rights Issue is being undertaken on a Minimum Subscription Level pursuant to the Undertaking and that it is also inter-conditional with the Proposed Exemption, the Proposed Exemption will thereby ensure that the Proposed Rights Issue can be successfully undertaken to raise the minimum level of funds required to achieve the fundraising objective of the Group.

Our comments are as follows:-

The Proposed Rights Issue is an equity offering on a pro-rata basis to all Entitled Shareholders and the same entitlements arising therefrom apply to Mr. Low and PAC as well as all the Non-Interested Shareholders of Adventa.

The Undertaking is provided by Mr. Low in support of the Proposed Rights Issue as the single largest shareholder of the Company. We note that he has expressed further interest to apply for up to 50,000,000 excess Rights Shares (to be evaluated on the same basis as all other excess Rights Shares applications). The Undertaking (as well as the Excess Take-Up, if it materialises) underscores his support for the Proposed Rights Issue and demonstrates his commitment to and confidence in the prospects of the Adventa Group.

Should all Entitled Shareholders subscribe for their entitlements in full, there will not be any dilution to their shareholdings nor would there be any excess Rights Shares available for subscription by Mr. Low and Mr. Low's percentage shareholdings in Adventa would remain at the current level.

However, in the event that any of the Non-Interested Shareholders decide not to take up or opt to renounce all or some of their entitlements to the Proposed Rights Issue, their shareholdings will be diluted while Mr. Low's shareholdings would naturally increase given his Undertaking to subscribe for his entire entitlement provided in support of the Proposed Rights Issue. Such increase in Mr. Low's shareholdings could exceed 2% and trigger an MGO obligation pursuant to the 2% Creeping Threshold.

In the event of no other shareholder taking up their entitlements, Mr. Low and PAC's interests in Adventa could rise from the present 42.25% up to between 58.34% and 66.99% further involving the cash injection by Mr. Low and PAC of between RM17.71 million to RM34.36 million into the Group.

While Mr. Low is willing to provide his support for the Proposed Rights Issue, neither he nor his PAC intend to undertake an MGO for the balance shares of the Company not owned by them on completion of the said exercise. We note that both parties have declared and confirmed that they have not acquired any direct or indirect interest in the voting shares and voting rights of Adventa during the past 6 months. Their shareholdings will increase further under the Minimum Scenario and Excess Take-Up scenario if it materialises pursuant to the Proposed Rights Issue. We further note that the subscription of Rights Shares by Mr. Low and PAC will be at the same share subscription terms as that available to all other shareholders of Adventa.

We note further that the Proposed Exemption will not result in any change in controlling shareholder of Adventa and on a standalone basis has no effects on the Company. It would also be subject to the approvals of Non-Interested Shareholders and the SC as outlined in Section 1 of this IAL.

Given that the Proposed Rights Issue and the Proposed Exemption are inter-conditional, the Proposed Exemption is essential to facilitate the successful implementation of the Proposed Rights Issue and enable the Company to realise its potential benefits (highlighted in Section 6.1 above). (Nonetheless, there is no certainty on the realisation of the benefits arising from the utilisation of proceeds from the Proposed Rights Issue.)

Taking into consideration the above, we are of the view that the Proposed Exemption is justifiable.

6.3. Evaluation of the Rights Issue Price

As set out in Section 2.2 of Part A of the Circular, the final Rights Issue Price shall be determined and announced by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date, at a price that is deemed appropriate after taking into consideration the TERP of Adventa Shares, calculated based on the 5-day VWAP of Adventa Shares immediately preceding the price-fixing date of the Rights Shares.

We note that it is the intention of the Board to fix the issue price per Rights Share such that the issue price will be at a discount of up to 30% to the TERP based on the 5-day VWAP of Adventa Shares up to and including the date prior to the price-fixing date, subject to the minimum gross proceeds to be raised from the Proposed Rights Issue after taking into consideration the funding requirement of the Group.

We have evaluated the Illustrative Issue Price as follows:

- (i) The Illustrative Issue Price represents a range of discounts from 28.57% to 37.26% as well as from 22.08% to 36.91% to the TERPs based on the last closing market price, 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of the Adventa Shares up to the LTD and LPD respectively, as detailed in Section 2.2, Part A of this Circular, as follows:

	Closing market price/ VWAP	TERP based on the Illustrative Issue Price	Discount of the Illustrative Issue Price to the TERP	Discount of the Illustrative Minimum Rights Price to the TERP *
	RM	RM	RM	%
<u>Up to and including the LTD</u>				
Closing market price	0.5400	0.4200	0.1200	28.57
5-day VWAP	0.5481	0.4241	0.1241	29.26
1-month VWAP	0.5512	0.4256	0.1256	29.51
3-month VWAP	0.5892	0.4446	0.1446	32.52
6-month VWAP	0.6104	0.4552	0.1552	34.09
12-month VWAP	0.6563	0.4782	0.1782	37.26
<u>Up to and including the LPD</u>				
Closing market price	0.4700	0.3850	0.0850	22.08
5-day VWAP	0.4708	0.3854	0.0854	22.16
1-month VWAP	0.4888	0.3944	0.0944	23.94
3-month VWAP	0.5219	0.4110	0.1110	27.01
6-month VWAP	0.5872	0.4436	0.1436	32.37
12-month VWAP	0.6509	0.4755	0.1755	36.91

Notes:

^ We further analysed the maximum discount based on the Board's intention. For illustrative purposes, based on the discount of 30% to the TERP based on the 5-day VWAP of the Adventa Shares up to the LPD, the Rights Issue Price will be:

**Discount to the TERP based on
5-day VWAP up to the LPD**

Rights Issue Price

30% discount

RM0.2535

("Illustrative Minimum Rights Price")

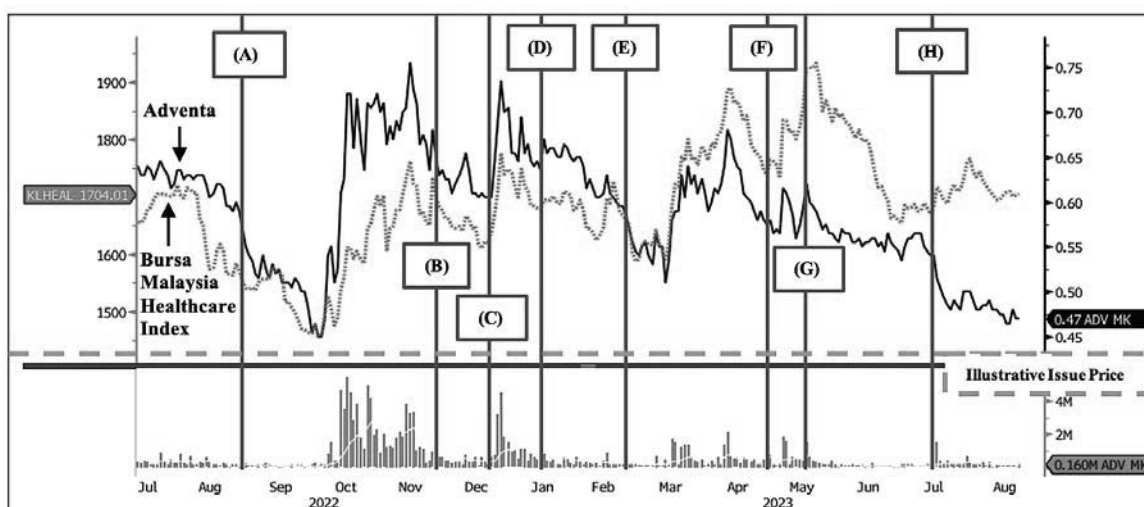
Based on the Illustrative Minimum Rights Price:

- (i) the discounts to the TERP based on the closing market price, 5-day, 1-month, 3-month, 6-month and 12-month VWAPs up to and including the LTD range from 36.11% to 44.27%; and
- (ii) the discounts to the TERP based on the closing market price, 5-day, 1-month, 3-month, 6-month and 12-month VWAPs range from 29.93% to 43.94% up to and including the LPD.

The discount of the Illustrative Minimum Rights Price to the TERP based on 5-day VWAP up to the LPD is provided in the table above for illustrative purposes only as the actual Rights Issue Price shall be determined and announced by the Board on the price fixing date.

* As defined in note ^

In evaluating the Illustrative Issue Price, we have also taken into consideration the movement of the closing prices and trading volume of Adventa Shares on the Main Market of Bursa Securities as compared to the Bursa Malaysia Healthcare Index for the past 12 months up to the LTD and until the LPD shown in the chart below:



(Source : Bloomberg)

Note:

— — Illustrative Issue Price of RM0.30

The Company is not aware of any significant events which may have a material effect on the market prices of Adventa Shares during the period under review save as disclosed in the table below:

Annotation	Date of Announcement	Significant event
(A)	29 August 2022	Announcement of unaudited 2 nd quarter financial results for the FPE 30 June 2022 in which Adventa Group recorded a lower cumulative basic EPS of 0.51 sen as compared to cumulative basic EPS of 4.31 sen in the preceding corresponding financial period.
(B)	29 November 2022	Announcement of unaudited 3 rd quarter financial results for the FPE 30 September 2022 in which Adventa Group recorded a cumulative basic loss per Share of 0.74 sen as compared to cumulative basic EPS of 5.97 sen in the preceding corresponding financial period.
(C)	21 December 2022	Disposal of 10,999 ordinary shares representing 99.99% indirect interest in PT Humana Medical International, a wholly-owned subsidiary of AH Biomedical Pte. Ltd. through the disposal of 100 ordinary shares of AH Biomedical Pte. Ltd. to Mr. Low for a total purchase consideration of SGD100 on 21 December 2022.
(D)	13 January 2023	Announcement of the Acquisition.
(E)	24 February 2023	Announcement of unaudited 4 th quarter financial results for the FPE 31 December 2022 in which Adventa Group recorded a cumulative basic loss per Share of 3.26 sen as compared to cumulative basic EPS of 8.59 sen in the preceding corresponding financial period.

Annotation	Date of Announcement	Significant event
(F)	28 April 2023	Announcement of Annual Report of Adventa for the FYE 31 December 2022.
(G)	18 May 2023	Announcement of unaudited 1 st quarter financial results for the FPE 31 March 2023 in which Adventa Group recorded a cumulative basic loss per Share of 0.54 sen as compared to cumulative basic EPS of 0.46 sen in the preceding corresponding financial period.
(H)	14 July 2023	Announcement of the Proposals.

(Source : Announcements of Adventa on the website of Bursa Securities)

Premised on the above, we note that the closing market prices of Adventa Shares for the past 1 year is broadly in line with the performance of the Bursa Malaysia Healthcare Index for the period under review. Entitled Shareholders should note that the historical market prices may not be an indication of future market price performance of Adventa Shares as it may be influenced by, amongst others, the performance and prospects of the Adventa Group, prevailing market conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors.

- (ii) The Illustrative Issue Price represents a range of discounts from 14.29% to 26.83% to the latest audited, latest unaudited and pro forma consolidated NA per Adventa Share, as detailed below:-

	Audited/ Unaudited/ Pro forma consolidated NA per Adventa Share	Discount of the Illustrative Issue Price to the NA per Adventa Share		Discount of Illustrative Minimum Rights Price to the NA per Adventa Share ⁽²⁾
	RM	RM	%	%
Audited FYE 2022	0.41	(0.11)	(26.83)	(38.17)
Unaudited FPE 31 March 2023	0.41	(0.11)	(26.83)	(38.17)
Minimum Scenario ⁽¹⁾	0.38	(0.08)	(21.05)	(33.29)
Minimum Scenario and after the Excess Take-Up scenario ⁽¹⁾	0.36	(0.06)	(16.67)	(29.58)
Maximum Scenario ⁽¹⁾	0.35	(0.05)	(14.29)	(27.57)

Notes:

- (1) Calculated based on the last audited accounts of Adventa and the enlarged pro forma consolidated NA divided by the number of Adventa Shares after the Proposed Rights Issue and net of estimated expenses of approximately RM0.65 million in relation the Proposals.
- (2) Discounts based on the Illustrative Minimum Rights Price are provided for illustrative purposes only as the actual Rights Issue Price shall be determined and announced by the Board on the price fixing date.

Based on the discount ranges represented by the Illustrative Issue Price above and the Board's intention to fix the issue price at a discount of up to 30% to the TERP of Adventa Shares, the Illustrative Issue Price is justifiable for a rights issue exercise at the material time of this IAL premised on the following:

- The above proposed discount to the TERP is within the range of those observed for some other rights issue exercises announced or implemented on Bursa Securities in the past 12 months up to the LPD;
- The discounts serve to increase the pricing attractiveness of the Rights Shares and encourage the subscription of Rights Shares by the Entitled Shareholders in the Proposed Rights Issue;
- The entitlements for the Proposed Rights Issue are proportionate to the respective shareholdings of the Undertaking Shareholder and all other Entitled Shareholders on the Entitlement Date;
- All Entitled Shareholders (and/or their renounees) will have the opportunity to subscribe for the Rights Shares at the same issue price on a pro-rata basis;
- The subscription to additional Rights Shares by Mr. Low via the excess Rights Shares application under the Excess Take-Up scenario will be on the same terms as those offered to other Entitled Shareholders and/or their renounees;
- The pricing mechanism of the Rights Shares will be market-based as it is based on the 5-day VWAP immediately preceding the price-fixing date of the Rights Shares;
- Entitled Shareholders who choose to renounce their entitlements to the Rights Shares can sell all or part of their entitlements to the Rights Shares on the open market although there is no assurance that the selling price achieved will be reflective of their intrinsic value; and
- It allows the Company to raise the minimum equity funds required for business expansion and working capital as detailed in Section 2.7 of Part A of the Circular.

It should be noted that the Illustrative Issue Price is for illustrative purposes and the final issue price of the Rights Shares will be determined and announced on the price-fixing date later. As such, the discounts stated above are variable depending on the final issue price of the Rights Shares. The Entitled Shareholders and/or their renounees would need to incur cash outlay to subscribe for the Rights Shares based on the final issue price of the Rights Shares.

Should the Proposed Rights Issue proceed, shareholders of Adventa would be able to subscribe for the Rights Shares at the aforesaid discount to the TERP. However, should any Non-Interested Shareholder decide not to subscribe for the Rights Shares, their percentage shareholdings in Adventa will be diluted accordingly. Under the Minimum Scenario which assumes that only subscriptions pursuant to the Undertaking and maximum Excess Take-Up (which assumes the subscription of Rights Shares entitlement by the PAC) are received for the Proposed Rights Issue, the collective shareholdings of the Non-Interested Shareholders would potentially be diluted from 57.75% down to 33.01% and the value of the abovementioned discount would only be enjoyed by the participating shareholder. However, any subscribing shareholder would need to incur a cash outlay.

Premised on the above, we are of the view that the Board's basis of arriving at the issue price for the Rights Shares is justifiable.

6.4. Effects of the Proposals

We note that as set out in Section 6 of Part A of the Circular, the Proposed Exemption on a standalone basis will not have any impact on the issued share capital, substantial shareholders' shareholdings, consolidated NA, gearing and earnings of Adventa.

The Proposed Exemption will facilitate the Proposed Rights Issue which the pro forma effects as extracted from Section 6 of Part A of the Circular (*in italic*), and our comments are set out below.

6.4.1. Share capital

The pro forma effects of the Proposed Rights Issue on the issued share capital of Adventa are set out as follows:-

	<i>Minimum Scenario</i>		<i>Maximum Scenario</i>	
	<i>No. of Shares</i>	<i>RM</i>	<i>No. of Shares</i>	<i>RM</i>
<i>Issued share capital as at the LPD</i>	152,785,770	57,680,204	152,785,770	57,680,204
<i>Rights Shares to be issued pursuant to the Proposed Rights Issue</i>	59,035,652	17,710,696 ^{*1}	152,785,770	45,835,731 ^{*1}
<i>After the Excess Take-Up^{*2}</i>	55,510,960	16,653,288	-	-
<i>Enlarged issued share capital</i>	267,332,382	92,044,188	305,571,540	103,515,935

Notes:-

*1 Computed based on the Illustrative Issue Price

*2 Strictly for information purpose

The issued share capital of Adventa will increase following the Proposed Rights Issue and the capital base of the Company will be strengthened and increased by the amount of net proceeds raised via the said issuance.

We note that the Company has undertaken not to grant any ESS until the completion of the Proposed Rights Issue and hence, the ESS is not expected to have any immediate effect on the issued share capital.

6.4.2. Substantial shareholders' shareholdings

For illustration purpose, the pro forma effects of the Proposed Rights Issue on the shareholdings of the substantial shareholders of Adventa are as follows:-

Minimum Scenario

	<i>Shareholdings as at the LPD</i>				<i>I After the Proposed Rights Issue</i>			
	<i><-----Direct-----></i>		<i><-----Indirect-----></i>		<i><-----Direct-----></i>		<i><-----Indirect-----></i>	
	<i>No. of Shares</i>	<i>%^{*1}</i>	<i>No. of Shares</i>	<i>%^{*1}</i>	<i>No. of Shares</i>	<i>%^{*2}</i>	<i>No. of Shares</i>	<i>%^{*2}</i>
<i>Low Chin Guan</i>	59,035,652	38.64	-	-	118,071,304	55.74	-	-

	<i>II After I and the Excess Take-Up^{*3}</i>			
	<i><-----Direct-----></i>		<i><-----Indirect-----></i>	
	<i>No. of Shares</i>	<i>%^{*3}</i>	<i>No. of Shares</i>	<i>%^{*3}</i>
<i>Low Chin Guan</i>	168,071,304	62.87	-	-

Notes:-

- *1 Based on the total issued shares of 152,785,770 of the Company as at the LPD
 *2 Based on the enlarged issued shares of 211,821,422 of the Company after the Proposed Rights Issue
 *3 Based on the enlarged total issued shares of 267,332,382 Adventa Shares after the Proposed Rights Issue and after assuming Excess Take-Up scenario. Strictly for information purpose

Maximum Scenario

	Shareholdings as at the LPD				After the Proposed Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%*1	No. of Shares	%*1	No. of Shares	%*2	No. of Shares	%*2
Low Chin Guan	59,035,652	38.64	-	-	118,071,304	38.64	-	-

Notes:-

- *1 Based on the total issued shares of 152,785,770 of the Company as at the LPD
 *2 Based on the enlarged issued shares of 305,571,540 of the Company after the Proposed Rights Issue

Under the Minimum Scenario wherein only the Undertaking Shareholder subscribes for the Proposed Rights Issue and none of the other Entitled Shareholders take up their entitlements, Mr. Low's direct shareholdings will increase from 38.64% to 55.74% as a result of the Undertaking provided. Consequently, the collective shareholdings of the Non-Interested Shareholders who do not subscribe for their entitlements will reduce from 57.75% to 41.66%. Should the Minimum Scenario include the Excess Take-Up scenario, Mr. Low's direct shareholdings may increase up to 62.87% on completion of the Proposals and the collective shareholdings of Non-Interested Shareholders who do not subscribe for their entitlements could potentially decrease to 33.01%.

In addition, the public shareholdings in Adventa will reduce from 57.43% to 41.42% under Minimum Scenario and may potentially decrease further to 32.82% under the Minimum Scenario including the Excess Take-Up scenario (which assumes the subscription of Rights Shares entitlement by the PAC). In any case, we note that the Company would still be in compliance with the public shareholding spread requirement of Bursa Securities.

Alternatively, under the Maximum Scenario wherein all of Entitled Shareholders fully subscribe for their respective entitlements under the Proposed Rights Issue, the collective shareholdings of Mr. Low and PAC in Adventa will remain unchanged at 42.25%. Correspondingly, the collective shareholdings of the Non-Interested Shareholders will also remain at 57.75% and their shareholdings would not be diluted following the Proposed Rights Issue.

6.4.3. NA and Gearing

The proforma effects on the consolidated NA, NA per Adventa Share and gearing are summarised in the table below:

	Audited as at 31 December 2022	Minimum Scenario	Excess Take- Up scenario	Maximum Scenario
NA (RM'000)	62,983	80,040	96,693	108,165
NA per Adventa Share (RM)	0.41	0.38	0.36	0.35
Gearing (times) ~	0.13	0.10	0.09	0.01

Note:

~ Computed based on the total borrowings of RM8.25 million as at the LPD.

The Proposed Rights Issue will on a pro forma basis result in the rise in the NA under all 3 scenarios above mainly as a result of the increase in the issued share capital of Adventa. However, the said issuance is expected to be dilutive on per share basis if the Proposed Rights Issue is implemented at the Illustrative Issue Price representing a discount to NA per share on a pro forma basis. Pro forma gearing ratio of the Group is expected to reduce from approximately 0.13 times to 0.09 times under the Excess Take-Up scenario mainly as a result of the increase in shareholders' equity upon completion of the Proposed Rights Issue and may reduce further to approximately 0.01 times under the Maximum Scenario mainly due to the partial repayment of group borrowings using proceeds raised.

6.4.4. Earnings and EPS

We note from the Section 6.4 of Part A of the Circular that *the Proposed Rights Issue is not expected to have any material effect on the earnings and EPS of the Group for the FYE 31 December 2023. However, there will be a dilution in the EPS of the Group for the FYE 31 December 2023 due to the increase in the number of Shares in issue arising from the Proposed Rights Issue. Notwithstanding that, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group in the ensuing financial year(s) via the utilisation of the proceeds as set out in Section 2.7, Part A of this Circular.*

Minimum Scenario

	<i>Audited as at FYE 31 December 2022</i>	<i>I After the Proposed Rights Issue</i>	<i>II After I and the Excess Take-Up^{*2}</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>
<i>PAT/ (LAT) attributable to shareholders^{*1}</i>	<i>(5,141,551)</i>	<i>(5,141,551)</i>	<i>(5,141,551)</i>
<i>Total number of Shares in issue (units)</i>	<i>152,785,770</i>	<i>211,821,422</i>	<i>267,332,382</i>
<i>Basic EPS/ (LPS) (sen)</i>	<i>(3.37)</i>	<i>(2.43)</i>	<i>(1.92)</i>

Maximum Scenario

	<i>Audited as at FYE 31 December 2022</i>	<i>After the Proposed Rights Issue</i>
	<i>RM</i>	<i>RM</i>
<i>PAT/ (LAT) attributable to shareholders^{*1}</i>	<i>(5,141,551)</i>	<i>(5,141,551)</i>
<i>Total number of Shares in issue (units)</i>	<i>152,785,770</i>	<i>305,571,540</i>
<i>Basic EPS/ (LPS) (sen)</i>	<i>(3.37)</i>	<i>(1.68)</i>

Notes:-

^{*1} Based on the latest audited consolidated financial results of Adventa for the FYE 31 December 2022

^{*2} Strictly for information purpose

The Proposed Rights Issue is expected to have an immediate dilution to the Company's consolidated LPS on a pro forma basis from 3.37 sen to 2.43 sen under the Minimum Scenario, 1.92 sen under the Excess Take-Up scenario and 1.68 sen under the Maximum Scenario, as a result of the increase in the number of Adventa Shares in issue upon completion of the Proposed Rights Issue. However, we note that the proceeds to be raised from the Proposed Rights Issue will be utilised for mainly for business expansion and working capital needs, which are expected to contribute positively to the future profitability of the Group barring unforeseen circumstances. Non-Interested Directors and Non-Interested Shareholders should note that the actual realisation of the said benefits would be subject to operational risks, implementation risks as well as depend inter-alia on timely and successful deployment of the proceeds from the Proposed Rights Issue. Accordingly, the Adventa Group will undertake necessary efforts and measures to mitigate such risks associated with the Proposed Rights Issue.

Premised on the above, we are of the view that the overall financial effects of the Proposals are justifiable.

6.5. Industry outlook and prospects of the Group

The overview and outlook of the Malaysian economy and the healthcare and manufacturing industries of Malaysia are detailed in the Section 5 of Part A of the Circular.

6.5.1. Overview of the Economy

Global economy

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine is slowing amid widening divergences among economic sectors and regions. The World Health Organisation announced in May 2023 that it no longer considers COVID-19 to be a "global health emergency". Supply chains have largely recovered, and shipping costs and suppliers' delivery times are back to pre-pandemic levels. Based on the International Monetary Fund's latest forecast, global growth will fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. Notwithstanding the inflation remains high and continues to erode household purchasing power, the forecast for 2023 is modestly higher than predicted in the previous World Economic Outlook issued by International Monetary Fund in April 2023.

(Source: World Economic Outlook, July 2023, International Monetary Fund)

Malaysian Economy

The Malaysian economy expanded by 5.6% in the first quarter of 2023, underpinned by broad based growth across all sectors especially services and manufacturing, which grew by 7.3% and 3.2% respectively. The economic expansion was supported by sustained domestic demand reflecting confidence in the economy, given strong private expenditure and improvement in labour market conditions.

(Source: Press release dated 12 May 2023, Ministry of Finance Malaysia)

The Malaysian economy expanded moderately in the second quarter of 2023 to 2.9%, weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects.

(Source: Press release dated 18 August 2023, Bank Negara Malaysia)

While the growth outlook is subject to some downside risks stemming from weaker-than-expected global growth, upside risks mainly emanate from domestic factors such as stronger-than-expected tourism activity and faster implementation of projects.

(Source: Quarterly Bulletin – Second Quarter 2023, Bank Negara Malaysia)

Indonesian economy

Against a backdrop of global economic moderation, economic growth in Indonesia remains solid. The latest data published by Badan Pusat Statistik Indonesia indicates 5.03% year-on-year ("YOY") national economic growth in the first quarter of 2023, up slightly from 5.01% YOY in the previous period, primarily underpinned by the manufacturing industry, wholesale and retail trade as well as mining and quarrying.

(Source: Press release dated 5 May 2023, Bank Indonesia)

The Indonesian economy in the second quarter of 2023 is expected to outperform the previous projection, underpinned by higher household consumption and investment. By sector, the main contributors to economic growth include the manufacturing industry, wholesale and retail trade as well as information and communication. Spatially, Indonesia's economic growth was primarily driven by strong growth in the Kalimantan and Jawa regions on maintained domestic demand.

(Source: Monetary Policy Report – Quarter II 2023, Bank Indonesia)

Several risks, both in the short term and in the medium term, that still need attention because they could weaken the economic outlook of Indonesia. In the short term, global turmoil could adversely affect the domestic economy through both the trade and financial channels. In the medium to long term, there is a further risk that a multipolar pattern of global trade might derail Indonesia from its trajectory towards a developed Indonesia.

(Source: Economic Report on Indonesia 2022, Bank Indonesia)

Despite persistent global economic turmoil, the Indonesian economy remains resilient with a promising outlook. Bank Indonesia projects solid national economic growth in Indonesia in 2023 in the 4.5% to 5.3% range before accelerating to 4.7% to 5.5% in 2024, underpinned by private consumption, investment and positive export performance against a backdrop of global economic moderation.

(Source: Press release dated 6 December 2022, Bank Indonesia)

The outlook for Indonesia's economic improvement remains intact over the medium term with a resilient economic structure. Indonesia's economic growth is projected to increase further to the range of 4.8% to 5.6% in 2025; 4.9% to 5.7% in 2026; and 5.0% to 5.8% in 2027.

(Source: Economic Report on Indonesia 2022, Bank Indonesia)

6.5.2. Overview and outlook of the medical device and equipment industry in Malaysia

The medical devices industry is poised for growth and development in Malaysia, well supported by an environment that promotes manufacturing and investment, and a healthcare system that is mature and globally recognised. Notably, Malaysia's healthcare system has been lauded by the World Health Organisation as a sustainable model which is accessible and affordable by all, served by both the public and private sectors. Malaysian government continues to prioritise national health and wellbeing as it has been laid out as one of the three main themes of the Twelfth Malaysia Plan 2021-2025 and will undertake a medium to long-term reform of its healthcare sector while gradually aiming to increase healthcare spending every year towards maintaining a world-class healthcare system.

It is predicted that over 60% of the world's population will be living in Asia by 2030 with one in four people over the age of 60 or older. As more emphasis is placed on healthcare and wellness, driven by the needs of an ageing population and unexpected situations like the COVID-19 pandemic, demand for medical devices and consumables is always on the rise. Consumables such as syringes, test kits, rubber gloves, and personal protective equipment increased tremendously during the years of the pandemic. Many elective surgeries which had been postponed during the height of the pandemic are now being rescheduled, which will re-stimulate the demand. The shift to home care using more portable medical devices is also another factor that will increase the demand for medical equipment.

Malaysia's medical device industry produces a wide range of products and equipment ranging from medical gloves, implantable devices, orthopaedic devices and dialysers. It also includes diagnostic imaging equipment and minimally invasive surgery equipment as well as other devices used for surgical, dental, optical and general health purposes. Malaysia is the largest market for medical devices in the ASEAN region with an estimated total market size of USD1.8 billion. Over 90 % of the medical devices manufactured in Malaysia are exported to its top 10 export destinations namely the United States of America, Germany, Singapore, Japan, Belgium, People's Republic of China, the Netherlands, Brazil, the United Kingdom and Australia.

(Source: Malaysia's Medical Devices Industry: Immense Growth Potential, Malaysia Investment Development Authority)

6.5.3. Overview and outlook of the medical device and equipment industry in Indonesia

The Indonesian medical device and lab equipment industry continues to grow significantly. According to data from the International Trade Administration at the United States Department of Commerce, the market size of the Indonesian medical device and lab equipment is expected to reach USD3.85 billion in 2022 from USD2.85 billion in 2019. That estimate is further supported by data from the Ministry of Investment, also known as the Indonesian Investment Coordinating Agency (BKPM), which recorded a marked increase in the number of medical device and equipment production facilities from 193 in 2015 to 891 in 2021, or a 361.6% increase in just 5 years.

One reason for this development is the implementation of a national health insurance scheme known as Jaminan Kesehatan Nasional (“JKN”). Introduced in 2014, the JKN aims to include all of Indonesia’s 270 million citizens – the world’s fourth largest population – under its wings. As of 2020, an estimated 83% of that population has been covered by JKN. Another possible reason for the rapid expansion is the COVID-19 pandemic. While the pandemic has had an adverse effect on various sectors, the global medical device and lab equipment sector experienced double-digit growth – as much as 38% in 2020, according to data from the World Trade Organisation.

For the foreseeable future, the Indonesian market will continue to grow with relatively low competition from local manufacturers and the country will remain heavily reliant on imports for its medical devices. On the other hand, medical device manufacturers/distributors, pharmaceutical companies, and medical technology firms can tap into a large market while helping Indonesia to improve its medical facilities.

Indonesia has acknowledged the need to work with foreign investors by easing regulatory hurdles to give foreign investors a larger stake in certain sub-sectors of the medical device and equipment industry, especially for raw materials production for hospitals and pharmaceuticals, as well as technologically advanced medical devices. Additionally, Indonesia now allows 100% foreign ownership of medical device subsidiaries. This was stated in Presidential Regulation No. 10 of 2021 on “Investment Business Field” issued in February 2021.

Indonesia’s large population and consistent economic growth present excellent opportunities for foreign companies. These opportunities have already attracted various leading foreign medical device companies such as Siemens Healthcare Indonesia and GE Healthcare Indonesia to the archipelago. Furthermore, the Indonesian medical device regulatory and importation requirements has become more transparent in recent years. These conditions, as well as the numerous tax incentives available to foreign middle and small-sized medical device businesses, means that there are significant business opportunities for foreign companies when they enter the Indonesian market.

(Source: News release dated 5 August 2022, German-Indonesian Chamber of Industry and Commerce)

6.5.4. Prospects of the Adventa Group

As detailed in the Section 5.5 of Part A of this Circular, *the Group distributes hospital disposable supplies such as surgical instruments, airway management, wound care management, fluid suction management, personal protective apparels, IV therapy & vascular access, urology & drainage, diagnostics, gloves and incontinences product. As part of the Board’s strategy to expand the healthcare business, the Group had on 13 January 2023 announced the acquisition of the Land in Jawa Tengah, Indonesia for the purpose of setting-up a manufacturing facility for the medical equipment industry targeting the Asian region particularly in Malaysia, Sri Lanka and Indonesia. For clarification purposes, the aforementioned manufacturing facility is the first manufacturing factory that the Board intended to construct for its business and that the Group does not have any other existing manufacturing facility as at the LPD. The Group plans to move up the value chain of its primary trading and distribution business and expand its horizon to secure its long-term business prospects. (Source: Annual Report 2022 of Adventa)*

We note that Adventa has earmarked its proceeds from the Proposed Rights Issue to finance the Group's construction of a manufacturing facility in Indonesia in order to tap into the disposable medical devices manufacturing sector as well as to fund its working capital required for existing healthcare distribution business and future business operations of the Group.

As such, the performance of the Adventa Group is influenced by the economic outlook and industry development in Malaysia and Indonesia, being the principal places of business of the Group. Despite the challenging macroeconomic environment in the face of geopolitical conflicts and elevated inflation, favourable growth of economies in both Malaysia and Indonesia is in tandem with the gradual recovery of global economies and is well supported by the respective local government's initiative and policies in the short and medium terms.

In addition, the prominence of Malaysia's healthcare system together with the implementation of the Twelfth Malaysia Plan within the nation, rising demand for medical device and equipment mainly due to the aging demographics in Malaysia, national health insurance scheme advocated by Indonesian government as well as incentives offered to attract foreign investment in medical device and equipment sector of Indonesia would augur well for the business strategy and plans of the Adventa Group.

Premised on the foregoing, we are of the view that the outlook and prospects of Adventa Group upon completion of the Proposals are positive in the longer term.

6.6. Implications of the Proposed Exemption

Shareholders should note that the SC will only consider the application for the Proposed Exemption under subparagraph 4.08(1)(b) of the Rules subject to, inter-alia, the conditions stated in subparagraph 4.08(2) of the Rules:-

- (i) There is no acquisition of shares or instruments convertible into shares and options in respect of shares (other than subscriptions for new shares or new instruments convertible into or options in respect of new shares which have been disclosed in the Circular) by Mr. Low and PAC, in the last six months prior to and including the LTD but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of Adventa in relation to the Proposed Rights Issue until completion of the subscription for the Rights Shares; and
- (ii) Approval for the Proposed Exemption has been obtained from the Non-Interested Shareholders at a general meeting, which voting is to be conducted by way of a poll.

The implications of the Non-Interested Shareholders' votes at the forthcoming EGM are as follows:

6.6.1. If the Non-Interested Shareholders VOTE IN FAVOUR of the Proposed Exemption

Should the Non-Interested Shareholders vote in favour of the Proposed Exemption, the SC would be able to consider the Proposed Exemption. Accordingly, Mr. Low will submit an application to the SC for the Proposed Exemption should the approval from the Non-Interested Shareholders be obtained at the forthcoming EGM. An approval from the SC would then exempt Mr. Low and PAC from the obligation to undertake any MGO which may arise as a result of their participation in the Proposed Rights Issue.

The Non-Interested Shareholders' approval of the Proposed Exemption will imply that Non-Interested Shareholders agree to waive their rights to a general offer by Mr. Low and PAC for Adventa Shares based on the highest price paid by Mr. Low and PAC for Adventa Shares in the past six months preceding the commencement of the offer. Mr. Low and PAC will be able to subscribe for the Rights Shares at the same price as the Entitled Shareholders and increase their shareholdings in Adventa without the obligation to undertake the said offer in the event of any non-subscription for the Rights Shares by Non-Interested Shareholders.

Non-Interested Shareholders should note that the Proposed Exemption, if granted, will facilitate the Proposed Rights Issue and may allow (based on the Minimum Scenario and maximum Excess Take-Up scenario envisaged in Section 6.4.2 of this IAL):-

- (i) The individual shareholdings of Mr. Low to increase from 38.64% up to 62.87%; and
- (ii) the collective shareholdings of Mr. Low and PAC to increase from 42.25% up to 66.99%;

without being required to extend a mandatory offer for the remaining Adventa Shares not owned by them. This would result in a corresponding decrease in the percentage shareholdings of Non-Interested Shareholders of Adventa from 57.75% to 33.01% in such scenario.

Subject to the actual number and percentage of voting rights that Mr. Low and PACs will hold individually and/or collectively after the completion of the Proposed Rights Issue, the following thresholds pursuant to the Rules would be obliged to be observed by Mr. Low and PACs after the completion of the Proposals:

- (a) should Mr. Low's individual shareholdings or deemed interests in Adventa be more than 33% but below 50% after the Proposed Rights Issue and he and PAC subsequently trigger the 2% Creeping Threshold, they would still be obligated to undertake a mandatory offer for the remaining shares not held by them at the highest price paid by them during the 6 months preceding the said offer; and
- (b) should the individual or collective shareholdings of Mr. Low and PAC in Adventa (including indirect interest held through any entity that Mr. Low has statutory control over) increase to more than 50% after the Proposed Rights Issue, any further increase in the individual or collective shareholdings of Mr. Low and PAC in Adventa would not trigger an obligation to undertake a MGO provided that Mr. Low and PAC do not trigger such MGO obligation on an individual basis (i.e. individually increases his/her/its shareholdings to above 33%).

Non-Interested Shareholders should also be aware that if they vote for the Proposed Exemption and it is approved at the EGM and subsequently by the SC, shareholders could possibly be forgoing the opportunity, if any, to receive a general offer from other parties who may be discouraged from making such an offer in view of the strengthened commitment and shareholding position of Adventa's controlling shareholder, Mr. Low.

Additionally, should the shareholdings of Mr. Low and PAC increase to more than 50%, the Non-Interested Shareholders should note that their increased shareholdings would enable them to have greater control over the direction of Adventa, particularly on matters that require the approval of shareholders via ordinary resolution which requires a simple majority of 50% plus one share at general meetings (where they are not required to abstain from voting). Mr. Low and PAC would also significant influence over the outcome of any special resolution which requires a majority of 75% tabled at general meetings (unless they are required to abstain from voting). It should nonetheless, be noted that the maximum potential holdings of Mr. Low and PAC indicated above are illustrative and may not materialise.

Pricing of the Rights Shares is expected to be fixed at a discount of up to 30% to the TERP and would be the price at which additional shareholdings of participating shareholders such as Mr. Low (due to his Undertaking and possible Excess Take-Up) would be acquired while non-participating shareholders would not enjoy the benefit of such discount. As depicted under the Minimum Scenario, Mr. Low and PAC may obtain further control of Adventa without a premium being paid to the Non-Interested Shareholders in view that the Illustrative Issue Price is at a discount of 22.16% to the TERP of Adventa Shares based on the 5-day VWAP up to and including the LPD. (Shareholders should note that the actual discount will vary and is up to 30% as per the Board's intention.) The Illustrative Issue Price also represents a discount of 26.83% to the audited consolidated NA per Adventa Share of RM0.41 as at 31 December 2022.

The Proposals are inter-conditional and without the Proposed Exemption, the Proposed Rights Issue will not proceed. Therefore, voting in favour of the Proposed Exemption will enable the Adventa Group to benefit from the Proposed Rights Issue.

6.6.2. If the Non-Interested Shareholders VOTE AGAINST the Proposed Exemption

Should the Non-Interested Shareholders vote against the Proposed Exemption and it is not approved at the EGM, both the Proposed Rights Issue and Proposed Exemption will not proceed as they are inter-conditional and the shareholdings structure of Adventa will remain the same. Adventa would not be able to implement the Proposed Rights Issue and the rationale of the Proposed Rights Issue as elaborated in Section 4 of Part A of the Circular and Section 6.1 of this IAL including any potential benefits therefrom would not materialise. Accordingly, the Group's funding requirements envisaged to be met via the Proposals would need to be met in other ways in a timely manner. The Board of Adventa is of the opinion that the Proposed Rights Issue is most appropriate. If the Proposals are not approved, the Board will consider alternative fund raising approaches including bank borrowings. However, this would place additional interest burden on the Adventa Group. Should additional debt be incurred for this purpose, the share capital base and shareholding structure of Adventa would remain unchanged with Mr. Low continuing to have 38.64% direct shareholdings.

7. DECLARATIONS AND CONFIRMATIONS

In accordance with Schedule 2: Part II of the Rules on disclosure on interests, the following declarations have been made in respect of the Proposed Exemption:-

7.1. By Mr. Low and PAC

As at the LPD, Mr. Low and PAC have declared the following:-

- (i) they have not dealt and will not deal in the Adventa Shares during the period of six months prior to the announcement of the Proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposals, until the completion of the Proposals;
- (ii) they do not intend to effect any major change on the following:-
 - (a) the continuation of the business of the Adventa Group;
 - (b) the existing business of the Adventa Group, including plans to liquidate the Adventa Group, sell its assets or re-deploy the fixed assets of the Adventa Group or make any other major change to the business of the Adventa Group; and

- (c) the continued employment of the employees or employment policies of the Adventa Group except where such changes are required to rationalise or improve the efficiency of the operations,

except where such changes are considered by the Adventa Group to be necessary to streamline or to improve amongst others, its business, profitability, operation and/or market position from time to time and in the best interest of the Adventa Group;

- (iii) their long-term commercial justification for the Proposed Exemption is to facilitate the Proposed Rights Issue;
- (iv) there are no person with whom Mr. Low and PAC or any persons acting in concert with them have any arrangement involving rights over Adventa Shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to Adventa shares which may be an inducement to deal or refrain from dealing;
- (v) there is no agreement, arrangement or understanding existing between Mr. Low or PAC or any persons acting in concert with them and any of the Directors of Adventa, existing holders of voting shares or voting rights of Adventa or any person who was a Director of Adventa or a holder of voting shares or voting rights of Adventa during the period of six months prior to the announcement of the Proposals having any connection with or dependence upon the outcome of the Proposed Exemption;
- (vi) save as disclosed in the Circular, there is no other persons who prior to the sending of the Circular, have irrevocably committed themselves to vote in favour or against the Proposed Exemption;
- (vii) Mr. Low and PAC or any persons acting in concert with them have not borrowed or lent any Adventa Shares;
- (viii) Within the knowledge of Mr. Low and PAC or any persons acting in concert with them, as at the LPD, there has not been any material changes in the financial position or prospects of the Adventa Group since its last audited financial statements as at 31 December 2022 was presented to Adventa shareholders in the annual general meeting held on 23 June 2023, other than as disclosed in subsequent announcements made by Adventa on Bursa Securities from time to time; and
- (ix) Mr. Low and PAC have also confirmed that the duration of the Proposed Exemption sought herein and to be sought from the SC subsequently will be until the completion of the Proposed Rights Issue.

7.2. By Adventa

Adventa has not purchased any of its own voting shares during the period commencing six months prior to LTD and ending on the LPD and has not borrowed or lent any shares in Adventa.

As at the LPD, save for the Proposed Rights Issue, Adventa has no knowledge and has not entered into any negotiation or arrangement or understanding with any third party in relation to any significant change in Adventa Group's business and assets or the shareholding structure of Adventa.

7.3. By Directors of Adventa

The Directors of Adventa have declared that:

- (i) save as disclosed below, none of the Directors of Adventa holds directly or indirectly any voting shares or any other interest in Adventa as at the LPD:-

Name	Direct		Indirect	
	No. of Shares held	%*	No. of Shares held	%
Mr. Low	59,035,652	38.64	-	-
Kwek Siew Leng	500,000	0.33	-	-
Edmond Cheah Swee Leng	-	-	-	-
Toh Seng Thong	-	-	-	-
Dato' Selwyn Vijayarajan Das	-	-	-	-
Muhamad Yazdi Bin Che Ya	-	-	-	-

Note:-

* Based on the total issued share capital of 152,785,770 Adventa Shares as at the LPD.

- (ii) pursuant to the disclosure of the Interested Director in Section 7.1 (i) above, the Directors of Adventa have not dealt in the voting shares of Adventa during the period commencing six months prior to LTD and ending on the LPD;
- (iii) the Directors of Adventa (save for the Interested Director), have confirmed that they will vote in favour of the Proposed Exemption in respect of their shareholdings in Adventa, if any, at the forthcoming EGM;
- (iv) there is no agreement, arrangement or understanding existing between Mr. Low or PAC and any of the Directors of Adventa, existing holders of voting shares or voting rights of the Adventa, any person who was a Director of Adventa or a holder of voting shares or voting rights of Adventa during the period of six months prior to the announcement of the Proposals or any other person having any connection with, is conditional on or dependent upon the outcome of the Proposed Exemption or otherwise connected with the outcome of the Proposed Exemption;
- (v) as at the LPD, there are no payment or benefit which will be made or given to any Director of Adventa as compensation for loss of office or otherwise in connection with the Proposed Exemption;
- (vi) there is no material contract entered into by Mr. Low or PAC in which a Director of Adventa has material personal interest; and
- (vii) as at the LPD, none of the Directors or proposed Directors of Adventa have any existing service contracts with the Company or any of its subsidiaries, unless expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAL, which have been entered into or amended within 6 months prior to LTD or which are fixed term contracts with more than 12 months to run.

7.4. By cfSolutions

As at the LPD, cfSolutions is not involved in the management of funds on a discretionary basis and we do not have any interest, whether direct or indirect, in any voting shares of Adventa. cfSolutions has not dealt, directly or indirectly, in any voting shares of Adventa during the six-month period prior to the announcement of the Proposals and up to the LPD.

8. DIRECTORS' RESPONSIBILITY STATEMENT

This IAL has been seen and approved by the Board, which collectively and individually accepts full responsibility for the accuracy of the information contained in this IAL wherein the Board's responsibility in respect of:-

- (i) all information relating to Mr. Low and PAC which were provided by Mr. Low and PAC respectively is limited to ensuring such information is accurately reproduced in this IAL; and
- (ii) the independent advice and opinion by cfSolutions is limited to ensuring the accuracy and completeness of the information in relation to the Adventa Group and the Proposals provided for cfSolutions's evaluation of the Proposed Exemption,

and confirms that, after making all reasonable enquiries and to the best of the Board's knowledge and belief, there is no statement or information contained in this IAL which is inaccurate, incomplete, false or misleading and no other fact or information, the omission of which would make any information or statement in this IAL and/or any information furnished to cfSolutions incomplete, false, misleading or inaccurate as at the LPD.

9. FURTHER INFORMATION

We advise you to refer to Part A of the Circular as well as the enclosed appendices and annexure contained in the Circular for further information.

10. CONCLUSION AND RECOMMENDATION

The Non-Interested Shareholders should carefully consider the merits and demerits of the Proposed Exemption based on all pertinent and relevant factors including but not limited to those set out in Part A and the Appendices of the Circular and in this IAL before voting on the ordinary resolution to give effect to the Proposed Exemption at the forthcoming EGM.

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption in a holistic approach in accordance with Paragraph 8 of Schedule 2 : Part III of the Rules, taking into consideration the various factors set out in this IAL and summarised below.

The Proposed Exemption, if granted, will allow the Adventa Group to undertake the Proposed Rights Issue. Accordingly, the potential advantages and disadvantages are summarised below:

Potential Advantages

- The Proposed Exemption serves to facilitate the Proposed Rights Issue as the Proposals are inter-conditional. The Company will be able to reap the potential benefits from the Proposed Rights Issue such as the planned business expansion in Indonesia for which the proceeds raised are substantially earmarked for, if the Proposed Exemption is implemented. However, there is no certainty on the realisation of the benefits arising from the utilisation of proceeds from the Proposed Rights Issue;
- The Proposals will strengthen the overall NA, financial position and capital base of the Adventa Group as it raises fresh capital and cash of between RM17.71 million and RM45.84 million for business expansion, working capital and other funding needs;

- The Group need not be burdened by additional debt service obligations while growing its business which would otherwise be required if the Company's expansion plans were to be funded via debt financing;
- We estimate that the WACC of the Group will decrease from 11.08% to 11.01% pursuant to the Proposed Rights Issue. In the event the Group utilises borrowings to raise RM45.84 million (equivalent to maximum proceeds expected from the Proposed Rights Issue under the Maximum Scenario), the WACC will increase from 11.08% to 11.29%. The gearing ratio of the Adventa Group pursuant to the Proposed Rights Issue would improve from 0.182 times to 0.041 times whereas the Debt Scenario would increase the gearing ratio of Adventa from 0.182 times to 0.909 times;
- The Proposed Rights Issue is an equity fundraising method which provides an opportunity to all Entitled Shareholders to further participate in the equity and future prospects of Adventa at a discounted price (of up to 30%) to the TERP of Adventa Shares vis-à-vis other equity offerings which are not undertaken on a pro-rata basis. The shareholdings of all Entitled Shareholders will not be diluted provided they subscribe in full for their respective entitlements; and
- The Undertaking from Mr. Low reaffirms his confidence and commitment to the Adventa Group and further aligns his interests (as the single largest shareholder) to the Adventa Group while providing certainty to Adventa in raising the minimum level of funds the Company intends to raise from the Proposed Rights Issue. The Proposed Exemption enables him to provide strong support for the Proposed Rights Issue as a viable equity fundraising option for the Company which does not depend on the availability of underwriters nor be subject to the uncertainties of equity offering subscription levels.

Potential Disadvantages

- Mr. Low and PAC would be exempted from the MGO obligation to acquire all remaining Adventa Shares not owned by them even if they should trigger the 2% Creeping Threshold requiring a mandatory offer further to their participation in the Proposed Rights Issue. Should the Non-Interested Shareholder vote in favour of the Proposed Exemption, they are waiving their rights to the said offer;
- Non-Interested Shareholders who do not subscribe for or only partially subscribe for the Proposed Rights Issue entitlements will be diluted given the Undertaking provided by Mr. Low in which he commits to subscribe for all his entitlements in support of the Proposed Rights Issue. Should there only be a minimum level of subscription for the Proposed Rights Issue, the collective shareholdings of the Non-Interested Shareholders may potentially be diluted from 57.75% to 41.66% under the Minimum Scenario and further to 33.01% should the Excess Take-Up scenario (which also assumes the subscription of Rights Shares entitlement by the PAC) materialise. The shareholdings of all Entitled Shareholders may not be diluted if the Entitled Shareholders subscribe in full for their respective entitlements as the Proposed Rights Issue is an equity offering to all Entitled Shareholders on the same terms and on a pro-rata basis;
- Depending on final subscription levels of the Proposed Rights Issue to be implemented together with the Proposed Exemption, the deemed equity interests of Mr. Low and PAC in Adventa may increase to more than 50.00%, thereby giving them statutory control in certain scenarios. For example, in the Maximum Scenario, there is no change to their shareholdings further to the Proposed Rights Issue. However, in the Minimum Scenario such shareholdings would increase from 42.25% up to 58.34% and could be as high as 66.99% in the Excess Take-Up scenario (which also assumes the subscription of Rights Shares entitlement by the PAC). Should they attain and remain at shareholding levels in excess of 50.00% post completion of the Proposals: (i) any subsequent shareholding increase would not trigger any MGO obligations; and (ii) would enable Mr. Low and

PAC to determine the outcome of the ordinary resolutions which require a simple majority of 50% plus 1 share and have significant influence on the outcome of the special resolutions which require a special majority of at least 75% at general meetings (unless they are required to abstain from voting);

- Pricing of the Rights Shares is expected to be fixed at a discount of up to 30% to the TERP by the Board to encourage shareholder participation in the Proposed Rights Issue taking into consideration, inter-alia, the minimum gross proceeds the Company seeks to raise and the then prevailing market conditions on price-fixing date. The said discount would only be enjoyed by participating shareholders (including Mr. Low due to his Undertaking and possible Excess Take-Up). Any non-participating shareholder(s) would not enjoy the benefit of such discount (which also represents a discount to pro forma NA per share) and enable Mr. Low to further increase his controlling shareholding in Adventa without a premium being paid to the Non-Interested Shareholders; and
- There would be a dilution in the proforma NA per Adventa Share from RM0.41 to RM0.38 (Minimum Scenario) and RM0.35 (Maximum Scenario) due to the Rights Shares to be issued.

Premised on the above and our evaluation and assessment of the Proposed Exemption on the basis of the relevant information made available to us as at the LPD and set out in this IAL, we are of the opinion that overall the merits outweigh the disadvantages. Therefore, on a holistic approach, the Proposed Exemption is FAIR AND REASONABLE to the Non-Interested Shareholders of Adventa. Accordingly, cfSolutions recommends that the Non-Interested Shareholders VOTE IN FAVOUR of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

We wish to highlight that whilst we may provide you our advice and opinion on the Proposed Exemption, the Non-Interested Directors and Non-Interested Shareholders should exercise their own judgement and are responsible for the ultimate decision on whether to take that course of action. As such, the Non-Interested Directors and Non-Interested Shareholders are advised to consider the merits and demerits of the Proposed Exemption carefully based on all relevant and pertinent factors including those set out in the Circular and this IAL, as well as other publicly available information prior to making their decision in relation to the Proposed Exemption.

Further, the Board (save for the Interested Director) as stated in Section 10 of Part A of the Circular, having considered all aspects of the Proposals including but not limited to, the basis, the rationale and the pro forma effects of the Proposals as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposals are in the best interests of the Company and its shareholders. Accordingly, the Board (save for the Interested Director) has recommended that the Shareholders vote in favour of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

Yours faithfully
For and on behalf of
CFSOLUTIONS SDN BHD

Calvin Chun
Director

Leow Kar Hue
Director

INFORMATION ON ADVENTA BERHAD

1. HISTORY AND PRINCIPAL ACTIVITIES

Adventa Berhad (Registration No. 200301016113 (618533-M)) was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 16 June 2003, as Adventa Sdn Bhd. On 21 July 2003, the company was converted to a public company and assumed its present name. It was listed on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE") on 29 June 2004 and its listing status was subsequently transferred to the Main Board of the KLSE (which has since been amalgamated with the Second Board and is now known as the Main Market of Bursa Securities) on 1 August 2006.

Adventa is principally involved in investment holding and provision of management services. Its subsidiaries are principally involved in the distribution of medical and healthcare equipment, appliances, and medical disposal products. The principal activities of its subsidiaries and associate companies are set out in Note 4 below.

Adventa's registered and correspondence address is 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan.

2. SHARE CAPITAL**2.1. Issued share capital**

The paid-up share capital of Adventa as at the LPD is as follows:

	No. of Shares	Total
	Units	RM
Issued and paid-up	152,785,770	57,680,204

2.2. Changes in the issued share capital

As at the LPD, there is no change in the issued share capital of Adventa since the end of the FYE 31 December 2022.

2.3. Convertible securities

As at the LPD, Adventa does not have any convertible securities.

For information, the Company had established the ESS, which comprises the employee share option scheme and the share grant plan, of up to 15% of the issued share capital of the Company at any point in time for a period of 5 years. The ESS was implemented on 12 October 2022 and is in force for a period of 5 years until 11 October 2027. No options have been granted under the ESS since implementation up to the LPD and the Company has undertaken not grant any ESS until the completion of the Proposed Rights Issue.

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Adventa (holding 5% or more in the share capital of Adventa) and their shareholdings as disclosed in the Register of Substantial Shareholders as at the LPD are as follows:

INFORMATION ON ADVENTA BERHAD

Name	Direct No. of Shares held	%*	Indirect No. of Shares held	%
Low Chin Guan	59,035,652	38.64	-	-

Note:-

* Based on the total issued share capital of 152,785,770 shares as at the LPD.

4. SUBSIDIARY COMPANIES AND ASSOCIATE COMPANY OF ADVENTA

As at the LPD, details of the subsidiaries are as follows:

Name of Subsidiaries	Place of incorporation	Effective ownership interest (%)	Principal activities
Adventa Healthcare Sdn. Bhd. ("AHSB")	Malaysia	100.0	Distribution of medical and healthcare equipment, appliances and medical disposal products
PTM Progress Trading & Marketing Sdn Bhd.	Malaysia	100.0	Provision of storage and warehousing services
Adventa Digital Health Sdn Bhd	Malaysia	100.0	Dormant
Nextech Med Pte. Ltd.	Singapore	100.0	Investment holding
PT Adventa Biotech International	Indonesia	99.0	Dormant
Held through AHSB: Mycare Lanka (Private) Limited	Sri Lanka	51.0	Distribution of medical and healthcare equipment, appliances and medical disposal products

As at the LPD, the details of the associated company are as follows:

Name of associate company	Place of incorporation	Effective ownership interest (%)	Principal activities
PT Akema Healthcare International	Indonesia	49.0	Trading of pharmaceutical and medical equipment

INFORMATION ON ADVENTA BERHAD

5. DIRECTORS

The particulars of the Directors and their respective shareholdings in Adventa as at the LPD are as follows:

Name	Designation/ Date of appointment	Nationality	Address	Direct No. of Shares held	Direct %*	Indirect No. of Shares held	Indirect %
Edmond Cheah Swee Leng	Chairman/ Senior Non- Independent Non- Executive Director/ 9 August 2004	Malaysian	No. 8, Jalan Setia Murni 12, Bukit Damansara, 50490 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	-	-	-	-
Low Chin Guan	Executive Director/ 12 April 2004	Malaysian	No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor, Malaysia.	59,035,652	38.64	-	-
Kwek Siew Leng	Executive Director/ 12 April 2004	Malaysian	PT 1654, Taman Desa SBJ Putra, Pasir Pekan, 16250 Wakaf Baharu, Kelantan, Malaysia.	500,000	0.33	-	-
Toh Seng Thong	Non-Independent Non- Executive Director/ 10 May 2004	Malaysian	3085P, Jalan Air Jernih, 20300 Kuala Terengganu, Terengganu, Malaysia.	-	-	-	-
Dato' Selwyn Vijayarajan Das	Independent Non- Executive Director/ 23 December 2021	Malaysian	B-02-03, Kiaramas Sutera Condo, 7 Jalan Desa Kiara, Off Jalan Bukit Kiara, 50480 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.	-	-	-	-
Muhamad Yazdi Bin Che Ya	Independent Non- Executive Director/ 1 July 2023	Malaysian	53, Jalan Adang U8/18, Bukit Jelutong, 40150 Shah Alam, Selangor, Malaysia.	-	-	-	-

Note:-

* Based on the total issued share capital of 152,785,770 Adventa Shares as at the LPD.

INFORMATION ON ADVENTA BERHAD

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the Group based on its audited consolidated financial statements for the past 3 FYEs from 31 December 2020 to 31 December 2022 as well as the latest unaudited financial results for the 3-month FPE 31 March 2023 are as follows:

	<u>Audited FYE 31 December</u>			<u>Unaudited</u>
	2020	2021	2022	3-month FPE
	RM'000	RM'000	RM'000	31 March 2023
				RM'000
Revenue	87,171	99,058	59,000	13,751
PBT/(LBT)	(12,743)	12,649	(4,765)	(831)
Profit/(Loss) attributable to:				
- Owners of the Company	(11,779)	13,125	(5,142)	(825)
- Non-controlling interests	(556)	(128)	(63)	(6)
	<u>(12,335)</u>	<u>12,997</u>	<u>(5,205)</u>	<u>(831)</u>
Weighted average no. of Adventa Shares in issue ('000)	152,786	152,786	152,786	152,786
Dividend per Share (sen)	-	-	-	-
Basic EPS/(LPS) (sen)	(7.71)	8.59	(3.37)	(0.54)

There is no item, transaction or event of a material and unusual nature that has arisen in the periods under review in the audited consolidated financial statements of Adventa for the past 3 financial years up to the FYE 31 December 2022 and the latest unaudited consolidated financial statements for the 3-month FPE 31 March 2023.

7. STATEMENT OF ASSETS AND LIABILITIES

The audited statements of financial position of the Group for the past 3 FYEs, from 31 December 2020 to 31 December 2022 as well as the latest unaudited statements of financial position as at FPE 31 March 2023 are as follows:

	<u>Audited FYE 31 December</u>			<u>Unaudited</u>
	2020	2021	2022	FPE 31
	RM'000	RM'000	RM'000	March 2023
				RM'000
Assets				
Property, plant and equipment	15,507	8,431	7,852	12,746
Right-of-use assets	7,842	6,510	6,271	-
Intangible assets	3,847	55	55	55
Investment in subsidiaries	-	-	-	-
Investment in an associate	-	20	-	-
Deferred tax assets	400	833	426	426
Trade and other receivables	-	8,000	-	-
Total Non-Current Assets	27,596	23,849	14,604	13,227

INFORMATION ON ADVENTA BERHAD

	<u>Audited FYE 31 December</u>			<u>Unaudited</u>
	2020	2021	2022	FPE 31
	RM'000	RM'000	RM'000	March 2023
				RM'000
Inventories	16,845	22,921	19,747	16,925
Trade and other receivables	21,480	43,577	27,893	37,245
Tax recoverable	61	582	1,166	1,144
Fixed deposits placed with licensed bank	3,500	1,000	2,750	-
Cash and bank balances	11,674	6,804	8,195	11,304
Total Current Assets	53,560	74,884	59,751	66,618
Total Assets	81,156	98,733	74,355	79,845
Equity				
Share capital	57,680	57,680	57,680	57,680
Retained earnings/ (Accumulated loss)	(2,527)	10,598	5,457	4,633
Foreign currency translation reserve	59	~	(154)	706
Total Equity Attributed to the Owners of the Company	55,212	68,278	62,983	63,019
Non-controlling interests	(977)	20	(13)	9
Total Equity	54,235	68,298	62,970	63,028
Liabilities				
Lease liabilities	592	67	-	-
Total Non-Current Liabilities	592	67	-	-
Trade and other payables	24,093	29,541	10,748	5,362
Loans and borrowings	1,500	719	541	11,408
Lease liabilities	716	80	67	47
Tax payable	20	28	29	-
Total Current Liabilities	26,329	30,368	11,385	16,817
Total Liabilities	26,921	30,435	11,385	16,817
Total Equity and Liabilities	81,156	98,733	74,355	79,845

Note:

~ Negligible

As at the LPD, save as disclosed in announcements made by Adventa on Bursa Securities (including quarterly results of Adventa), there is no known material change in the financial position or prospects of Adventa subsequent to the latest audited consolidated financial statements for the FYE 31 December 2022.

Save as disclosed in announcements made by Adventa on Bursa Securities (including quarterly results of Adventa), within the knowledge of Adventa, there has been no material change in the financial position or prospects of Adventa since 31 December 2022.

INFORMATION ON ADVENTA BERHAD

8. BORROWINGS

As at 30 June 2023, which is not more than 3 months preceding the LPD, the Adventa Group's interest-bearing borrowings are as follows:-

Interest-bearing borrowings	RM'000
Non-current	
- Term loan	7,131
Total non-current borrowings	7,131
Current	
- Term loan	2,333
- Lease liabilities	27
Total current borrowings	2,360
Total	9,491

9. CHANGES IN ACCOUNTING POLICIES

Based on the audited consolidated financial statements of Adventa for the FYE 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022, the financial statements have been prepared in accordance with approved accounting standards. Further, there was no audit qualification for Adventa's financial statements for the respective years under review.

There is no change in the accounting standards adopted by Adventa, which would result in a material variation to the comparable figures for the audited consolidated financial statements of Adventa for the FYE 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022.

10. MATERIAL COMMITMENTS, CONTINGENT LIABILITIES, AND MATERIAL LITIGATION

The material commitments, contingent liabilities, material contracts and material litigation, claims or arbitration of the Group are disclosed in Appendix I of Part A of the Circular.

11. MATERIAL CONTRACTS

The Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding LTD and up to the LPD, save as disclosed below:

- (i) On 13 January 2023, PT Adventa Biotech International, a subsidiary of Adventa had entered into a sale and purchase agreement ("SPA") with PT. Kawasan Industri Kendal to purchase an industrial land/ plot which is locally known as Jalan Pareanom No. 11 containing an area of approximately 32,400 square meters and bearing a postal address Jalan Pareanom No. 11, Kawasan Ekonomi Khusus Kendal, Desa Brangsong, Kecamatan Brangsong, Kabupaten Kendal, 51371 Jawa Tengah, Indonesia, for a total purchase consideration of Rp45,036,000,000.00 (equivalent to approximately RM13,060,440.00) subject to the condition precedents stated in the SPA. Barring any unforeseen circumstances, the acquisition will be completed upon the settlement of the balance purchase consideration amounting to Rp4,503,600,000 by September 2023.

INFORMATION ON ADVENTA BERHAD

12. HISTORICAL MARKET PRICE OF ADVENTA SHARES

The highest and lowest traded market prices and the closing price at the end of each month of Adventa Shares for the period commencing from August 2022 up to the LPD are set out below:

	Highest traded market price	Lowest traded market price	Closing market price as at the last Market Day of the month
	RM	RM	RM
<u>2022</u>			
August	0.660	0.550	0.550
September	0.575	0.430	0.465
October	0.755	0.440	0.720
November	0.785	0.605	0.635
December	0.745	0.590	0.655
<u>2023</u>			
January	0.710	0.635	0.645
February	0.660	0.550	0.555
March	0.655	0.510	0.590
April	0.690	0.560	0.575
May	0.630	0.545	0.560
June	0.580	0.535	0.535
July	0.570	0.480	0.500
Last transacted market price as at the LTD			0.540
Last transacted market price as at the LPD			0.470
Closing market price from August 2022 up to the LPD:			
- Highest on 14 November 2022			0.755
- Lowest on 3 October 2022 and 4 October 2022			0.450

(Source: Bloomberg)

INFORMATION ON MR. LOW AND PAC

1. INFORMATION ON MR. LOW

Low Chin Guan, a Malaysian aged 63, is the Executive Director of Adventa and a major shareholder of Adventa.

2. INFORMATION ON LOW LEA KWAN

Low Lea Kwan, a Malaysian aged 60, is a shareholder of Adventa. She is the sister of Low Chin Guan.

APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

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

cfSolutions, being the Independent Adviser to the non-interested Directors and Non-Interested Shareholders of the Company for the Proposed Exemption, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, letter and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

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

cfSolutions has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Independent Adviser to the non-interested Directors and Non-Interested Shareholders of the Company for the Proposed Exemption.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

5. MATERIAL COMMITMENTS

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

6. CONTINGENT LIABILITIES

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

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Adventa at No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays (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 the Group for the past 2 financial years up to the FYE 31 December 2022 and the latest unaudited consolidated financial statements of the Group for the 3-month FPE 31 March 2023;
- iii. The letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** of this Appendix I; and
- iv. The undertaking letter comprising of the Undertaking from the Undertaking Shareholder dated 14 July 2023.



ADVENTA BERHAD

ADVENTA BERHAD

(Registration No. 200301016113 (618533-M))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Adventa Berhad ("**Adventa**" or the "**Company**") will be held at No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Friday, 15 September 2023 at 2:30 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 152,785,770 NEW ORDINARY SHARES IN ADVENTA ("ADVENTA SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING ADVENTA SHARE HELD, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE")

"THAT, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities and/or parties (if required) being obtained, where required, approval be and is hereby given to the Board of Directors of Adventa ("**Board**") for the following:-

- i. to provisionally allot and issue by way of a renounceable rights issue of up to 152,785,770 Rights Shares to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, on the basis of 1 Rights Share for every 1 existing Adventa Share held on an entitlement date to be determined and announced later;
- ii. to issue such Rights Shares as may be required to give effect to the Proposed Rights Issue, including any persons entitled on renunciation of the provisional allotments;
- iii. to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the Rights Shares.

THAT any Rights Shares which are not taken up shall be made available for excess applications to the entitled shareholders and/ or their renouncee(s) who have applied for the excess Rights Shares, and are intended to be allocated on a fair and equitable basis;

THAT any fractional entitlements of the Rights Shares arising from the Proposed Rights Issue, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient, and is in the best interests of the Company;

THAT the proceeds of the Proposed Rights Issue be utilised as set out in the circular to the shareholders dated 28 August 2023, and the Board be and is hereby authorised with full power to vary the manner and/ or purposes of utilisation of such proceeds in such manner as the Board, may at its absolute discretion, deem fit, necessary, expedient and/ or in the best interest of the Company, subject to the approval of the relevant authorities, where required;

THAT the Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing Adventa Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to or on the date of allotment and issuance of the Rights Shares;

THAT the Board be and is hereby authorised to sign and execute all documents, enter into any arrangements, agreements and/ or undertakings with any party or parties, do all things as may be required to give effect to the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/ or amendments including to vary the manner and/ or the purpose of the utilisation of proceeds arising from the Proposed Rights Issue, if necessary, in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Rights Issue in the best interest of the Company;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue to be in full force and effect until the Rights Shares pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue."

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") TO LOW CHIN GUAN AND PERSONS ACTING IN CONCERT WITH HIM ("PAC") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING ADVENTA SHARES NOT ALREADY OWNED BY THEM PURSUANT TO THE PROPOSED RIGHTS ISSUE ("PROPOSED EXEMPTION")

"**THAT** subject to the passing of Ordinary Resolution 1 and the relevant approvals from the Securities Commission Malaysia ("**SC**") and/ or any other relevant authorities and/ or parties being obtained, including such conditions as may be imposed by the SC, approval be and is hereby given to Low Chin Guan and PAC under subparagraph 4.08(1)(b) of the Rules to be exempted from the obligation to undertake a mandatory take-over offer to acquire all the remaining Adventa Shares not already owned by them pursuant to the Proposed Rights Issue;

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

By order of the Board

CHUA SIEW CHUAN (MAICSA 0777689/ SSM PC NO.: 201908002648)
LIM LIH CHAU (LS 0010105/ SSM PC NO.: 201908001454)
Company Secretaries

Kuala Lumpur
28 August 2023

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 September 2023 shall be eligible to attend the Meeting.*
2. *A Member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the Member at the Meeting. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the Member to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
3. *Where a Member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*

4. *The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. The lodging of the Form of Proxy will not preclude any shareholder from participating and voting at the Extraordinary General Meeting should any shareholder subsequently wishes to do so provided a Notice of Termination of Authority to act as Proxy is given to the Company.*

All resolutions set out in this notice of meeting are to be voted by poll.

7. *Any Notice of Termination of Authority to act as Proxy must be received in writing by the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-*
 - (a) the constitution of the quorum at such meeting;*
 - (b) the validity of anything he did as chairman of such meeting;*
 - (c) the validity of a poll demanded by him at such meeting; or*
 - (d) the validity of the vote exercised by him at such meeting.*

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.*



ADVENTA BERHAD

ADVENTA BERHAD

(Registration No. 200301016113 (618533-M))

(Incorporated in Malaysia)

FORM OF PROXY

Number of Ordinary Shares Held	CDS Account No.

Contact No.	Email Address

I/We

(FULL NAME)

NRIC/Passport No./ Registration No.: of

(FULL ADDRESS)

being a member of ADVENTA BERHAD (Registration No. 200301016113 (618533-M)), hereby appoint:

* First Proxy "A"

First Proxy A			
Full Name (in Block):-	NRIC/ Passport No:-	Proportion of shareholdings represented	
		No. of shares	Percentage (%)
Full Address:-			

*and/ or

* Second Proxy "B"

Full Name (in Block):-	NRIC/ Passport No:-	Proportion of shareholdings represented	
		No. of shares	Percentage (%)
Full Address:-			

100%

*or the Chairman of the Meeting, as *my/ our proxy, to attend and vote for *me/ us on *my/ our behalf at the Extraordinary General Meeting of the Company ("EGM"), which will be held at No. 21, Jalan Tandang 51/205A, Seksyen 51, 46050 Petaling Jaya, Selangor Darul Ehsan on Friday, 15 September 2023 at 2:30 p.m., or at any adjournment thereof.



Mark "X" under 'For' or 'Against' for each Resolution if you wish to direct the proxy on how to vote. If no mark is made, the proxy may vote on the resolutions or abstain from voting as the proxy thinks fit.

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

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	PROPOSED RIGHTS ISSUE		
2.	PROPOSED EXEMPTION		

* Strike out whichever not applicable

Signed this..... day of....., 2023

*Signature of Member/Common Seal

Notes:-

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 September 2023 shall be eligible to attend the Meeting.*
- A Member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the Member at the Meeting. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the Member to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
- Where a Member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*
- The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
- Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
- The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. The lodging of the Form of Proxy will not preclude any shareholder from participating and voting at the Extraordinary General Meeting should any shareholder subsequently wishes to do so provided a Notice of Termination of Authority to act as Proxy is given to the Company.*

All resolutions set out in this notice of meeting are to be voted by poll.
- Any Notice of Termination of Authority to act as Proxy must be received in writing by the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-*

(a) the constitution of the quorum at such meeting;
(b) the validity of anything he did as chairman of such meeting;
(c) the validity of a poll demanded by him at such meeting; or
(d) the validity of the vote exercised by him at such meeting.

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.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

ADVENTA BERHAD
(Registration No. 200301016113 (618533-M))

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

1st fold here

