

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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DOLPHIN INTERNATIONAL BERHAD
(Registration No. 201201016010 (1001521-X))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN DOLPHIN (“DOLPHIN SHARES” OR “SHARES”) INTO 1 SHARE (“CONSOLIDATED SHARE”);**
- (II) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 202,804,406 NEW SHARES (“RIGHTS SHARES”) TOGETHER WITH UP TO 152,103,304 FREE DETACHABLE WARRANTS (“WARRANTS-C”) AT AN ISSUE PRICE OF RM0.085 PER RIGHTS SHARE, ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 WARRANTS-C FOR EVERY 3 CONSOLIDATED SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER; AND**
- (III) **PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS RAISED FROM A PRIVATE PLACEMENT EXERCISE WHICH WAS COMPLETED ON 25 FEBRUARY 2021**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



MERCURY SECURITIES SDN BHD
(Registration No. 198401000672 (113193-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolutions in respect of the Proposals will be tabled at our Company's Extraordinary General Meeting (“EGM”) which will be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting (“RPEV”) facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn Bhd in Malaysia on Wednesday, 23 August 2023 at 10:30 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herein.

A member entitled to attend, speak and vote remotely at the EGM via the RPEV facilities provided is entitled to appoint a proxy or proxies to participate in the EGM on his/her behalf. The completed and signed Form of Proxy must be lodged at the office of our Share Registrar, i.e. Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. In the case of an appointment of a proxy made in electronic form, the Form of Proxy must be deposited through the Share Registrar's website, i.e. Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the procedures as set out in the Administrative Guide (as set out in **Appendix V** of this Circular) for the electronic lodgement of Form of Proxy. All Forms of Proxy submitted must be received by us on or before the date and time indicated below in order to be valid.

Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the EGM : 16 August 2023

Last date and time for lodging the Form of Proxy : Monday, 21 August 2023, 10:30 a.m.

Date and time of the EGM : Wednesday, 23 August 2023, 10:30 a.m. or any adjournment thereof

DEFINITIONS

Unless otherwise stated, the following definitions shall apply throughout this Circular:

Act	:	Companies Act 2016
Acquisition of High Reserve	:	Acquisition of the entire equity interest in High Reserve by AP F&B which was approved by our Company's shareholders on 27 June 2022 and completed on 20 July 2022
Adjustments	:	Adjustments to the exercise price and number of Warrants-B pursuant to the Proposed Share Consolidation and Proposed Rights Issue as set out in Appendix II of this Circular
Asia Poly	:	Asia Poly Holdings Berhad (200301016756 (619176-A)), a substantial shareholder of our Company
AP F&B	:	Asia Poly Food and Beverage Sdn Bhd (201601000614 (1171539-W)), a wholly-owned subsidiary of our Company
Board	:	Board of Directors of Dolphin
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998- W))
Capital Reduction	:	Reduction of our Company's issued share capital pursuant to Section 117 of the Act, which was approved by our Company's shareholders on 8 May 2023 and taken effect on 22 June 2023
Circular	:	This circular to our shareholders dated 31 July 2023
Consolidated Shares	:	Dolphin Shares after the completion of the Proposed Share Consolidation
Consolidated Warrants-B	:	Warrants-B after the completion of the Proposed Share Consolidation
Dato' Yeo	:	Dato' Yeo Boon Leong, a substantial shareholder of our Company
Deed Poll B	:	Deed poll dated 2 July 2020 constituting Warrants-B and governing the rights of Warrants-B holders
Deed Poll C	:	Deed poll constituting Warrants-C and governing the rights of Warrants-C holders to be executed by our Company
Deferred Consideration	Cash	: Cash consideration to be paid by AP F&B to Dato' Yeo, Yeo Boon Ho, Yeo Boon Thai and Yeo Soon Bee, i.e. the vendors in relation to the Acquisition of High Reserve, by 19 October 2023 amounting to RM6.5 million
Dolphin or Company	:	Dolphin International Berhad (201201016010 (1001521-X))
Dolphin Group or Group	:	Collectively, our Company and our subsidiaries
Dolphin Shares or Shares	:	Ordinary shares in Dolphin
Distribution Business	:	Distribution of Uncle Don's brand of chilli and tomato sauces to retailers and restaurants in Malaysia
EGM	:	Extraordinary general meeting

DEFINITIONS (Cont'd)

Entitled Shareholders	:	Our shareholders whose names appear in our Record of Depositors on the Entitlement Date
Entitlement Date	:	5.00 p.m. on a date to be determined and announced later by our Board on which the names of our shareholders must appear in our Record of Depositors in order to be entitled for the Proposed Rights Issue
EPS	:	Earnings per share
FPE	:	Financial period ended
First Variation	:	Variation to the utilisation of proceeds raised from the Placement which was announced by our Company on 24 February 2022, details of which are set out in Section 2.6.1 of this Circular
FYE	:	Financial year ended/ending, as the case may be
High Reserve	:	High Reserve F&B Sdn Bhd (201501000114 (1125446-H)), an indirect wholly-owned subsidiary of our Company
High Reserve Group	:	Collectively, High Reserve and its subsidiaries
IMR Report	:	Independent market research report dated 11 January 2023 prepared by PROVIDENCE in respect of the food and beverage service market as well as the alcohol beverage market in Malaysia
Interested Director	:	Yeo Boon Ho
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	30 June 2023, being the latest practicable date prior to the date of this Circular
LTD	:	25 May 2023, being the last trading date prior to the date of announcement of amongst others, the Proposed Rights Issue on 26 May 2023
Maximum Scenario	:	Scenario which assumes that all Consolidated Warrants-B are exercised into new Dolphin Shares prior to the Entitlement Date and that all the Entitled Shareholders and/or their renounees/transferees fully subscribe for their respective entitlements under the Proposed Rights Issue
MCO	:	Movement control order imposed by the Malaysian Government to curb the spread of COVID-19
Mercury Securities	:	Mercury Securities Sdn Bhd (198401000672 (113193-W))
Minimum Scenario	:	Scenario which assumes that none of the Consolidated Warrants-B are exercised into new Dolphin Shares prior to the Entitlement Date and that the Proposed Rights Issue is implemented on a Minimum Subscription Level basis

DEFINITIONS (Cont'd)

Minimum Level	Subscription	:	Minimum subscription of 132,976,892 Rights Shares by Asia Poly, Dato' Yeo and the underwriters to raise minimum gross proceeds of RM11.3 million
NA		:	Net assets
Official List		:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
PAT		:	Profit after tax
PBT		:	Profit before tax
Placement		:	Placement of up to 186,322,592 new Shares which was completed on 25 February 2021, representing approximately 23.3% of our Company's issued Shares as at the date of announcement of the Placement on 26 January 2021 of 800,139,303 Shares
Proposals		:	Collectively, the Proposed Share Consolidation, Proposed Rights Issue and Proposed Variation
Proposed Consolidation	Share	:	Proposed consolidation of every 10 existing Dolphin Shares into 1 Consolidated Share
Proposed Rights Issue		:	Proposed renounceable rights issue of up to 202,804,406 Rights Shares together with up to 152,103,304 free detachable Warrants-C at an issue price of RM0.085 per Rights Share, on the basis of 4 Rights Shares together with 3 Warrants-C for every 3 Consolidated Shares held by the Entitled Shareholders on the Entitlement Date
Proposed Variation		:	Proposed variation of the utilisation of proceeds raised from the Placement as set out in Section 2.6.2 of this Circular
PROVIDENCE		:	Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A))
Records of Depositors		:	Record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
Rights Shares		:	Up to 202,804,406 new Shares to be issued pursuant to the Proposed Rights Issue
RM and sen		:	Ringgit Malaysia and sen, respectively
TEAP		:	Theoretical ex-all price
Undertaking		:	Irrevocable written undertakings dated 24 May 2023 and 20 July 2023 from the Undertaking Shareholders to subscribe in full for their respective entitlements to the Right Shares together with the Warrants-C as set out in Section 2.2.2 of this Circular
Undertaking Shareholders		:	Collectively, Asia Poly, Dato' Yeo, Yeo Boon Ho, Yeo Boon Thai, Yeo Soon Bee, Lim Teck Seng, Tan Soon Hui, Seik Thye Kong and Seik Yee Kok
VWAP		:	Volume weighted average market price
Warrants-B		:	Warrants 2020/2023 of Dolphin as constituted by the Deed Poll B, expiring on 27 September 2023

DEFINITIONS (Cont'd)

Warrants-C : Up to 152,103,304 free detachable warrants of Dolphin to be issued pursuant to the Proposed Rights Issue

All references to “**our Company**” or “**Dolphin**” in this Circular are to Dolphin and references to “**our Group**” or “**Dolphin Group**” are to our Company and our subsidiaries, collectively. All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires otherwise, shall include our Company and our subsidiaries.

All references to “**you**” in this Circular are to the shareholders of Dolphin.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall include corporations.

Any reference to any enactment or guideline in this Circular is a reference to that enactment or guideline as for the time being amended or re-enacted. Any reference to a date and time in this Circular is a reference to Malaysian date and time, unless otherwise specified.

Certain numbers presented in this Circular have been rounded off to the nearest million or thousand or 1 decimal place, where applicable and hence may not be exact. Any discrepancies in the tables included in this Circular between the amounts listed and the total thereof are due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR IN ITS ENTIRETY WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR COMPANY'S FORTHCOMING EGM.

Salient information	Description
Details of the Proposals	<p>The Proposed Share Consolidation entails the consolidation of every 10 existing Shares held by our shareholders on an entitlement date to be determined and announced by our Board at a later date, into 1 Consolidated Share.</p> <p>The Proposed Rights Issue entails the renounceable rights issue of up to 202,804,406 Rights Shares together with up to 152,103,304 free detachable Warrants-C at an issue price of RM0.085 per Rights Share, on the basis of 4 Rights Shares together with 3 Warrants-C for every 3 Consolidated Shares held on an Entitlement Date to be determined later. The Proposed Rights Issue shall be implemented after the Proposed Share Consolidation.</p> <p>The Proposed Variation entails the variation of utilisation of proceeds raised from the Placement towards partial funding of the Acquisition of High Reserve.</p> <p>Please refer to Section 2 of this Circular for further details.</p>
Subscription level, shareholders' undertakings and underwriting arrangement	<p>The Proposed Rights Issue will be undertaken on a Minimum Subscription Level basis after taking into consideration our funding requirements as set out in Section 2.2.5 of this Circular.</p> <p>To achieve the Minimum Subscription Level, our Company:</p> <ul style="list-style-type: none">(i) has procured an irrevocable undertaking from the Undertaking Shareholders (including our substantial shareholders namely Asia Poly and Dato' Yeo) to subscribe in full for their respective entitlements to the Rights Shares; and(ii) shall procure underwriting arrangements to underwrite the remaining portion of the Rights Shares for which no irrevocable undertakings have been obtained under the Minimum Subscription Level.

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EXECUTIVE SUMMARY (Cont'd)

<u>Salient information</u>	<u>Description</u>
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The details of the Undertaking and underwriting for the Minimum Subscription Level are as follows:

	<u>Entitlement Undertaking/Underwriting</u>		
	<u>No. of Rights Shares</u>	<u>(a)%</u>	<u>Amount</u>
			RM
<u>Undertaking shareholders</u>			
Asia Poly	18,788,424	10.5	1,597,016
Dato' Yeo	14,188,468	8.0	1,206,020
Seik Thye Kong	4,669,360	2.6	396,896
Yeo Boon Ho	4,180,812	2.3	355,369
Tan Soon Hui	4,126,266	2.3	350,733
Yeo Boon Thai	2,923,905	1.6	248,532
Seik Yee Kok	1,942,920	1.1	165,148
Yeo Soon Bee	1,866,666	1.1	158,667
Lim Teck Seng	1,480,000	0.8	125,800
<u>Underwriter</u>			
Underwriters to be identified	78,810,071	44.2	6,698,856
Total	132,976,892	74.5	11,303,037

Note:

(a) Based on the number of Rights Shares available for subscription of 178,384,405 Rights Shares assuming full subscription for the Rights Shares and no Warrants-B are exercised.

Please **Section 2.2.2** of this Circular for further details.

Utilisation Proceeds of : Based on the issue price of the Rights Shares of RM0.085, we expect to raise gross proceeds of up to RM17.2 million from the Proposed Rights Issue, which will be utilised in the following manner:

<u>Purpose</u>	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>	<u>Estimated time frame for utilisation from the date of listing of the Rights Shares</u>	
	RM'000	RM'000		
Deferred Consideration	Cash	5,350	5,350	Within 1 month
Working capital		2,703	4,638	Within 12 months
Repayment of bank borrowings		2,000	6,000	Within 3 months
Estimated expenses for the Proposals		1,250	1,250	Within 1 month
Total		11,303	17,238	

Please refer to **Section 2.2.5** of this Circular for further details.

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description
Rationale and justifications for the Proposals	<p>and : The Proposed Share Consolidation is undertaken with a view to enhance our share capital structure by consolidating our existing Shares in issue. After the Proposed Share Consolidation, the market price of our Shares will increase by the ratio of 10 times, whilst the total number of Shares in issue will reduce by the corresponding ratio.</p> <p>The Proposed Rights Issue is undertaken with a view to raise the required funds for the utilisations as set out above.</p> <p>The Proposed Variation is undertaken with a view to channel the unutilised proceeds from the Placement amounting to RM1.15 million towards partial funding of the Acquisition of High Reserve, which in turn would enable us to fund this portion of cash consideration without having to incur additional interest costs nor increase our Group's financial gearing as compared to funding through bank borrowings.</p> <p>Please refer to Section 3 of this Circular for further details.</p>
Effects of the Proposals	<p>the : (i) The Proposed Share Consolidation will result in a lower number of Dolphin Shares in issue.</p> <p>The Proposed Rights Issue will result in an increase in our Company's issued share capital as well as the number of our Shares in issue due to the issuance of Rights Shares.</p> <p>Our issued share capital and number of Shares in issue will further increase in the future as and when the Warrants-C are exercised.</p> <p>(ii) In view of the Undertakings, under the Minimum Scenario, the Proposals will result in an increase in:</p> <p>(a) Asia Poly's shareholding in our Company from 10.5% (as at the LPD) to 12.8%; and</p> <p>(b) Dato' Yeo's shareholding in our Company from 8.0% (as at the LPD) to 9.7% Scenario.</p> <p>(iii) The Proposed Rights Issue will result in an increase in our Group's NA and a decrease in our Group's gearing ratio, mainly due to the increase in our shareholders' funds.</p> <p>(iv) The Proposals are not expected to have any material impact on our Group's earnings for the FYE 30 June 2023 as it is only expected to be completed by the end of the 3rd quarter of 2023.</p> <p>However, our Board expects the Proposals to generate long-term value to our Group as further detailed in Section 5.4 of this Circular.</p> <p>(v) The Proposed Share Consolidation and Proposed Rights Issue will give rise to adjustments to the Warrants-B as illustrated in Appendix II of this Circular. The said adjustments will only be finalised on the entitlement dates for the respective proposals and will be effective on the market day following the entitlement dates for the respective proposals.</p> <p>Please refer to Section 5 of this Circular for further information.</p>

EXECUTIVE SUMMARY *(Cont'd)*

Salient information	Description
Directors' statement	<p>: Our Board (save for the Interested Director), having considered all aspects of the Proposals, including but not limited to the rationale and justifications for the Proposals, the basis and justification for the issue price of the Rights Shares and exercise price of Warrants-C, prospects of our Group, effects of the Proposals, and after careful deliberation, is of the opinion that the Proposals are in the best interest of our Group.</p> <p>Accordingly, our Board (save for the Interested Director) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM in order to give effect to the Proposals.</p> <p>Please refer to Section 9 of this Circular for further information.</p>

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DOLPHIN INTERNATIONAL BERHAD
(Registration No. 201201016010 (1001521-X))
(Incorporated in Malaysia)

Registered Office
308, Block A (3rd Floor)
Kelana Business Centre
97, Jalan SS7/2, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

31 July 2023

Board of Directors

Ir. Zulkifle Bin Osman (*Independent Non-Executive Chairman*)
Serena Goh Fhen Fhen (*Executive Director/Chief Executive Officer*)
Tan Ban Tatt (*Independent Non-Executive Director*)
Lim Seng Hock (*Independent Non-Executive Director*)
Yeo Boon Ho (*Non-Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

- (I) **PROPOSED SHARE CONSOLIDATION**
 - (II) **PROPOSED RIGHTS ISSUE; AND**
 - (III) **PROPOSED VARIATION**
-

1. INTRODUCTION

On 11 January 2023, Mercury Securities had, on behalf of our Board, announced that our Company proposed to undertake the following:

- (i) Capital Reduction;
- (ii) Proposed Share Consolidation; and
- (iii) a rights issue exercise which then entailed a renounceable rights issue of up to 253,505,508 Rights Shares together with up to 152,103,304 free detachable Warrants-C at an issue price of RM0.09 per Rights Share, on the basis of 5 Rights Shares together with 3 Warrants-C for every 3 Consolidated Shares held on an entitlement date to be determined later.

On 10 April 2023, Mercury Securities had, on behalf of our Board, announced that our Company had submitted an application to Bursa Securities to withdraw our application for the Proposed Share Consolidation and the abovementioned rights issue exercise in order to revisit the structure of the said rights issue exercise.

On 26 May 2023, Mercury Securities had, on behalf of our Board, announced:

- (i) the revised structure of the abovementioned rights issue exercise which now entails a renounceable rights issue of up to 202,804,406 Rights Shares together with up to 152,103,304 free detachable Warrants-C at an issue price of RM0.085 per Rights Share, on the basis of 4 Rights Shares together with 3 Warrants-C for every 3 Consolidated Shares held on the Entitlement Date to be determined later; and
- (ii) our Company's proposal to undertake the Proposed Variation.

For clarification purposes, there are no changes to the terms of the Proposed Share Consolidation announced on 11 January 2023.

On 12 July 2023, Mercury Securities had, on behalf our Board, announced that Bursa Securities had, *vide* its letter dated 12 July 2023, approved the following:

- (i) admission of Warrants-C to the Official List of Bursa Securities; and
- (ii) listing of and quotation for the following on the Main Market of Bursa Securities:
 - (a) up to 152,103,305 Consolidated Shares and up to 18,315,000 Consolidated Warrants-B pursuant to the Proposed Share Consolidation;
 - (b) up to 202,804,406 Rights Shares and up to 152,103,304 Warrants-C to be issued pursuant to the Proposed Rights Issue;
 - (c) up to 152,103,304 new Dolphin Shares to be issued arising from the exercise of Warrants-C; and
 - (d) up to 6,437,450 additional Consolidated Warrants-B to be issued arising from the Adjustments and up to 6,437,450 new Dolphin Shares to be issued arising from the exercise of additional Consolidated Warrants-B,

subject to the conditions as set out in **Section 6** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS, TO SET OUT THE RECOMMENDATION OF OUR BOARD (SAVE FOR THE INTERESTED DIRECTOR) ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR COMPANY'S FORTHCOMING EGM IN ORDER TO GIVE EFFECT TO THE PROPOSALS. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Consolidation

The Proposed Share Consolidation entails the consolidation of every 10 existing Dolphin Shares held by our shareholders on an entitlement date to be determined later, into 1 Consolidated Share. It is the intention of our Company to implement the Proposed Share Consolidation prior to the Proposed Rights Issue.

2.1.1 Number of Consolidated Shares and Consolidated Warrants-B

For illustrative purposes, assuming the following scenarios:

Scenario A : None of the Warrants-B are exercised prior to the entitlement date for the Proposed Share Consolidation

Scenario B : All Warrants-B are exercised into new Dolphin Shares prior to the entitlement date for the Proposed Share Consolidation

The number of Consolidated Shares in issue after the completion of the Proposed Share Consolidation are as illustrated below:

	<u>Scenario A</u>	<u>Scenario B</u>
Issued Dolphin Shares as at the LPD	1,337,883,048	1,337,883,048
New Dolphin Shares to be issued pursuant to the full exercise of Warrants-B	-	183,150,003
Enlarged number of Dolphin Shares	<u>1,337,883,048</u>	<u>1,521,033,051</u>
Total number of Consolidated Shares	133,788,304	152,103,305

The Proposed Share Consolidation will also result in a corresponding adjustment to the number of outstanding Warrants-B. The number of outstanding Consolidated Warrants-B after the completion of the Proposed Share Consolidation are as illustrated below:

	<u>(i) Scenario A</u>
No. of outstanding Warrants-B as at the LPD	183,150,003
No. of outstanding Consolidated Warrants-B upon completion of the Proposed Share Consolidation	18,315,000

Note:

(i) For clarification purposes, Scenario B is not applicable for this illustration as it is assumed that all Warrants-B are exercised into new Dolphin Shares prior to the entitlement date for the Proposed Share Consolidation.

The actual number of Consolidated Shares in issue as well as the actual number of outstanding Consolidated Warrants-B after the completion of the Proposed Share Consolidation will depend on the total number of Dolphin Shares in issue as well as the total number of outstanding Warrants-B as at the entitlement date for the Proposed Share Consolidation, respectively.

Fractional entitlements arising from the Proposed Share Consolidation, if any, shall be disregarded and dealt with by our Board in such manner at its absolute discretion as they may deem fit or expedient and in our Company's best interest.

2.1.2 Theoretical adjusted reference price of Dolphin Shares and Warrants-B

Dolphin Shares

The Proposed Share Consolidation will result in an adjustment to the reference price of Dolphin Shares, but it shall theoretically not have any material impact on the total market value of Dolphin Shares held by our shareholders.

For illustrative purposes, based on the last transacted market price of Dolphin Shares as at the LPD, the theoretical adjusted reference price of the Consolidated Shares upon completion of the Proposed Share Consolidation is as follows:

	Scenario A		Scenario B	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
No. of Shares as at the LPD	1,337,883,048	133,788,304	⁽ⁱ⁾ 1,521,033,051	152,103,305
Last traded price as at the LPD / Theoretical price (RM)	0.010	0.10	0.010	0.10
Total market value (RM)	13,378,830	13,378,830	15,210,330	15,210,330

Note:

(i) Assuming all 183,150,003 outstanding Warrants-B are exercised into new Dolphin Shares prior to the entitlement date for the Proposed Share Consolidation.

Warrants-B

The Proposed Share Consolidation will also result in an adjustment to the reference price of Warrants-B, but it shall theoretically not have any material impact on the total market value of Warrants-B held by our Warrants-B holders.

For illustrative purposes, based on the last traded market price of Warrants-B as at the LPD, the theoretical adjusted reference price of the Consolidated Warrants-B upon completion of the Proposed Share Consolidation is as follows:

	Scenario A	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
No. of Warrants-B as at the LPD	183,150,003	18,315,000
Last transacted price as at the LPD / Theoretical price (RM)	0.005	0.05
Total market value (RM)	917,750	917,750

As illustrated above, the Proposed Share Consolidation is not expected to have any material impact on the total value of Dolphin Shares held by our shareholders as well as the total value of Warrants-B held by our Warrants-B holders.

2.1.3 Procedures for implementation

No suspension will be imposed on the trading of Dolphin Shares and Warrants-B on the Main Market of Bursa Securities for the purposes of implementing the Proposed Share Consolidation as the Proposed Share Consolidation is prescribed as a specified consolidation pursuant to paragraph 13.14 of the Listing Requirements.

The Consolidated Shares and Consolidated Warrants-B will be listed and quoted on the Main Market of Bursa Securities on the next market day following the entitlement date for the Proposed Share Consolidation.

The notices of allotment of the Consolidated Shares and Consolidated Warrants-B will be issued and despatched to the respective entitled shareholders and Warrants-B holders within 4 market days after the listing of and quotation for the respective securities on the Main Market of Bursa Securities or such other period as may be prescribed by Bursa Securities.

2.2 Proposed Rights Issue

The Proposed Rights Issue entails the issuance of up to 202,804,406 Rights Shares together with up to 152,103,304 free detachable Warrants-C at an issue price of RM0.085 per Rights Share, on the basis of 4 Rights Shares together with 3 Warrants-C for every 3 Consolidated Shares held by our Entitled Shareholders on the Entitlement Date. The Proposed Rights Issue shall be implemented after the Proposed Share Consolidation.

2.2.1 Basis and number of Rights Shares and Warrants-C to be issued

As set out in **Section 2.1** of this Circular, as at the LPD, our Company has 1,337,883,048 issued Dolphin Shares and 183,150,003 outstanding Warrants-B. For illustrative purposes, after the Proposed Share Consolidation and assuming all Consolidated Warrants-B are exercised into new Dolphin Shares prior to the Entitlement Date, the resultant number of Consolidated Shares in issue will be 152,103,305. Accordingly, the Proposed Rights Issue would entail the issuance of up to 202,804,406 Rights Shares together with up to 152,103,304 Warrants-C.

The basis of 4 Rights Shares together with 3 Warrants-C for every 3 Consolidated Shares was arrived at after taking into consideration, amongst others, the following:

- (i) the amount of proceeds to be raised from the subscription of the Rights Shares as set out in **Section 2.3.3** of this Circular;
- (ii) rationale for the Proposed Rights Issue as set out in **Section 3.3** of this Circular; and
- (iii) the maximum number of convertible equity securities that may be issued by our Company pursuant to paragraph 6.50 of the Listing Requirements, which states that a listed issuer must ensure that the number of new shares to be issued arising from the exercise or conversion of all outstanding convertible equity securities does not exceed 50% of its total number of issued shares (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

For illustrative purposes, set out below is a summary of our Company's compliance with paragraph 6.50 of the Listing Requirements after the Proposed Rights Issue:

Minimum Scenario

Total no. of issued Shares as at the LPD and after the Proposed Share Consolidation	(A)	133,788,304
Rights Shares to be issued pursuant to the Proposed Rights Issue	(B)	132,976,892
Total no. of issued Shares	(C)=(A)+(B)	266,765,196
Total no. of outstanding Warrants-B as at the LPD and after the Proposed Share Consolidation	(D)	18,315,000
Additional Warrants-B to be issued pursuant to the Adjustments	(E)	6,437,450
Warrants-C to be issued pursuant to the Proposed Rights Issue	(F)	99,732,669
Total no. of convertible equity securities in issue	(G)=(D)+(E)+(F)	124,485,119
Percentage over total no. of our issued Shares	(G)/(C)	46.7%

Maximum Scenario

Total no. of issued Shares as at the LPD and after the Proposed Share Consolidation	(A)	133,788,304
New Shares to be issued assuming full exercise of all outstanding Warrants-B as at the LPD after the Proposed Share Consolidation	(B)	18,315,000
Rights Shares to be issued pursuant to the Proposed Rights Issue	(C)	202,804,406
Total no. of issued Shares	(D)=(A)+(B)+(C)	<u>354,907,710</u>
Warrants-C to be issued pursuant to the Proposed Rights Issue	(E)	152,103,304
Total no. of convertible equity securities in issue	(F)=(E)	<u>152,103,304</u>
Percentage over total no. of our issued Shares	(F)/(D)	42.9%

The actual number of Rights Shares and Warrants-C to be issued would depend on the total number of Consolidated Shares in issue as at the Entitlement Date as well as the eventual subscription rate of the Proposed Rights Issue.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, our Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The renunciation of the Rights Shares by our Entitled Shareholders entails the renunciation of the Warrants-C to be issued together with the Rights Shares. However, if our Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants-C in the proportion of their acceptance of their Rights Shares entitlements. For the avoidance of doubt, the Rights Shares and the Warrants-C are not separately renounceable.

Any unsubscribed Rights Shares with Warrants-C will be made available for excess subscription by other Entitled Shareholders and/or their renounees/transferees, if applicable. It is our Board's intention to allocate the excess Rights Shares with Warrants-C, if any, in a fair and equitable manner on a basis to be determined by our Board.

Any fractional entitlements under the Proposed Rights Issue shall be disregarded and dealt with by our Board with in such manner at its absolute discretion as it may deem fit or expedient, and in our Company's best interest.

The Warrants-C will be immediately detached from the Rights Shares upon issuance and will be traded separately on the Main Market of Bursa Securities. The Warrants-C will be issued in registered form and constituted by the Deed Poll C. Please refer to **Appendix I** of this Circular for the salient terms of the Warrants-C.

2.2.2 Subscription level, shareholders' undertakings and underwriting arrangement

The Proposed Rights Issue will be undertaken on a Minimum Subscription Level basis after taking into consideration of our Group's funding requirements as set out in **Section 2.3.3** of this Circular.

To achieve the Minimum Subscription Level, our Company:

- (i) has procured an irrevocable undertaking from the Undertaking Shareholders (including our substantial shareholders namely Asia Poly and Dato' Yeo) to subscribe in full for their respective entitlements to the Rights Shares. Pursuant to the Undertakings, the Undertaking Shareholders have:
 - (a) irrevocably and unconditionally warranted that they will not dispose of their existing shareholdings in our Company or any part thereof during the period commencing from the date of their Undertakings up to the Entitlement Date; and

- (b) confirmed that they have sufficient financial means and resources to subscribe in full for their respective entitlements to the Rights Shares and Mercury Securities, as the Principal Adviser for the Proposals, had verified the same; and
- (ii) shall procure underwriting arrangements to underwrite the remaining portion of the Rights Shares for which no irrevocable undertakings have been obtained under the Minimum Subscription Level.

The details of Undertakings and underwriting for the Minimum Subscription Level are as follows:

	Direct shareholding as at the LPD		After the Proposed Share Consolidation		Entitlement Undertaking/ Underwriting		
	No. of Shares	(i)%	No. of Consolidated Shares	(ii)%	No. of Rights Shares	(iii)%	Amount RM
<u>Undertaking shareholder</u>							
Asia Poly	140,913,184	10.5	14,091,318	10.5	18,788,424	10.5	1,597,016
Dato' Yeo	106,413,514	8.0	10,641,351	8.0	14,188,468	8.0	1,206,020
Seik Thye Kong	35,020,200	2.6	3,502,020	2.6	4,669,360	2.6	396,896
Yeo Boon Ho	31,356,099	2.3	3,135,609	2.3	4,180,812	2.3	355,369
Tan Soon Hui	30,947,000	2.3	3,094,700	2.3	4,126,266	2.3	350,733
Yeo Boon Thai	21,929,299	1.6	2,192,929	1.6	2,923,905	1.6	248,532
Seik Yee Kok	14,571,900	1.1	1,457,190	1.1	1,942,920	1.1	165,148
Yeo Soon Bee	14,000,001	1.0	1,400,000	1.0	1,866,666	1.1	158,667
Lim Teck Seng	11,100,000	0.8	1,110,000	0.8	1,480,000	0.8	125,800
<u>Underwriter</u>							
Underwriters to be identified	-	-	-	-	78,810,071	44.2	6,698,856
Total					<u>132,976,892</u>	<u>74.5</u>	<u>11,303,037</u>

Notes:

(i) Based on 1,337,883,048 Dolphin Shares in issue as at the LPD.

(ii) Based on 133,788,304 Dolphin Shares in issue after the Proposed Share Consolidation.

(iii) Based on the number of Rights Shares available for subscription of 178,384,405 Rights Shares assuming full subscription for the Rights Shares and no Warrants-B are exercised.

Underwriting arrangement for the Rights Shares under the Minimum Subscription Level will be made at a later date after obtaining our Company's shareholders' approval for the Proposed Rights Issue at the forthcoming EGM. The terms of the underwriting arrangement, when confirmed and entered into, will be disclosed accordingly in the abridged prospectus to be issued by our Company prior to the Entitlement Date. The underwriting commission and all associated costs to be incurred in relation to the underwriting arrangement will be fully borne by our Company.

In the event our Company is unable to achieve the Minimum Subscription Level due to the occurrence of termination events stated in the underwriting agreement to be entered into or for any reason whatsoever, our Company will not proceed to complete the Proposed Rights Issue. In such event, all subscription monies received pursuant to the Proposed Rights Issue will be refunded without interest to the subscribing Entitled Shareholders and/or their renounees/transferees. For clarification purposes, the relevant provisions which may allow the underwriters to withdraw their obligations pursuant to the underwriting agreement and/or to terminate the underwriting agreement will be stated in the abridged prospectus to be issued by our Company.

Pursuant to paragraph 6.18(2) of the Listing Requirements, Mercury Securities, as the Principal Adviser for the Proposals, will be part of the syndicate of underwriters for the Rights Shares under the Minimum Subscription level.

As at the LPD, our Company does not have any alternative fund-raising plan in the event the Minimum Subscription level is not achieved.

2.2.3 Take-over implications and public shareholding spread

The Undertakings will not give rise to any mandatory general offer obligation under the Malaysian Code on Take-Overs and Mergers, 2016 (“Code”) and the Rules on Take-Overs, Mergers and Compulsory Acquisitions (“Rules”) issued by the Securities Commission Malaysia.

In addition, the Undertaking Shareholders have also undertaken to observe and comply at all times with the provisions of the Code and the Rules. In the event that the Undertaking Shareholders trigger an obligation to undertake a mandatory take-over offer under the Code and the Rules pursuant to the Undertakings, a separate announcement will be made.

Further, our Company will procure more than 1 underwriter to underwrite 78,810,071 Rights Shares under the Minimum Subscription Level, whereby each underwriter shall only underwrite up to 68,000,000 Rights Shares. Set out below is the pro forma shareholdings of the underwriters to be identified in our Company before and after the Proposed Rights Issue under the Minimum Scenario:

	As at the LPD		(I) After the Proposed Share Consolidation and Proposed Rights Issue		(II) After (I) and assuming full exercise of Warrants-C	
	No. of Shares	%	No. of Shares	(a)%	No. of Shares	(b)%
	‘000		‘000		‘000	
Underwriter A	-	-	68,000	25.5	119,000	32.5
Underwriter B	-	-	10,810	4.0	18,918	5.1

Notes:

(a) Based on 266,765,196 Dolphin Shares in issue after the Proposed Share Consolidation and Proposed Rights Issue.

(b) Based on 366,497,865 Dolphin Shares in issue after the Proposed Share Consolidation and Proposed Rights Issue as well as assuming full exercise of Warrants-C.

As illustrated above, the underwriting arrangement for our Proposed Rights Issue will not give rise to any mandatory general offer obligation under the Code and the Rules.

2.2.4 Public Shareholding spread

The Proposed Rights Issue is not expected to result in our Company being non-compliance with the public shareholding spread requirement under paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares, if any) or units are in the hands of public shareholders.

For illustrative purposes, the pro forma public shareholding spread of our Company before and after the Proposed Rights Issue (under Minimum Scenario) are as follows:

	As at the LPD		(I) After the Proposed Share Consolidation and Proposed Rights Issue		(II) After (I) and assuming full exercise of Warrants-C	
	No. of Shares	%	No. of Shares	(a) %	No. of Shares	(b) %
	'000		'000		'000	
Our issued Shares	1,337,883	100.0	266,765	100.0	366,498	100.0
Less:						
<u>Our Company's substantial shareholders</u>						
- Asia Poly	(140,913)	(10.5)	(32,880)	(12.3)	(46,971)	(12.8)
- Dato' Yeo	(106,414)	(8.0)	(24,830)	(9.3)	(35,471)	(9.7)
- Underwriters	-	-	(78,810)	(29.5)	(137,918)	(37.6)
<u>Our Company's Director</u>						
- Yeo Boon Ho	(31,356)	(2.3)	^(f) (3,136)	(1.2)	^(f) (3,136)	(0.9)
<u>Directors of our subsidiaries:</u>						
- Hoh Yeong Cherng	(19)	*	^(f) (2)	*	^(f) (2)	*
- Ian Ong Ming Hock	(12,645)	(0.9)	^(f) (1,265)	(0.5)	^(f) (1,265)	(0.3)
<u>Associates of our Company's substantial shareholders and our Group's Directors</u>						
- Yeo Boon Thai ^(c)	(21,930)	(1.6)	^(f) (2,193)	(0.8)	^(f) (2,193)	(0.6)
- Yeo Soon Bee ^(c)	(14,000)	(1.1)	^(f) (1,400)	(0.5)	^(f) (1,400)	(0.4)
- Hoh Kok Wah ^(d)	(25)	*	^(f) (3)	*	^(f) (3)	*
- Hoh Yeong Jian ^(e)	(410)	*	^(f) (41)	*	^(f) (41)	*
Public shareholdings	1,011,171	75.6	122,205	45.9	138,098	37.7

Notes:

* Less than 0.1%.

(a) Based on 266,765,196 Dolphin Shares in issue after the Proposed Share Consolidation and Proposed Rights Issue.

(b) Based on 366,497,865 Dolphin Shares in issue after the Proposed Share Consolidation and Proposed Rights Issue as well as assuming full exercise of Warrants-C.

(c) Yeo Boon Thai and Yeo Soon Bee are siblings of Dato' Yeo and Yeo Boon Ho.

- (d) Hoh Kok Wah is the father of Hoh Yeong Cherng.
- (e) Hoh Yeong Jian is the sibling of Hoh Yeong Cherng.
- (f) Assuming they do not subscribe for any Rights Shares under the Minimum Scenario.

2.2.5 Utilisation of proceeds

Based on the issue price of the Rights Shares of RM0.085 each, our Company expects to raise gross proceeds of up to RM17.2 million from the Proposed Rights Issue, which will be utilised in the following manner:

Purpose	Note	Minimum Scenario	Maximum Scenario	Estimated time frame for utilisation from the date of listing of the Rights Shares
		RM'000	RM'000	
Deferred Cash Consideration	(i)	5,350	5,350	Within 1 month
Working capital	(ii)	2,703	4,638	Within 12 months
Repayment of bank borrowings	(iii)	2,000	6,000	Within 3 months
Estimated expenses for the Proposals	(iv)	1,250	1,250	Within 1 month
Total		11,303	17,238	

Notes:

(i) Deferred Cash Consideration

On 20 July 2022, our Company announced that we had completed the Acquisition of High Reserve. Pursuant to the sale of shares agreement dated 24 February 2022 ("SSA") (supplemented by the supplemental letter dated 15 July 2022) and the subsequent extensions agreed between the parties, AP F&B is to pay the vendors total deferred cash consideration of RM6.5 million by 19 October 2023.

In view of the above, our Company proposes to allocate RM5.35 million of the proceeds to be raised from the Proposed Rights Issue to pay the Deferred Cash Consideration whilst the remaining RM1.15 million of the Deferred Cash Consideration shall be settled *via* the unutilised proceeds under the Placement pursuant to the Proposed Variation.

For clarification purposes, in the event the Proposed Variation is not approved, our Company shall fund the shortfall of RM1.15 million through the Proposed Rights Issue proceeds allocated for the repayment of our Group's bank borrowings.

For information purposes, the details of the payment milestone and sources of funding in respect of the Acquisition of High Reserve as at the LPD are as follows:

Timing of settlement	Mode of settlement			Status of payment milestones and sources of funds
	Cash consideration	Share consideration	Total	
	RM'000	RM'000	RM'000	
Upon execution of the SSA	5,400	-	5,400	Settled through proceeds from our Company's previous fundraising exercises totalling RM6.8 million ^(a) and issuance of 282,874,617 new Shares at an issue price of RM0.0654 each.
On the completion date of the SSA (i.e. 20 July 2022)	1,400	18,500	19,900	

Timing of settlement	Mode of settlement			Status of payment milestones and sources of funds
	Cash consideration	Share consideration	Total	
	RM'000	RM'000	RM'000	
By 19 October 2023	6,500	-	6,500	Proposed to be settled via: (a) proceeds from the Placement pursuant to the Proposed Variation; and/or (b) proceeds to be raised from the Proposed Rights Issue.
Within 14 business days from the date the audited consolidated financial statements of High Reserve for the financial period from 1 July 2022 to 30 June 2023 is made available	2,100	-	2,100	To be paid upon achievement of the profit guarantee in accordance with the terms and conditions of the SSA, which is expected to be funded through our Group's internally generated funds.
Within 14 business days from the date the audited consolidated financial statements of High Reserve for the financial period from 1 July 2023 to 30 June 2024 is made available	2,100	-	2,100	
Total	17,500	18,500	36,000	

Note:

- (a) Comprise the following fund-raising exercises:

Previous fundraising exercise	RM'000
Placement (pursuant to the First Variation as detailed in Section 2.6.1 of this Circular)	1,979
Rights issue exercise completed on 1 October 2020 (pursuant to the variation of utilisation of proceeds which was less than 25% as announced on 24 February 2022)	2,800
Placement exercise on 17 November 2021 (pursuant to the variation of utilisation of proceeds which was less than 25% as announced on 24 February 2022)	2,000
Total	6,779

As set out in our Company's announcement dated 19 June 2023, our Board is of the view that our Company's proposal to fund the Deferred Cash Consideration through proceeds to be raised from the Proposed Rights Issue does not construe a material variation to the Acquisition of High Reserve as:

- (a) the Proposed Rights Issue as an alternative source of funding for the Deferred Cash Consideration is deemed a more favourable option to our Company's shareholders as it would enable our Company and shareholders to achieve, amongst others, the following

- (aa) fund the Deferred Cash Consideration without having to incur interest costs

Our Board is of the view that the Proposed Rights Issue is the most suitable means of raising the required funds as it would allow, amongst others, our Company to raise the required funds without having to incur interest costs as compared to bank borrowings, thereby minimising any potential cash outflows in respect of interest servicing costs.

As such, the Proposed Rights Issue as an alternative source of funding is not expected to diminish the potential benefits of the Acquisition of High Reserve as it would enable our Company to fund the Deferred Cash Consideration without having to incur additional interest costs nor increase our Group's gearing ratio.

- (bb) enable our shareholders to maintain their existing shareholding in our Company

Although the Proposed Rights Issue as an alternative source of funding for the Deferred Cash Consideration may result in a dilutive impact on our existing shareholders' shareholding in our Company, the Proposed Rights Issue is available for subscription by all of our shareholders on a pro-rata basis.

In this regard, the Proposed Rights Issue as an alternative source of funding is not expected to be detrimental to our shareholders as it provides an opportunity to all of our shareholders to participate in this equity funding exercise as well as to maintain their existing shareholdings in our Company if they wish to do so.

- (b) the Proposed Rights Issue as an alternative source of funding for the Deferred Cash Consideration is not expected to expose our Group to any new or additional risk in relation to the Acquisition of High Reserve;
- (c) the Proposed Rights Issue as an alternative source of funding for the Deferred Cash Consideration does not involve any changes to the terms of the SSA;
- (d) the Proposed Rights Issue is only intended to fund less than 20% of the total purchase consideration for the Acquisition of High Reserve; and
- (e) our Company has procured undertakings from our substantial shareholders for the Proposed Rights Issue which demonstrate their commitment to our Group and thus, the Proposed Rights Issue as an alternative source of funding for the Deferred Cash Consideration is not detrimental to our shareholders.

Further, our Board is also of the view that the use of the unutilised proceeds from the Placement pursuant to the Proposed Variation (or RM1.15 million of the Proposed Rights Issue proceeds allocated for the repayment of bank borrowings in the event the Proposed Variation is not approved) to settle the remaining Deferred Cash Consideration would not construe a material variation to the Acquisition of High Reserve premised on the same justifications.

In addition to the above, our Board has also considered that the Proposed Rights Issue and Proposed Variation are subject to our shareholders' approval and that the interested parties in relation to the Acquisition of High Reserve will abstain from voting on the resolutions pertaining to the Proposed Rights Issue and Proposed Variation.

(ii) Working capital

As set out in **Section 3.2** of this Circular, notwithstanding our efforts to grow our food and beverage business, the past 2 years have been a challenging time to us as our food and beverage business was adversely affected by the COVID-19 pandemic.

As a result, losses incurred in the FYE 30 June 2022 and FPE 31 March 2023 were draining on our financial resources. In view of the above, our Group would require additional working capital to fund our on-going operations. For information, our Group's cash and bank balances as at 30 June 2022 (being our latest audited financial position) and 31 March 2023 (being our latest reported financial position as at the LPD) stood at RM7.4 million and RM3.6 million respectively.

Thus, our Company proposes to allocate up to RM4.6 million of the proceeds to be raised from the Proposed Rights to defray our Group's on-going working capital requirements, which are to be utilised in the following manner:

Purpose	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Purchases of inventories i.e. food and beverage products for our Group's existing 6 Uncle Don's restaurant outlets as well as trading business under our food and beverage business segment	2,000	3,500
General working capital comprising the following:		
- Staff costs	200	200
- Payment to suppliers	503	938
Total	2,703	4,638

(iii) Repayment of bank borrowings

As at 31 March 2023, being our latest unaudited consolidated financial position, our Group's bank borrowings (i.e. term loans) stood at RM7.7 million. In view of our Group's lackluster financial performance, it is our Company's intention to keep our Group's financial gearing low moving forward.

Pursuant thereto, our Company proposes to allocate up to RM6.0 million of the proceeds from the Proposed Rights Issue to repay our Group's bank borrowings. Based on our Group's average interest rate of 6.2% per annum, the repayment of bank borrowings is expected to result in annual interest savings of up to RM0.4 million.

(iv) Estimated expenses for the Proposals

Our Company proposes to allocate the remaining RM1.25 million of the proceeds to defray the estimated expenses in relation to the Proposals as follows:

	RM'000
Professional fees	745
Fees payable to the relevant authorities	112
Estimated underwriting commissions	167
Expenses to convene the EGM, printing costs and other miscellaneous expenses in relation to the Proposals	226
Total	1,250

Any surplus or shortfall of the estimated expenses will be reallocated to/from proceeds earmarked for funding our Group's working capital.

Any additional proceeds raised in excess of the RM11.3 million under the Minimum Scenario will be allocated to the following utilisation up to their respective maximum allocation under the Maximum Scenario in the following order of priority:

- (a) working capital; and
- (b) repayment of bank borrowings.

Prior to utilisation for the above purposes, the proceeds raised from the Proposed Rights Issue will be placed in interest-bearing deposits and/or short-term money market instruments with licensed financial institutions as our Board deem fit and in our Company's best interest. Any interest income earned from such deposits and/or money market instruments will be used, when available, as our Group's working capital.

The actual proceeds that may be raised from the exercise of Warrants-C are dependent on the actual number of Warrants-C issued and exercised over the tenure of Warrants-C of 3 years. For illustrative purposes, our Company may raise up to RM14.5 million if all the Warrants-C issued under the Maximum Scenario were fully exercised and such proceeds shall be utilised, when available, within 24 months from the date of listing of the new Shares arising from such exercise of Warrants-C as follows:

Purpose	%
Day-to-day operating expenses of our Group's restaurant outlets	50
General administrative expenses of our Group	50

If the Proposed Rights Issue is not approved by our shareholders, our Company shall fund part of the Deferred Cash Consideration of RM5.35 million through amongst others, bank borrowings and/or other equity fund raising activity. In such event, Dolphin will make the requisite announcements for such equity fund raising activity, if any, and shall seek its shareholders' approval for the same if required in accordance with the Listing Requirements

2.2.6 Basis and justification for the issue price of the Rights Shares

The issue price of the Rights Shares of RM0.085 was determined by our Board after taking into consideration, amongst others, the following:

- (i) the TEAP of our Shares of RM0.1154, which was calculated based on the theoretical adjusted reference price of our Shares after the Proposed Share Consolidation of RM0.156, which in turn was calculated based on the 5-day VWAP of our Shares up to the LTD of RM0.0156;
- (ii) the issue price of the Rights Shares represents a discount of RM0.0304 or 26.3% to the TEAP of our Shares of RM0.1154;
- (iii) our Group's funding requirements as set out in **Section 2.2.5** of this Circular; and
- (iv) the historical trading prices of our Shares for the past 12 months up to the LTD.

2.2.7 Basis and justification for the exercise price of Warrants-C

The exercise price of Warrants-C of RM0.095 was determined by our Board after taking into consideration, amongst others, the following:

- (i) the issue price of the Rights Shares of RM0.085;
- (ii) the TEAP of our Shares of RM0.1154; and
- (iii) the exercise price of Warrants-C represents a discount of RM0.0204 or 17.7% to the TEAP of our Shares of RM0.1154.

2.3 Adjustment to the Exercise Price and Number of Warrants-B

The Proposed Share Consolidation and Proposed Rights Issue will give rise to adjustments to Warrants-B as illustrated in **Appendix II** of this Circular. The Adjustments will only be finalised on the entitlement dates for the respective Proposals and will be effective on the next market day following the entitlement dates for the respective Proposals. The notices which sets out the actual Adjustments will be issued by our Company at a later date.

2.4 Ranking of the Consolidated Shares, Consolidated Warrants-B, Rights Shares, Warrants-C, and New Dolphin Shares to be Issued Arising from the Exercise of Warrants-C and additional Consolidated Warrants-B

The Consolidated Shares and Consolidated Warrants-B shall, upon allotment and issuance, rank *pari passu* in all respects with one another respectively.

The Rights Shares and new Dolphin Shares to be issued arising from the exercise of Warrants-C and additional Consolidated Warrants-B (to be issued arising from the Adjustments) shall, upon allotment and issuance, rank equally in all respects with the then existing Dolphin Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other forms of distributions, in respect of which the entitlement date is prior to the date of allotment and issuance of the Rights Shares and new Dolphin Shares to be issued arising from the exercise of Warrants-C and additional Consolidated Warrants-B.

The holders of Warrants-C will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of Warrants-C exercise their Warrants-C for new Dolphin Shares.

2.5 Listing of and Quotation for the Rights Shares, Warrants-C, additional Consolidated Warrants-B and New Dolphin Shares to be Issued Arising from the Exercise of Warrants-C and Additional Consolidated Warrants-B

Bursa Securities had, *vide* its letter dated 12 July 2023, given its approval for the admission of Warrants-C to the Official List as well as the listing of and quotation for the Rights Shares, Warrants-C, additional Consolidated Warrants-B and new Dolphin Shares to be issued arising from the exercise of Warrants-C and additional Consolidated Warrants-B on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 6** of this Circular.

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2.6 Proposed Variation

On 26 January 2021, our Company announced that we proposed to undertake the Placement. On 23 February 2021, our Company had issued 135,607,860 new Shares under the Placement at an issue price of RM0.0719 each, which raised total gross proceeds of approximately RM9.8 million.

The new Shares issued under the Placement represented approximately 16.9% of our Company's issued Shares as at the date of announcement of the Placement of 800,139,303 Shares. The Placement was completed on 25 February 2021 upon the listing of the said Shares on Bursa Securities on even date.

2.6.1 First Variation

On 24 February 2022, our Company announced that we proposed to vary part of the unutilised proceeds under the Placement in order to partially fund the Acquisition of High Reserve as summarised below:

<u>Purpose</u>	<u>Approved utilisation</u>	<u>Utilisation as at 24 Feb 2022</u>	<u>Unutilised proceeds as at 24 Feb 2022</u>	<u>First Variation</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Working capital for our Group's existing Uncle Don's restaurant outlets	2,000	-	2,000	
Initial set up costs for the Distribution Business	1,150	-	1,150	
Initial set up costs for a new Uncle Don's restaurant outlet in Batu Pahat, Johor	1,500	-	1,500	⁽ⁱ⁾ (1,500)
Renovation costs for a freehold land and building of our Group at Taman Industri Pusat Bandar Puchong, Selangor	900	(421)	479	⁽ⁱⁱ⁾ (479)
Part repayment of our Group's bank borrowings	1,700	(1,700)	-	
General working capital of our Group	2,376	(1,656)	720	
Part payment of the cash consideration in respect of the Acquisition of High Reserve	-	-	-	⁽ⁱⁱⁱ⁾ 1,979
Estimated expenses for the Placement	139	(139)	-	
Total	9,765	(3,916)	5,849	

Notes:

- (i) The variation was made in view of no suitable location being identified to set up a new Uncle Don's restaurant outlet in Batu Pahat, Johor.
- (ii) The variation was made due to actual renovation costs being lower than the allocated proceeds.
- (iii) Please refer to **Section 2.2.5** of this Circular for further details of the payment milestone of the Acquisition of High Reserve.

The First Variation was not subject to our shareholders' approval pursuant to paragraph 8.22 of the Listing Requirements as the said variation was less than 25% of the proceeds raised.

2.6.2 Details of the Proposed Variation

As at the LPD, our Group has yet to utilise the remaining proceeds raised under the Placement amounting to RM1.15 million, which was originally earmarked to fund the initial set up costs for the Distribution Business.

Upon due deliberation and after having considered the rationale as set out in **Section 3.3** of this Circular, it is our Company's intention to prioritise our financial resources towards the funding of the Deferred Cash Consideration as our Company has no intention to further pursue the Distribution Business given the low demand for Uncle Don's brand of chilli and tomato sauces as well as the distributorship being non-exclusive to our Group since November 2022.

Accordingly, our Company proposes to allocate the unutilised proceeds under the Placement of RM1.15 million towards partial payment of the Deferred Cash Consideration as summarised below:

Purpose	Approved utilisation after the First Variation	Utilisation as at the LPD	Unutilised proceeds as at the LPD	Proposed Variation
	RM'000	RM'000	RM'000	RM'000
Working capital for our Group's existing Uncle Don's restaurant outlets	2,000	(2,000)	-	
Initial set up costs for the Distribution Business	1,150	-	1,150	(1,150)
Renovation costs for a freehold land and building of our Group at Taman Industri Pusat Bandar Puchong, Selangor	421	(421)	-	
Part repayment of our Group's bank borrowings	1,700	(1,700)	-	
General working capital of our Group	2,376	(2,376)	-	
Part payment of the cash consideration in respect of the Acquisition of High Reserve	1,979	(1,979)	-	1,150
Estimated expenses for the Placement	139	(139)	-	
Total	9,765	(8,615)	1,150	

The Proposed Variation would result in total variations of more than 25% of the utilisation of proceeds from the Placement as set out below:

	Amount varied	As a percentage of the Placement proceeds
	RM'000	
First Variation	1,979	20.3%
Proposed Variation	1,150	11.8%
Total variations	3,129	32.1%

Accordingly, we are required to seek our Company's shareholders' approval for the Proposed Variation at the forthcoming EGM in compliance with paragraph 8.22 of the Listing Requirements.

The Proposed Variation, if approved and undertaken, would enable our Company to fund RM1.15 million of the Deferred Cash Consideration without having to incur additional interest costs nor increase our Group's financial gearing as compared to funding through bank borrowings.

In summary, total variations to the utilisation of proceeds raised from the Placement are as follows:

Purpose	Approved utilisation	Total variations		Utilisation after the total variations
		First Variation	Proposed Variation	
	RM'000	RM'000	RM'000	RM'000
Working capital for our Group's existing Uncle Don's restaurant outlets	2,000			2,000
Initial set up costs for the Distribution Business	1,150		(1,150)	-
Initial set up costs for a new Uncle Don's restaurant outlet in Batu Pahat, Johor	1,500	(1,500)		-
Renovation costs for a freehold land and building of our Group at Taman Industri Pusat Bandar Puchong, Selangor	900	(479)		421
Part repayment of our Group's bank borrowings	1,700			1,700
General working capital of our Group	2,376			2,376
Cash consideration in respect of the Acquisition of High Reserve	-	1,979	1,150	3,129
Estimated expenses for the Placement	139			139
Total	9,765			9,765

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3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

3.1 Proposed Share Consolidation

As at the LPD, our Company has 1,337,883,048 issued Shares and the last traded price of the Shares was RM0.010.

In view of our Company's large share base and low trading price, the Proposed Share Consolidation is expected to enhance our Company's share capital structure by consolidating our existing Shares in issue. The Proposed Share Consolidation is also expected to result in an increase in our Group's NA per Share without affecting the total market value of our Shares as well as our Company's share capital and shareholders' shareholding.

After the Proposed Share Consolidation, the market price of each Dolphin Share will increase by the ratio of 10 times, whilst the total number of Dolphin Shares in issue will reduce by the corresponding ratio.

3.2 Proposed Rights Issue

Our Group is principally involved in the food and beverage business, whereby we currently own and operate 5 Uncle Don's restaurant outlets in the Klang Valley, 1 Uncle Don's restaurant outlet in Ipoh and 1 "Verona Trattoria" Italian restaurant in Petaling Jaya. In addition, our Group is also involved in the business of trading of wine and other liquor products.

As set out below, our food and beverage business has been our Group's largest revenue contributor in the FYE 30 June 2022 and 9-month FPE 31 March 2023:

Segment	Audited FYE 30 Jun 2022				Unaudited 9-month FPE 31 Mar 2023			
	Revenue		PBT/(LBT)		Revenue		PBT/(LBT)	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>Food and beverage</u>								
• Operator of restaurants	7,540	79.2	(2,609)	(17.9)	11,090	81.9	⁽ⁱ⁾ (902)	(22.2)
• Trading of alcoholic beverage	1,765	18.5	845	5.8	2,456	18.1	(4)	(0.1)
	<u>9,305</u>	<u>97.7</u>	<u>(1,764)</u>	<u>(12.1)</u>	<u>13,546</u>	<u>100.0</u>	<u>(906)</u>	<u>(22.3)</u>
<u>Palm oil milling</u>								
• Engineering services	145	1.5	(2,286)	(15.7)	-	-	425	10.5
• Supply of parts and maintenance services	73	0.8	(394)	(2.7)	-	-	(104)	(2.6)
	<u>218</u>	<u>2.3</u>	<u>(2,680)</u>	<u>(18.4)</u>	<u>-</u>	<u>-</u>	<u>321</u>	<u>7.9</u>
Investment holding	-	-	(10,114)	(69.5)	-	-	⁽ⁱⁱ⁾ 4,647	114.4
Total	<u>9,523</u>	<u>100.0</u>	<u>(14,558)</u>	<u>(100.0)</u>	<u>13,546</u>	<u>100.0</u>	<u>4,062</u>	<u>100.0</u>

Notes:

(i) Included in the segmental loss is a non-recurring expense of RM0.1 million in relation to the stamp duty paid in respect of the Acquisition of High Reserve.

(ii) The profit recorded was mainly due to a one-off gain on deconsolidation of Dolphin Engineering (M) Sdn Bhd, a wholly-owned subsidiary of our Company, amounting to RM 6.6 million pursuant to the liquidation of the said company.

In view that the food and beverage business has been our Group's main revenue contributor, it is our Company's intention to focus on this business segment as part of our long-term business plan to improve our financial performance.

As part of this strategy, we had undertaken the Acquisition of High Reserve which was approved by our shareholders in June 2022 and completed in July 2022.

For information, High Reserve commenced its operations on 11 September 2018 and is principally involved in the business of operating of Uncle Don's restaurant outlets as well as investment holding. As at the LPD, the High Reserve Group owns and operates 4 Uncle Don's restaurant outlets in the Klang Valley as follows:

Location	Date of business commencement	Floor area
No. 21-G, Jalan Radin Bagus 5, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	11 Sep 2018	3,289 sq. ft.
C-G-20, Fortune Avenue Block C, Jalan Metro Perdana 3, Taman Usahawan Kepong, 52100 Kuala Lumpur	3 Oct 2019	3,318 sq. ft.
No. 17-1 & 18-1, Jalan Anggun City 1, Pusat Komersial Anggun City, 48000 Rawang, Selangor Darul Ehsan	29 Oct 2020	3,963 sq. ft.
No. 5-G & 6-G, Plaza Indah, Jalan Wan Siew, Taman Sepakat Indah, 43000 Kajang, Selangor Darul Ehsan	7 Jan 2021	3,918 sq. ft.

Set out below is a summary of the High Reserve's financial results over the past 4 financial years/periods:

	Audited		Unaudited	
	FYE	FYE	13-month FPE	9-month FPE
	31 May 2020	31 May 2021	30 Jun 2022	31 Mar 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	5,645	5,468	⁽ⁱ⁾ 9,189	5,582
PAT/(LAT)	221	(21)	(563)	(281)
NA	589	568	5	⁽ⁱⁱ⁾ 4,089

Notes:

- (i) The increase in revenue was mainly due to High Reserve's acquisition of 2 companies during the said financial period under review which owns and operates 1 Uncle Don's restaurant outlet each.
- (ii) The increase in NA was mainly due to capitalisation of shareholders' advances to High Reserve amounting to RM4.6 million via the issuance of new ordinary shares in High Reserve prior to the completion of the Acquisition of High Reserve.

Following the completion of the Acquisition of High Reserve in July 2022, our Group had recorded an increase in revenue from RM9.3 million in the FYE 30 June 2022 to RM13.5 million in the 9-month FPE 31 March 2023 (or RM18.1 million on an annualised basis). Accordingly, our food and beverage business had recorded lower losses from RM1.8 million in the FYE 30 June 2022 to RM0.9 million in the 9-month FPE 31 March 2023 (or RM1.2 million on an annualised basis).

Notwithstanding our efforts to grow our food and beverage business, the past 2 years have been a challenging time to us as our food and beverage business was adversely affected by the COVID-19 pandemic whereby our restaurant outlets were only allowed to operate at limited capacity between 18 March 2020 (when the MCO was first implemented by the Malaysian Government) and April 2022 (when Malaysia announced its transition into the endemic phase) as well as consumers being cautious to eating out.

As a result, losses incurred in the FYE 30 June 2022 and FPE 31 March 2023 were draining on our financial resources. In this regard, it is our Company's intention to undertake a fund-raising exercise in order to defray the proposed utilisations as set out in **Section 2.2.5** of this Circular which if approved and undertaken, would address our Group's immediate financial concerns and capital needs.

After due consideration of various fund-raising options, our Board is of the opinion that the Proposed Rights Issue is the most suitable means of raising the required funds as:

- (i) it provides an avenue for our Company to raise the required funds without having to incur interest costs as compared to bank borrowings and/or other interest-bearing debt instruments, thereby minimising any potential cash outflows in respect of interest servicing costs;
- (ii) it provides our Entitled Shareholders with an equal opportunity to increase their equity participation in our Company;
- (iii) it will enhance our Company's capital base and thereby, strengthens our Group's financial footing;
- (iv) the Warrants-C, which will be issued at no cost to our Entitled Shareholders who successfully subscribe for the Rights Shares, would incentivise the Entitled Shareholders to subscribe for the Rights Shares. In addition, the Warrants-C will allow the Entitled Shareholders who successfully subscribe for the Rights Shares to further increase their equity participation in our Company at a predetermined exercise price over the tenure of the Warrants-C and/or benefit from the potential capital appreciation of the Dolphin Shares when they elect to exercise the Warrants-C for new Dolphin Shares over the tenure of the Warrants-C; and
- (v) it enables our Company to raise additional funds as and when the Warrants-C are exercised.

In addition to the above, our Board has also considered the following aspects in relation to the Proposed Rights Issue:

(i) Prospects of our food and beverage business

Our Company remained focused on growing our food and beverage business as part of our long-term business plan. Notwithstanding losses incurred in the FYE 30 June 2022 and FPE 31 March 2023, our Board remain optimistic over the prospects and sustainability of our food and beverage business premised on the following key considerations:

(a) Existing operations of our restaurant outlets

As at the LPD, our Group owns and operates 7 restaurant outlets at the following locations:

No.	Location	Floor area
1.	Uncle Don's restaurant outlet at No. 21-G, Jalan Radin Bagus 5, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	3,289 sq. ft.
2.	Uncle Don's restaurant outlet at C-G-20, Fortune Avenue Block C, Jalan Metro Perdana 3, Taman Usahawan Kepong, 52100 Kuala Lumpur	3,318 sq. ft.
3.	Uncle Don's restaurant outlet at No. 17-1 & 18-1, Jalan Anggun City 1, Pusat Komersial Anggun City, 48000 Rawang, Selangor Darul Ehsan	3,963 sq. ft.

No.	Location	Floor area
4.	Uncle Don's restaurant outlet at No. 5-G & 6-G, Plaza Indah, Jalan Wan Siew, Taman Sepakat Indah, 43000 Kajang, Selangor Darul Ehsan	3,918 sq. ft.
5.	Uncle Don's restaurant outlet at No. B-G-11, Tingkat Bawah, Sunsuria Forum @ 7 th Avenue, No.1, Jalan Setia Dagang AL U13/AL, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan	3,154 sq ft
6.	Uncle Don's restaurant outlet at No. 41, Jalan Dato Seri Ahmad Said, 30450, Ipoh, Perak Darul Ridzuan	2,200 sq ft
7.	"Verona Trattoria" Italian restaurant at No. 8, Jalan 17/54, Section 17, 46400 Petaling Jaya, Selangor Darul Ehsan	1,800 sq ft

As the majority of our restaurant outlets are located in the Klang Valley whereby urban residents tend to have greater propensity of dining out, we expect that our restaurant sales would progressively improve over time leveraging on, amongst others, the positive outlook of the food and beverage service industry as set out in **Section 4.2** of this Circular.

(b) Potential cost efficiency

The Acquisition of High Reserve was undertaken with a view to generate long-term value to our Group as it enabled our Group to increase our chain of Uncle Don's restaurant outlets and thereby, enabled our Group to expeditiously expand our food and beverage business.

Such expansion strategy is also deemed synergistic to our existing Uncle Don's restaurant outlets business as it would enable us to achieve greater economies of scale through, amongst others, a more efficient allocation of perishable food items amongst our enlarged chain of Uncle Don's restaurant outlets.

As a result, our Group is expected to be able to achieve greater cost effectiveness through less spoilages of perishable food items after the Acquisition of High Reserve. Further, as a larger Uncle Don's restaurant outlets operator, we also discuss, from time to time, with the central kitchen of Uncle Don's to bulk purchase food items in order to enjoy bulk purchase discount, where possible.

(c) On-going brand recognition of the Uncle Don's restaurant outlets

As at the LPD, there are 41⁽¹⁾ Uncle Don's restaurant outlets in Malaysia (including those owned and operated by our Group) and the franchisor is exploring various ways to enhance the business of the chain of Uncle Don's restaurant outlets which includes, amongst others, new food menu, lower central kitchen costs, selective promotions on food and beverage as well as enhanced marketing strategies to increase the market presence of the Uncle Don's restaurant outlets in Malaysia.

The continued business strategies to be deployed by the franchisor is expected to augur well to the overall business of the franchisees as the on-going popularity of the Uncle Don's restaurant outlets would enable the franchisees (including our Group) to better compete with other restaurant outlets within the vicinity where the respective franchisee operates, especially against smaller chain of restaurant outlets.

Note:

(1) The said 41 Uncle Don's restaurant outlets are at the following locations:

State	Address	
Kuala Lumpur	▪ 17, Jalan Wan Kadir 2, Taman Tun Dr Ismail, 60000 Kuala Lumpur	
	▪ 10, Jalan 22A/70A, Desa Sri Hartamas, 50480 Kuala Lumpur	
	▪ 21-G, Jalan Radin Bagus 5, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	
	▪ Lot G23 – G28, Ground Floor, Cheras Leisure Mall, Jalan Manis 6, Taman Sagar, Cheras, 56100 Kuala Lumpur	
	▪ C-G-20, Fortune Avenue Block C, Jalan Metro Perdana 3, Taman Usahawan Kepong, 52100 Kepong, Kuala Lumpur	
	▪ Shop 14, The Palette Hab Komersial Danau Kota, No. 8, Jalan Langkawi, Taman Danau Kota Setapak, 53000 Kuala Lumpur	
	▪ G-03, 03A & 05, Ground Floor, Quill City Mall, 1018 Jalan Sultan Ismail, 50250 Kuala Lumpur	
	▪ 18, Jalan Telawi 5, Bangsar, 59100 Kuala Lumpur	
	▪ 59 & 61, Jalan 11/62A, Bandar Menjalara, 52200 Kuala Lumpur	
	▪ Unit AG-28 & AG-29, Ground Floor, Puncak Sentul (Sentul Point), No. 8, Jalan Sentul Perdana, Sentul, 51000 Kuala Lumpur	
	▪ The Scott Garden, Unit G9 & G10, 289, Jalan Klang Lama, 58200, Kuala Lumpur	
	Selangor Darul Ehsan	▪ 183 & 181-1, Jalan SS 2/24, 47300 Petaling Jaya, Selangor
		▪ 55A, Jalan USJ 10/1F, Taipan Business Centre, 47620 Subang Jaya, Selangor
		▪ 19, Jalan Kenari 6, Bandar Puchong Jaya, 47100 Puchong, Selangor
▪ 8 & 10, Lorong Baut Nilam 3A, Bandar Bukit Tinggi 1, 41200 Klang, Selangor		
▪ No. 1-1, Jalan PJU 5/6, PJU 5 Dataran Sunway, 47810 Kota Damansara, Petaling Jaya, Selangor		
▪ No. 55-G and 56-G, Jalan Dataran Cheras 3, Dataran Perniagaan Cheras, 43200 Balakong, Selangor		
▪ B-G-11, Tingkat Bawah, Sunsuria Forum @ 7 th Avenue, No. 1 Jalan Setia Dagang AL U13/AL, Setia Alam, 40170 Shah Alam, Selangor		
▪ 17-1 & 18-1, Jalan Anggun City 1, Pusat Komersial Anggun City, 48000 Rawang, Selangor		

State	Address
	<ul style="list-style-type: none"> ▪ 21-G, Jalan Equine 1C, Taman Equine, Sri Kembangan, 43300 Sri Kembangan, Selangor ▪ Lot K5-K6A, Oasis Boulevard, Sunway Pyramid Shopping Centre, 3 Jalan PJS 11/15, Bandar Sunway, 47500 Subang Jaya, Selangor ▪ GF(W)-08 & GF(W)-09 Kompleks Perniagaan Gamuda Quayside, 42500 Telok Panglima Garang, Selangor ▪ 5-G & 6-G, Plaza Indah, Jalan Wan Siew, Taman Sepakat Indah, 43000 Kajang, Selangor ▪ Unit G-2A, Block 3545, Prima 11, Jalan Teknokrat 6, Cyberjaya, 63000 Sepang, Selangor ▪ Lot No. H-01-01, Block H, Ecohill Walk, 43500 Semenyih, Selangor
<i>Pulau Pinang</i>	<ul style="list-style-type: none"> ▪ 77-G-13/14/15/16, Times Square Penang, Birch The Plaza Commercial, Jalan Dato Keramat, 10150 George Town, Pulau Pinang ▪ 30, Jalan Todak 4, Pusat Bandar Seberang Jaya, 13700 Seberang Perai, Pulau Pinang
<i>Johor Bahru</i>	<ul style="list-style-type: none"> ▪ 52, Jalan Jaya, Taman Maju Jaya, 80400 Johor Bahru, Johor ▪ 97, Jalan Mutiara Emas 10/19, Taman Mount Austin, 81100 Johor Bahru, Johor ▪ 72 & 74, Jalan Sutera Tanjung 8/3, Taman Sutera Utama, 81300 Johor Bahru, Johor ▪ 229 & 229-A Jalan Kenanga 29/2, Indahpura, 81000 Kulai, Johor ▪ 33, 33A, 35, 35A, 37 & 37A, Jalan Flora Utama 8, Taman Flora Utama, 83000 Johor ▪ No. 30, Jalan Duku, Kampung Masjid Lama 86000, Kluang, Johor
<i>Perak Darul Ridzuan</i>	<ul style="list-style-type: none"> ▪ 41, Jalan Dato Seri Ahmad Said, 30450 Ipoh, Perak ▪ 229, Lorong Tupai, 34000 Taiping, Perak ▪ 38, 38A & 38B, Lorong Impiana 1, Taman Impiana, 36000 Teluk Intan, Perak ▪ 75 & 75A, Jalan Terminal Kampar 1/D, Pusat Perdagangan Kampar, 31900 Kampar, Perak ▪ 68, 69, 70, 71 Jalan Raja Muda Musa 2/1, Taman Raja Muda Musa 2, 32000 Sitiawan, Perak
<i>Negeri Sembilan</i>	<ul style="list-style-type: none"> ▪ 246, Jalan S2 B12, Seremban 2, 70300 Seremban, Negeri Sembilan
<i>Pahang</i>	<ul style="list-style-type: none"> ▪ A1, Jalan Air Putih, Taman Berserah, 25300 Kuantan, Pahang
<i>Melaka</i>	<ul style="list-style-type: none"> ▪ No. 1, Kompleks Melaka Raya, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka

(d) Marketing and promotions strategies

To further improve the business of our chain of Uncle Don's restaurant outlets, we had also sought the franchisor's approval for our own additional promotions such as door gifts to customers during special occasions, discounts on selected combo meals and/or complimentary vouchers for our "Verona Trattoria" Italian restaurant since January 2023. These additional promotions are undertaken as part of our continued efforts to retain customers, as well as to enhance the market presence of our enlarged chain of Uncle Don's restaurant outlets over the long term.

In addition to the above, we have also undertaken the following steps to further enhance our Group's financial performance:

(a) Improving cost effectiveness

Spoilage of perishable food items has been one of the factors leading to high operating costs of our food and beverage business. However, our Group expects spoilage of perishable food items to reduce over time when we achieve economies of scale from a larger operation of Uncle Don's restaurant outlets.

In addition, we have designated a staff to closely monitor the food inventories of our Uncle Don's restaurant outlets in order to avoid over-ordering of perishable food items. In addition, we also discuss, from time to time, with the central kitchen of Uncle Don's to bulk purchase food items in order to enjoy bulk purchase discount, where possible.

(b) Scaling down of our palm oil mill business

Our palm oil mill business has been loss-making over the past 6 years and as part of our efforts to improve our Group's financial performance, we had in 2020 diversified into the food and beverage business.

Following thereto, we have been focused on growing our food and beverage business and at the same time, progressively scale down our palm oil mill business in order to reduce losses to our Group *via* the following:

- (1) not securing new engineering solutions projects over the past 2 years; and
- (2) winding-up/dispose non-operating subsidiaries under our palm oil milling business.

(c) Renting out a vacant property

We currently own a freehold industrial land in Taman Industri Pusat Bandar Puchong, Selangor Darul Ehsan together with a 2-storey factory cum 3-storey office building erected thereon, which is currently unoccupied for our Group's business operations. The said property was renovated in 2022 but only received its certificate of completion and compliance in April 2023.

Following thereto and as at the LPD, we are in the midst of identifying suitable tenants to rent out the said vacant property in order to derive rental income pending subsequent utilisation of the property for our business operations.

(d) Reducing finance costs

Having considered our competitive business environment, we are striving to pare down our Group borrowings in order to reduce our finance costs. Accordingly, we intend to allocate up to RM6.0 million from the proceeds to be raised under the Maximum Scenario for the repayment of borrowings, which in turn would result in annual interest savings of up to RM0.4 million, and a proportionate reduction in our Group's gearing.

(ii) Value creation to our Company and our shareholders

The Proposed Rights Issue is expected to enhance the value of our Company and our shareholders as it would enabled us to raise the requisite funds to defray, amongst others, the Deferred Cash Consideration as well as working capital for our food and beverage business, without increasing our gearing ratio.

Thus, the Proposed Rights Issue is envisaged to generate value to our Company and our shareholders when our Group's financial performance improve over time after taking into consideration, amongst others, our business plans and strategies as mentioned in sub-section (i) above as well as the positive outlook of the food and beverage service market as set out in **Section 4.2** of this Circular.

(iii) Impact of the Proposed Rights Issue on our Group and shareholders

The utilisation of proceeds from the Proposed Rights Issue is expected to generate value to our Company and our shareholders as it would enable our Company to have a stronger financial footing for our on-going food and beverage business as well as to pay for the Deferred Cash Consideration, which in turn is expected to contribute positively to the future earnings of our Group when the operation benefits as mentioned in sub-section (i) above are achieved.

Further, proceeds from the exercise of Warrants-C, if any, would provide additional funding to our Group, which in turn would enable us to have a larger capital base to finance the daily operations of our restaurant outlets as well as our Group's administrative expenses.

The increase in the number of Dolphin Shares pursuant to the Proposed Rights Issue will have a dilutive impact on our Group's NA per Share and EPS which may be mitigated when our Group realised the benefits from the utilisation of proceeds as mentioned above.

The increase in the number of Dolphin Shares pursuant to the Proposed Rights Issue will also have a dilutive impact on our existing shareholders' shareholding in our Company which can be mitigated via subscription by the Entitled Shareholders of the Rights Shares and/or exercise of the Warrants-C.

(iv) Adequacy in addressing our Group's financial concerns

Our Board is of the view that the Proposed Rights Issue is adequate to address the immediate financial concerns of our Group after having considered the following factors:

- (a) the utilisation of proceeds as set out in **Section 2.3.3** of this Circular, which in turn would enable our Group to have a larger capital base and stronger financial footing for our on-going business; and
- (b) the steps and actions taken to improve our Group's financial condition as set out in sub-section (i) above.

If the Proposed Rights Issue is not approved by our shareholders, our Company shall fund the Deferred Cash Consideration through amongst others, bank borrowings and/or other equity fund raising activity. In such event, our Company will make the requisite announcements for such equity fund raising activity, if any, and shall seek our shareholders' approval for the same if required in accordance with the Listing Requirements.

3.3 Proposed Variation

First Variation

As part of the funding strategy for the Acquisition of High Reserve, our Company had undertaken the First Variation whereby we had varied the following unutilised proceeds from the Placement towards partial funding of the Acquisition of High Reserve:

<u>No.</u>	<u>First Variation</u>	<u>Rationale</u>
(i)	RM1.5 million of the unutilised proceeds which was earmarked to defray the set up costs of a new Uncle Don's restaurant outlet in Batu Pahat, Johor Bahru	<p>The variation was made in view that:</p> <p>(a) there were no suitable location being identified in Batu Pahat, Johor Bahru to set up a new Uncle Don's restaurant outlet; and</p> <p>(b) the Acquisition of High Reserve would enable our Group to acquire 4 operating Uncle Don's restaurant outlets in the Klang Valley, which in turn would enable us to grow our food and beverage business more expeditiously.</p>
(ii)	RM0.4 million of the unutilised proceeds which was earmarked to defray the renovation costs for a freehold land and building of our Group at Taman Industri Pusat Bandar Puchong, Selangor	The variation was made in view that the allocated proceeds was more than the actual costs incurred.

The First Variation was not subject to our shareholders' approval pursuant to paragraph 8.22 of the Listing Requirements as the said variation was less than 25% of the proceeds raised.

Proposed Variation

As at the LPD, our Group has yet to utilise the remaining unutilised proceeds raised under the Placement amounting to RM1.15 million, which was originally earmarked to fund the initial set up costs for the Distribution Business.

For information, on 4 January 2021, United Distribution Sdn Bhd, a wholly-owned subsidiary of our Company, had accepted a letter of award from Uncle Don's Manufacturing Sdn Bhd ("**UD Manufacturing**") dated 4 January 2021 ("**LOA**") for the exclusive distributorship of Uncle Don's brand of chilli and tomato sauces to retailers and restaurants (i.e. restaurants other than Uncle Don's restaurant outlets) ("**Distribution Business**") in Malaysia.

Following our acceptance of the LOA, the parties had on 17 May 2021 entered into a distribution agreement to regulate the terms and conditions of the Distribution Business, of which the distributorship shall be for a period of 3 years, i.e. ending on 16 May 2024.

In view of the LOA and the distribution agreement, our Company had allocated RM1.15 million of the proceeds raised from the Placement to defray the set-up costs for the Distribution Business such as logistic fees, staff costs, marketing expenses and other initial working capital requirements.

Notwithstanding the LOA and the subsequent distribution agreement, prior to investing into the Distribution Business and on a prudent basis, our Group had approached several retailers and restaurant owners to assess their interests for the Uncle Don's brand of chilli and tomato sauces over a period of more than 1 year. Due to the poor feedbacks received, our Company was cautious to establish the Distribution Business.

Following thereto, UD Manufacturing had on 1 November 2022 revised the distributorship from an exclusive basis to a non-exclusive basis, whereby the company may appoint additional distributors other than our Group for the distribution of Uncle Don's brand of chilli and tomato sauces in Malaysia. Subsequent thereto, in view that our Company has yet to embark on the Distribution Business, the parties have agreed to terminate the distribution agreement on 29 May 2023.

As the Distribution Business has been discontinued, our Company thus proposed to undertake the Proposed Variation in order to re-allocate the remaining unutilised proceeds from the Placement of RM1.15 million towards partial funding of the Deferred Cash Consideration.

In view that the Proposed Variation would result in total variations of more than 25% of the utilisation of proceeds from the Placement, we are required to seek our Company's shareholders' approval for the Proposed Variation at the forthcoming EGM in compliance with paragraph 8.22 of the Listing Requirements.

The Proposed Variation, if approved and undertaken, would enable our Company to fund RM1.15 million of the Deferred Cash Consideration without having to incur additional interest costs nor increase our Group's financial gearing as compared to funding through bank borrowing.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and Outlook of the Malaysian Economy

The Malaysian economy further expanded in the first quarter of 2023 (5.6%; 4Q 2022: 7.1%; 1Q 2011 - 4Q 2019 average: 5.1%), driven mainly by domestic demand. Further improvement in the labour market, with strong growth in employment and continued expansion in wages, have supported private consumption spending. Meanwhile, investment activity was underpinned by capacity expansion and continued implementation of multi-year projects. Inbound tourism continued to recover, lifting services exports and partially offsetting the slower goods export growth. On the supply side, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (4Q 2022: -1.7%).

Headline inflation during the quarter trended lower to 3.6% (4Q 2022: 3.9%). This was due mainly to the moderation in core inflation and lower RON97 price. The decline in core inflation (1Q 2023: 3.9%; 4Q 2022: 4.2%) was largely contributed by selected services. These include telephone and telefax service, food away from home, and personal transport repair and maintenance. Even as cost pressures, particularly global commodity prices, continued to ease, core inflation remained elevated during the quarter amid continued strength in demand. Price pressures remained pervasive. The share of Consumer Price Index (CPI) items recording monthly price increases rose to 56.0% during the quarter (4Q 2022: 51.2%). This in part reflected price adjustments by firms typically done at the beginning of the year (1Q average from 2011 - 2019: 52.2%; Overall average from 2011 - 2019: 45.6%), as well as continued price increases for some food-related items.

Domestic financial conditions remained broadly stable despite uncertainties surrounding the global economic outlook. Financial market expectations for US monetary policy were affected by evolving concerns over the US economy. These include the pace of disinflation and sustainability of its economic momentum. By the end of the quarter, risks from banking sector stress in the US and Europe weighed further on these expectations. As a result, the US dollar broadly depreciated amid shifting sentiments surrounding these developments, reversing its appreciation gains during first half of the quarter.

Against this backdrop, the ringgit continued to exhibit two-way movements with an overall marginal appreciation of 0.1% against the US dollar during the quarter. Moving forward, Bank Negara Malaysia will continue to closely monitor the global and domestic financial conditions while ensuring orderly financial market adjustments.

Credit to the private non-financial sector expanded by 4.2% (4Q 2022: 4.7%). This was accounted mainly by slower growth in outstanding loans (1Q 2023: 4.7%; 4Q 2022: 5.7%) and outstanding corporate bonds (1Q 2023: 4.4%, 4Q 2022: 4.6%). Outstanding business loans grew by 2.4%, following slower growth in working capital loans. Nonetheless, investment-related loans remained forthcoming, especially in the SME segment. For households, outstanding loan growth expanded by 5.2%. This was supported by sustained growth in outstanding loans for the purchase of big-ticket items, with higher growth recorded particularly for car purchases.

Despite global headwinds, the Malaysian economy is projected to expand by 4.0% to 5.0% in 2023, driven by firm domestic demand. Improving employment and income as well as continued implementation of multi-year projects would support consumption and investment activity.

Headline and core inflation are expected to moderate but would remain above historical average in 2023. The moderation reflects lower global cost factors amid easing supply chain disruptions and lower commodity prices. However, core inflation will remain at elevated levels amid firm demand conditions. Existing price controls and fuel subsidies will continue to partly contain the extent of upward inflationary pressures. The balance of risk to the inflation outlook is tilted to the upside and remains highly subject to any changes in domestic policy, financial market developments and global commodity prices.

(Source: BNM Quarterly Bulletin, Economic and Financial Developments in Malaysia in the First Quarter of 2023, Bank Negara Malaysia)

4.2 Overview and Outlook of the Food and Beverage Service Market in Malaysia

The overall food and beverage service market is depicted by the food service value, which refers to the sale of food and beverages that are prepared for immediate consumption or for takeaways and home deliveries. The overall food and beverage service market size in Malaysia, as shown in food service value, grew from RM34.7 billion in 2015 to RM46.4 billion in 2019, registering a compound annual growth rate (“CAGR”) of 7.5%. However, due to the COVID-19 pandemic, the overall food and beverage service market in Malaysia decreased from RM46.4 billion in 2019 to RM36.3 billion in 2020, and further declined to RM30.6 billion in 2021.

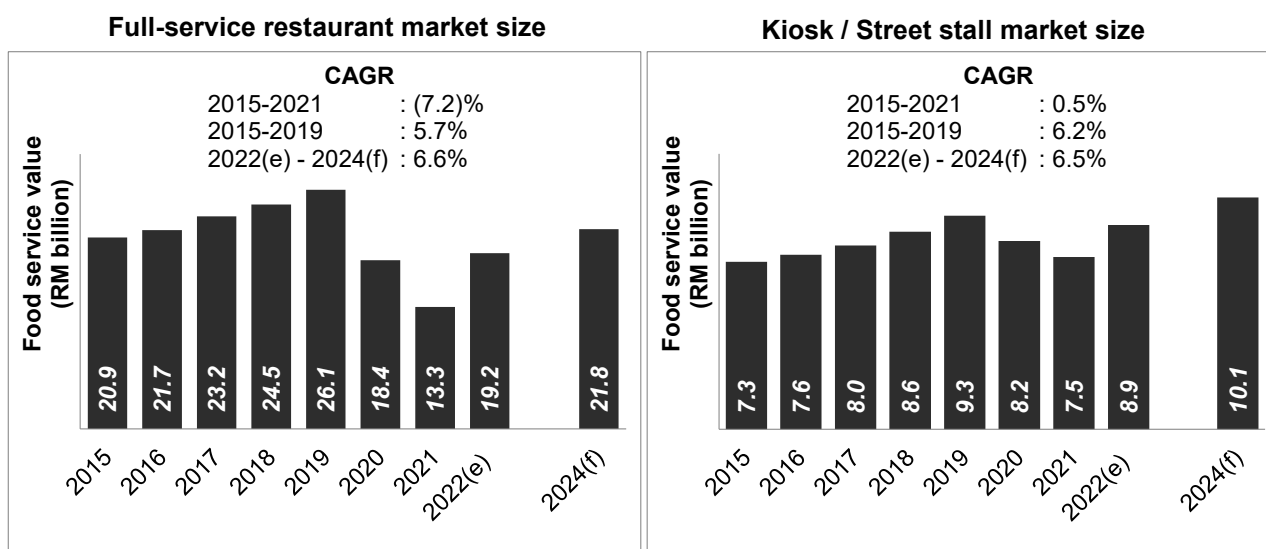
As a subset of the overall food and beverage service market, the full-service restaurant segment is estimated to have accounted for 43.4% of the total food and beverage service market size in 2021. The full-service restaurant segment grew at a CAGR of 5.7% during the period of 2015 to 2019, from RM20.9 billion to RM26.1 billion. However, in 2020, the full-service restaurant segment was adversely impacted by the COVID-19 pandemic whereby the imposition of MCO by the Malaysian Government to curb the spread of COVID-19 in Malaysia had restricted the operating capacity of full-service restaurants. This led to a sharp decline in revenue of full-service restaurant segment from RM26.1 billion in 2019 to RM18.4 billion in 2020 and to RM13.3 billion in 2021.

Meanwhile, the kiosk/street stall segment of the food and beverage service market accounted for 24.5% of the total food and beverage service market size in 2021. The kiosk/street stall segment grew from RM7.3 billion in 2015 to RM9.3 billion in 2019, registering a CAGR of 6.2%.

However, as with the overall food and beverage service market, the kiosk/street stall segment was adversely impacted by the COVID-19 pandemic leading to a decline in the kiosk/street stall segment to RM8.2 billion in 2020 and RM7.5 billion in 2021.

Nevertheless, the total food and beverage service market, including both the full-service restaurant and kiosk/street stall segments, is expected to recover in the following years due to, amongst others, the progressive recovery in the domestic economy, the anticipated rising urbanisation and income levels in Malaysia as well as the on-going lifestyle trend to dine at full-service restaurants.

Moving forward, the full-service restaurant segment in Malaysia is projected to recover to RM19.2 billion in 2022 and reach RM21.8 billion by 2024, growing at a CAGR of 6.6% over the period. Meanwhile, the kiosk/street stall segment in Malaysia is projected to recover to RM8.9 billion in 2022 and reach RM10.1 billion in 2024, registering a CAGR of 6.5% over the period.



The growth of the full-service restaurant and kiosk/street stall segments of the food and beverage service market in Malaysia have been, and is expected to continue to be driven by the following factors:

(i) Rising urbanisation and income levels

Malaysia continues to experience a rise in urbanisation and this is expected to lead to an increase in demand for convenience. Compared to rural dwellers, urban residents tend to have greater spending power and busier lifestyles and thus, the urban residents tend to have greater propensity for dining out. As a result, full-service restaurants and kiosk/street stalls, especially those located at the urban fringe, are expected to experience higher demand and growth.

In addition, as the country's urbanisation rate continues to rise, the living standards and disposable income of the population will continue to improve in the long-term, especially the urban residents. Based on statistics from the Department of Statistics of Malaysia, Malaysia's gross national income per capita had grown from RM36,710 in 2015 to RM46,051 in 2021. The long-term growth of disposable income is expected to contribute positively to the urban population's on-going demand for dining out.

(ii) On-going lifestyle trend to dine out

In Malaysia, dining at full-service restaurants is a common lifestyle. Besides being able to provide food and drink, these establishments are also a venue for many to socialise.

Further, it is also common for families as well as corporate entities to celebrate events in full-service restaurants. In addition, as Malaysia is a multi-racial country, there are many festivities that occur throughout the year which thereby provides full-service restaurants the opportunity to generate higher revenues during these festive seasons.

Since Malaysia had transitioned into endemic phases since April 2020, barring unforeseen circumstances, it is expected that the demand and trend of dining out will normalise in the near future.

(iii) Diverse range of cuisines

The full-service restaurant and kiosk/street stall segments in Malaysia mostly offer a diverse range of cuisines, ranging from local cuisines to foreign cuisines such as Thai, Vietnamese and Italian. As such, it is common for locals and foreigners to dine out in order to try a variety of cuisine.

The growing number of full-service restaurants and kiosks/street stalls offering different dining options and a variety of cuisines have been instrumental in the growth of the food and beverage service market in Malaysia.

(iv) Applications and electronic wallets

There is an increasing number of applications in Malaysia which enable delivery and takeaway services, introducing restaurants in a particular location and/or provide discount vouchers. Delivery and takeaway service applications such as “DeliverEat”, “Foodpanda” and “GrabFood” had enable full-service restaurants and kiosks/street stalls to not only serve the customers patronising their outlets, but also customers ordering through these applications, thereby enabling them to generate additional revenue.

Meanwhile, applications which introduce new restaurants such as “Zomato” and “Jalan Jalan Cari Makan” allow potential customers to search for restaurants in a particular area and view the ratings from past customers. In addition, applications such as “Entertainer” and “Fave” allows customers to purchase vouchers to dine at food and beverage service outlets at a discounted rate. These types of applications serve as new marketing tools for the food and beverage service outlets and will indirectly encourage dining out at full-service restaurants and kiosks/street stalls.

(v) Government initiatives to promote growth in the food and beverage service industry

In July 2020, as an effort to revitalise businesses within the retail and food and beverage industries in the wake of the COVID-19 pandemic, the Malaysia Productivity Corporation has collaborated with the Retail and Food and Beverage Productivity Nexus to provide businesses with advisories and consultations via the Retail and F&B Retail Advisory Clinics. The goal is to provide aid to businesses to help them overcome the economic challenges of the COVID-19 pandemic by providing advisories on branding and marketing strategies, supply chain management, business digitalisations, human resource management, business operations and standard operating procedures as well as funding and finance.

(Source: IMR Report)

4.3 Overview and outlook of the Palm Oil Industry in Malaysia

In recent weeks, the scorching heat and soaring temperatures have dominated headlines, with reports of heat strokes and heatwaves affecting daily life. El Niño is a climate event characterised by abnormal warming in the tropical Pacific Ocean, which can significantly affect palm oil productivity as oil palms are moisture-sensitive and require an adequate amount of rainfall to thrive. Extended periods of drought can lead to reduced flowering and fruit production, thus impacting yield for the crop.

According to National Oceanic and Atmospheric Administration's (NOAA) prediction for El Niño, there is a 90% chance of El Niño developing and persisting into the northern-hemisphere winter. There is an 80% chance of a moderate El Niño and 55% chance of a strong El Niño event. El Niño typically brings about lower rainfall, higher temperatures, and abnormally dry weather conditions in Southeast Asia, particularly in Malaysia and Indonesia—the major palm oil-producing countries.

The reduced availability of water stresses the trees and hampers their ability to produce healthy fruit bunches, consequently lowering the overall yield of CPO. As such, CPO production tends to decrease during El Niño episodes, lowering the supply and inventory of CPO.

The rise in CPO prices due to supply disruptions carries both advantages and disadvantages for various stakeholders. Palm oil producers and companies operating within the plantation industry stand to benefit from the increased profitability resulting from higher CPO prices. This can have positive implications for their financial performance and investments in sustainable practices.

While the El Niño phenomenon poses challenges to palm oil production due to its impact on rainfall patterns, it could be a positive for its price outlook, and coupled with several positive factors, including Indonesia's increased biodiesel blend mandate (from 30% to 35%) and the ongoing Russia-Ukraine conflict, would support a favourable outlook for the plantation sector.

(Source: Market updates – Plantations: Navigating EL NINO dated 23 May 2023, Bursa Malaysia)

4.4 Prospects of our Group

Moving forward, our Board expects the long-term prospects of our Group to be positive, mainly driven by the business strategies to improve our Group's financial performance as set out in **Section 3.2** of this Circular and the following:

(i) Positive outlook of our restaurant outlets

As at the LPD, we own and operate 5 Uncle Don's restaurant outlets in the Klang Valley, 1 Uncle Don's restaurant outlet in Ipoh and 1 Italian restaurant, "Verona Trattoria" in Petaling Jaya. As the majority of our restaurant outlets are located at the urban fringe of Klang Valley which has high population, our Board expects the business of our existing restaurant outlets to progressively improve over time especially when market sentiments and consumer spending improve in the future.

In addition, as urban residents tend to have greater propensity to dine out due to their busier lifestyle and higher income levels, our restaurant outlets, which are mostly located in the Klang Valley, are expected to continue receiving positive demand over time. Further, our restaurant outlets are also large enough to host individual or corporate events and functions and thereby, would enable us to generate higher revenue especially during festive seasons.

In addition, the 6 Uncle Don's restaurant outlets owned and operated by our Group are part of the larger restaurant chain under the branding of "Uncle Don's" which has 41 outlets (including those owned and operated by our Group) as of June 2023. As part of the larger group, our Group would stand to benefit from, amongst others, the brand recognition of Uncle Don's, purchases from the central kitchen of Uncle Don's at competitive prices as well as operations support from the franchisor, which in turn would enable us to better compete in the market *vis-à-vis* smaller restaurant chains and independent restaurant owners.

Further, the prospective growth in the Malaysian economy as well as the positive outlook of the food and beverage service market as set out in **Sections 4.1 and 4.2** above would bolster positively our business in the food and beverage service industry.

(ii) Enlarged capital base following the Proposed Rights Issue

As illustrated in **Section 5.3** of this Circular, after the Proposed Rights Issue, our Group's NA will increase from RM23.0 million as at 30 June 2022 to RM50.9 million (under the Minimum Scenario) or RM71.4 million (under the Maximum Scenario). The enlarged capital base and financial footing of our Group is expected to enable us to better compete in the food and beverage industry.

(iii) Scaling down of our palm oil milling business

Our palm oil mill business has been loss-making over the past 6 years and as part of our efforts to improve our Group's financial performance, we had in 2020 diversified into the food and beverage business.

Following thereto, we have been focused on growing our food and beverage business and at the same time, progressively scale down our palm oil mill business in order to reduce losses to our Group *via* the following:

- (1) not securing new engineering solutions projects over the past 2 years; and
- (2) winding-up/dispose non-operating subsidiaries under our palm oil milling business.

In summary, as set out in **Section 3.2** of this Circular, the Proposed Rights Issue is an important capital planning to our Group as it would enable our Company to raise the necessary funds to defray the proposed utilisations as set out in **Section 2.2.5** of this Circular, which in turn would enable our Company to address our Group's immediate financial concerns and capital needs.

Following the completion of the Proposals, our Group would be able to better focus on growing our existing food and beverage business, which in turn is expected to contribute positively to our long-term prospects.

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5. EFFECTS OF THE PROPOSALS

The Proposed Variation is not expected to have any effect on our Company's issued share capital and substantial shareholders' shareholdings as well as NA and gearing of our Group as it does not entail any issuance of new securities in our Group. In addition, the Proposed Variation is not expected to have any material impact on our Group's earnings and EPS for the FYE 30 June 2023 as it is expected to be completed by the 3rd quarter of 2023.

The effects of the Proposed Share Consolidation and Proposed Rights Issue on our Group are as follows:

5.1 Share Capital

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM'000	No. of Shares	RM'000
Issued share capital as at the LPD	1,337,883,048	93,418	1,337,883,048	93,418
New Dolphin Shares to be issued pursuant to the full exercise of Warrants-B	-	-	183,150,003	^(a) 14,652
	1,337,883,048	93,418	1,521,033,051	108,070
Reduction of share capital pursuant to the Capital Reduction	-	(43,000)	-	(43,000)
After the Capital Reduction	1,337,883,048	50,418	1,521,033,051	65,070
After the Proposed Share Consolidation	133,788,304	50,418	152,103,305	65,070
New Shares to be issued pursuant to the Proposed Rights Issue	132,976,892	11,303	202,804,406	17,238
Less: Warrants-C reserve	-	^(b) (7,979)	-	^(b) (12,168)
After the Proposed Rights Issue	266,765,196	53,742	354,907,711	70,140
New Shares to be issued assuming full exercise of Warrants-C	99,732,669	^(c) 9,475	152,103,304	^(c) 14,450
Add: Warrants-C reserve	-	^(b) 7,979	-	^(b) 12,168
Enlarged issued share capital	366,497,865	71,196	507,011,015	96,758

Notes:

(a) Based on the exercise price of Warrants-B of RM0.08.

(b) Based on the theoretical fair value of each Warrants-C as at the LTD of RM0.08, derived from the Trinomial Option Pricing Model as extracted from Bloomberg, as well as the number of Warrants-C to be issued of 99,732,669 (Minimum Scenario) or 152,103,304 (Maximum Scenario).

(c) Based on the exercise price of Warrants-C of RM0.095.

5.2 Substantial Shareholders' Shareholdings

The pro forma effects of the Proposed Share Consolidation and Proposed Rights Issue on Dolphin's substantial shareholders' shareholdings are as follows:

Minimum Scenario

Substantial shareholder	As at the LPD			(I) After the Proposed Share Consolidation			(II) After (I) and the Proposed Rights Issue			(III) After (II) and assuming full exercise of Warrants-C		
	Direct	Indirect		Direct	Indirect		Direct	Indirect		Direct	Indirect	
	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%
Asia Poly	'000	140,913	10.5	'000	14,091	10.5	'000	32,880	12.3	'000	46,971	12.8
Dato' Yeo		106,414	8.0		10,641	8.0		24,830	9.3		35,471	9.7
Underwriters to be identified ^(a)		-	-		-	-		78,810	29.5		137,918	37.6

Maximum Scenario

Substantial shareholder	As at the LPD			(I) Assuming full exercise of Warrants-B and after the Proposed Share Consolidation			(II) After (I) and the Proposed Rights Issue			(III) After (II) and assuming full exercise of Warrants-C		
	Direct	Indirect		Direct	Indirect		Direct	Indirect		Direct	Indirect	
	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%
Asia Poly	'000	140,913	10.5	'000	14,091	9.3	'000	32,880	9.3	'000	46,971	9.3
Dato' Yeo		106,414	8.0		10,641	7.3		24,830	7.0		35,471	7.0

Note:

- (a) As set out in **Section 2.2.3** of this Circular, our Company will procure more than 1 underwriter to underwrite 78,810,071 Rights Shares under the Minimum Subscription Level. The number of underwriters to participate in the underwriting and the quantum of Rights Shares to be underwritten and subscribed by the respective underwriters will affect their shareholdings in our Company upon completion of the Proposed Rights Issue. If any of the underwriters do not hold 5% or more equity interest in our Company upon completion of the Proposed Rights Issue, the said underwriter will not emerge as a substantial shareholder of our Company.

5.3 NA, NA per Share and Gearing

Based on our Company's audited consolidated financial statements as at 30 June 2022 and assuming the Capital Reduction has been completed as at that date, the pro forma effects of the Proposed Share Consolidation and Proposed Rights Issue are as follows:

Minimum Scenario

	(i) Audited as at 30 Jun 2022	(ii) After subsequent event, i.e. Acquisition of High Reserve ^(a)	(iii) After (i) and the Capital Reduction	(iv) After (ii) and the Proposed Share Consolidation	(v) After (iii) and the Proposed Rights Issue	(vi) After (iv) and assuming full exercise of Warrants-C
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	47,927	^(b) 66,427	^(c) 23,427	23,427	26,751	^(h) 44,205
Warrants-B reserve	3,846	3,846	3,846	3,846	3,846	3,846
Warrants-C reserve	-	-	-	-	^(e) 7,979	-
Foreign currency translation reserve	722	722	722	722	722	722
(Accumulated losses)/ Retained earnings	(29,498)	(30,198)	^(c) 12,652	12,652	^(f) 11,402	11,402
Shareholders' funds / NA	22,997	40,797	40,647	40,647	50,700	60,175
No. of Shares in issue ('000)	1,055,008	1,337,883	1,337,883	133,788	266,765	366,498
NA per Share (RM)	0.02	0.03	0.03	0.30	0.19	0.16
Total borrowings	8,058	8,058	8,058	8,058	^(g) 6,058	^(g) 6,058
Gearing (times)	0.35	0.20	0.20	0.20	0.12	0.10

Maximum Scenario

	(I)	(II)	(III)	(IV)	(V)
	After subsequent event, i.e. Acquisition of High Reserve ^(a)	After (I) and assuming full exercise of Warrants-B and after the Capital Reduction	After (II) and the Proposed Share Consolidation	After (III) and the Proposed Revised Rights Issue	After (IV) and assuming full exercise of Warrants-C
	RM'000	RM'000	RM'000	RM'000	RM'000
Audited as at 30 Jun 2022					
Share capital	47,927	(c),(d)41,925	41,925	46,995	(h) 73,613
Warrants-B reserve	3,846	-	-	-	-
Warrants-C reserve	-	-	-	(e)12,168	-
Foreign currency translation reserve	722	722	722	722	722
(Accumulated losses)/ Retained earnings	(29,498)	(e)12,652	12,652	(f)1,402	11,402
Shareholders' funds / NA	22,997	55,299	55,299	71,287	85,737
No. of Shares in issue ('000)	1,055,008	1,521,033	152,103	354,908	507,011
NA per Share (RM)	0.02	0.04	0.36	0.20	0.17
Total borrowings	8,058	8,058	8,058	(g)2,058	(g)2,058
Gearing (times)	0.35	0.15	0.15	0.03	0.02

Notes:

- (a) After taking into consideration the issuance of 282,874,617 new Shares to the vendors at an issue price of RM0.0654 each pursuant to the Acquisition of High Reserve and after deducting the expenses in relation to the Acquisition of High Reserve of RM0.7 million.
- (b) For clarification purposes, the difference in our issued share capital as at the LPD as set out in Sections 5.1 and 5.3 of this Circular is mainly due to the following:

	RM'000
Issued share capital (at the Company level)	93,418
Less: Differences between the purchase consideration incurred by our Company in 2015 to acquire the entire equity interest in Dolphin Applications Sdn Bhd and the then issued share capital of Dolphin Applications Sdn Bhd pursuant to the Malaysian Financial Reporting Standards 3 : Business Combination	(23,145)
Less: Warrants-B reserve which are separately accounted for in our Group's financial statements	(3,846)
Issued share capital (at the Group level)	66,427

- (c) *After setting off RM43.0 million from our Company's accumulated losses due to the cancellation of our Company's issued share capital pursuant to the Capital Reduction and after deducting the estimated expenses in relation to the Capital Reduction of RM0.15 million.*
- (d) *Assuming full exercise of 183,150,003 outstanding Warrants-B at the exercise price of RM0.08.*
- (e) *Computed based on the theoretical fair value of each Warrant-C as at the LTD of RM0.08 using the Trinomial Option Pricing Model (source: Bloomberg), as well as the number of Warrants-C to be issued of 99,732,669 (Minimum Scenario) or 152,103,304 (Maximum Scenario).*
- (f) *After deducting the estimated expenses in relation to the Proposals of RM1.25 million.*
- (g) *After repayment of borrowings of RM2.0 million (Minimum Scenario) or RM6.0 million (Maximum Scenario).*
- (h) *Assuming full exercise of 99,732,669 Warrants-C (Minimum Scenario) or 152,103,304 Warrants-C (Maximum Scenario) at the exercise price of RM0.095.*

5.4 Earnings and EPS

The Proposals are not expected to have any material impact on our Group's earnings and EPS for the FYE 30 June 2023 as the Proposals are expected to be completed by the 3rd quarter of 2023.

However, our Board expects the Proposals to generate long-term value to our Group premised on, amongst others, the following:

- (i) the Proposed Variation and Proposed Rights Issue would enable our Company to fund the Acquisition of High Reserve without having to increase our Group's financial gearing and finance costs; and
- (ii) part of the proceeds to be raised from the Proposed Rights Issue are intended to:
 - (a) defray our Group's on-going working capital requirements, which are mainly for purchases of inventories for our Group's existing food and beverage business. With a larger capital base, our Group is expected to be able to better compete in the food and beverage industry; and
 - (b) repay some of our Group's bank borrowings which in turn, would result in interest savings to our Group; and
- (iii) our Group's capital base will further increase as and when the Warrants-C are exercised and the proceeds therefrom the exercise of Warrants-C can be channelled towards funding our Group's working capital.

5.5 Convertible Securities

Save for the 183,150,003 outstanding Warrants-B, our Company does not have any other outstanding convertible securities as at the LPD.

The Proposed Share Consolidation and Proposed Rights Issue will give rise to adjustments to the Warrants-B. The Adjustments will only be finalised on the entitlement dates for the respective proposals and will be effective on the next market day following the entitlement dates for the respective proposals. The notices which set out the actual Adjustments will be issued by our Company at a later date.

6. APPROVALS REQUIRED

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

- (i) Bursa Securities for the:
 - (a) admission of Warrants-C to the Official List of Bursa Securities; and
 - (b) listing of and quotation for the following on the Main Market of Bursa Securities:
 - (1) up to 152,103,305 Consolidated Shares and up to 18,315,000 Consolidated Warrants-B pursuant to the Proposed Share Consolidation;
 - (2) up to 202,804,406 Rights Shares and up to 152,103,304 Warrants-C to be issued pursuant to the Proposed Rights Issue;
 - (3) up to 152,103,304 new Dolphin Shares to be issued arising from the exercise of Warrants-C; and
 - (4) up to 6,437,450 additional Consolidated Warrants-B to be issued arising from the Adjustments and up to 6,437,450 new Dolphin Shares to be issued arising from the exercise of additional Consolidated Warrants-B.

This approval has been obtained vide Bursa Securities' letter dated 12 July 2023 and is subject to the following conditions:

Condition	Status of compliance
(1) Our Company and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements at all times pertaining to the implementation of the Proposals, including compliance with paragraph 6.50 of the Listing Requirements;	To be complied
(2) Our Company and Mercury Securities to inform Bursa Securities upon the completion of the Proposals;	To be complied
(3) Our Company and Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the respective Proposals are completed;	To be complied
(4) Our Company or Mercury Securities to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the EGM for the Proposed Share Consolidation prior to the listing of and quotation for the Consolidated Shares and Consolidated Warrant-B;	To be complied
(5) Our Company or Mercury Securities to make the relevant announcements pursuant to paragraphs 6.56(2)(ii) and (iii) and paragraph 13.20(2) of the Listing Requirements;	To be complied
(6) Our Company to furnish Bursa Securities on a quarterly basis a summary of the total number of Dolphin Shares listed pursuant to the exercise of the warrants as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied

<u>Condition</u>	<u>Status of compliance</u>
(7) To incorporate Bursa Securities' comments on the draft circular to shareholders	Complied

(ii) our shareholders for the Proposals at the forthcoming EGM; and

(iii) any other relevant regulatory authorities and/or parties, if required.

The Proposed Share Consolidation is not conditional upon the Proposed Rights Issue and the Proposed Variation.

The Proposed Rights Issue is conditional upon the Proposed Share Consolidation.

The Proposed Variation is not conditional upon the Proposed Share Consolidation and the Proposed Rights Issue.

The Proposals are not conditional upon any other corporate exercises undertaken or to be undertaken by our Group.

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

Yeo Boon Ho, a Director of our Company, is a vendor as well as a sibling to the other vendors in respect of the Acquisition of High Reserve. Thus, Yeo Boon Ho is deemed interested in the Proposed Rights Issue and Proposed Variation as the Deferred Cash Consideration in respect of the Acquisition of High Reserve will be funded through the Proposed Rights Issue and/or Proposed Variation.

As at the LPD, the direct and/or indirect shareholdings of the Interested Director and persons connected to him in our Company are as follows:

<u>Name</u>	<u>Direct</u>		<u>Indirect</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
<u>Interested Director</u>				
Yeo Boon Ho	31,356,099	2.3	-	-
<u>Persons connected to Yeo Boon Ho</u>				
Dato' Yeo ⁽ⁱ⁾	106,413,514	8.0	-	-
Yeo Boon Thai ⁽ⁱ⁾	21,929,999	1.6	-	-
Yeo Soon Bee ⁽ⁱ⁾	14,000,001	1.0	-	-

Note:

(i) Dato' Yeo, Yeo Boon Thai and Yeo Soon Bee are siblings of Yeo Boon Ho.

The Interested Director has abstained and will continue to abstain from all deliberations and voting on the Proposed Rights Issue and Proposed Variation at the relevant board meetings of our Company and has undertaken to ensure that he and persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolutions pertaining to the Proposed Rights Issue and Proposed Variation at the forthcoming EGM.

Save as disclosed above, none of our Company's Directors, major shareholders, chief executive and/or persons connected with them have any interest, direct or indirect, in the Proposals other than their respective entitlements as our shareholders under the Proposed Rights Issue and their rights to apply for excess Rights Shares pursuant to the Proposed Rights Issue, for which all other Entitled Shareholders are also similarly entitled.

8. FUND-RAISING EXERCISES IN THE PAST 12 MONTHS

On 2 August 2021, our Company announced that we proposed to undertake a placement of up to 335,669,500 new Dolphin Shares to third party investors ("**Placement 2**"), representing approximately 35.9% of our Company's 935,748,431 issued Shares as at the date of announcement of the Placement 2.

On 12 November 2021, our Company had issued 119,260,000 new Dolphin Shares at an issue price of RM0.0767 each under the Placement 2, whereby the Shares were listed on 17 November 2021.

As at the LPD, the proceeds raised and utilised under the Placement 2 are as follows:

Purpose	⁽ⁱ⁾ Approved utilisation of proceeds RM'000	Proceeds raised RM'000	Actual utilisation of proceeds raised as at the LPD RM'000	Timeframe for utilisation from the date of listing of the placement shares
Working capital for UD Express outlets	5,000	-	-	Within 42 months
Working capital for our Group	4,466	-	-	Within 24 months
Set-up cost for UD Express outlets	7,982	3,775	579	⁽ⁱⁱ⁾ Within 42 months
Repayment of bank borrowings	3,000	-	-	Within 6 months
Future expansion and acquisition for food and beverage business	3,000	2,772	2,772	Within 24 months
Partial cash consideration for the Acquisition of High Reserve	2,000	2,000	2,000	Within 12 months
Expenses for the Placement 2	600	600	600	Within 1 month
Total	26,048	9,147	5,951	

Notes:

- (i) After taking into consideration the variation of utilisation of proceeds which was announced on 24 February 2022.
- (ii) As set out in **Section 3.3** of this Circular, the financial performance of our food and beverage business was lacklustre during the FYE 30 June 2022 and 9-month FPE 31 March 2023. Having considered the foregoing, it is our Company's intention to be conservative and careful in implementing our expansion plans. As at the LPD and as part of our viability assessment, our Group is in the midst of finalising the business plans and locations for the setting up of UD Express outlets in the Klang Valley.

The Placement 2 was deemed completed on 29 September 2022.

Save for the Placement 2 and Proposed Rights Issue, there have been no other fund-raising exercises undertaken by our Company in the past 12 months prior to the date of announcement of the Proposals.

9. DIRECTORS' STATEMENT

Our Board (save for the Interested Director), having considered all aspects of the Proposals, including but not limited to the rationale and justifications for the Proposals, the basis and justification for the issue price of the Rights Shares and exercise price of Warrants-C, prospects of our Group, effects of the Proposals, and after careful deliberation, is of the opinion that the Proposals are in the best interest of our Group.

Accordingly, our Board (save for the Interested Director) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM in order to give effect to the Proposals.

10. OTHER CORPORATE PROPOSALS

On 13 February 2023, our Company announced that Dolphin Engineering (M) Sdn Bhd, a wholly-owned subsidiary of our Company, had on 10 February 2023 made a statutory declaration pursuant to Section 440(1) of the Act, which was lodged with the Companies Commission of Malaysia on the same day, as it cannot by reason of its liabilities continue its business. Pursuant thereto, a liquidator was appointed on 10 February 2023 to commence creditors' voluntary liquidation on the said subsidiary company ("**Creditors' Voluntary Winding-Up**"). As at the LPD, the Creditors' Voluntary Winding Up is on-going.

Save for the above and the Proposals, there are no other corporate exercises which have been announced by our Company but are pending completion.

11. TENTATIVE TIMEFRAME FOR COMPLETION

Subject to the relevant approvals being obtained, the Proposals are expected to be completed by the 3rd quarter of 2023. The tentative timeline for the implementation of the Proposals is as follows:

Event	Tentative Timeline
EGM	23 August 2023
Announcement of entitlement date for the Proposed Share Consolidation	End August 2023
Announcement of Entitlement Date	End August 2023
Allotment and issuance of additional Warrants-B pursuant to the Adjustments ⁽ⁱ⁾	Mid September 2023
Expiry of Warrants-B	27 September 2023
Closing date for subscription and payment of the Proposed Rights Issue	End September 2023
Listing of and quotation for the Rights Shares and Warrants-C	Mid October 2023
Completion of the Proposals	Mid October 2023

Note:

- (i) *Paragraph 6.56 of the Listing Requirements stipulates that where a listed issuer intends to issue convertible securities arising from adjustments ("**Consequential Securities**") due to an issue of securities or a subdivision or consolidation of its shares ("**Principal Securities**"), the Consequential Securities must be listed and quoted simultaneously with the Principal Securities.*

In view that the expiry date for Warrants-B is expected to be prior to the listing date for the Rights Shares and Warrants-C, the additional Warrants-B to be issued pursuant to the Adjustments are not expected to be listed on the Main Market of Bursa Securities. However, Warrants-B holders can exercise the unlisted additional Warrants-B upon allotment and issuance but prior to its expiry on 27 September 2023.

12. HISTORICAL SHARE PRICES

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

	<u>Low</u>	<u>High</u>
	RM	RM
<u>2022</u>		
July	0.025	0.050
August	0.025	0.040
September	0.010	0.030
October	0.015	0.025
November	0.025	0.045
December	0.020	0.030
<u>2023</u>		
January	0.010	0.025
February	0.010	0.015
March	0.005	0.015
April	0.005	0.020
May	0.010	0.020
June	0.010	0.015

The last transacted market price of Dolphin Shares as at the LTD and LPD is RM0.02 and RM0.01 respectively.

(Source: Bloomberg)

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13. EGM

The EGM will be conducted on a fully virtual basis through live streaming and online remote participation and electronic voting (“RPEV”) facilities *via* online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn Bhd in Malaysia on Wednesday, 23 August 2023 at 10:30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions with or without modification, in order to give effect to the Proposals.

If you are unable to participate remotely at the EGM *via* RPEV, you may complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of our Company’s Share Registrar, i.e. Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, or by electronic lodgement *via* our Share Registrar’s website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 48 hours before the time set for holding the EGM or at any adjournment thereof.

The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The completion and return of Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. Please refer to **Appendix V** of this Circular for the Administrative Guide for the fully virtual EGM.

14. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board of
DOLPHIN INTERNATIONAL BERHAD

IR. ZULKIFLE BIN OSMAN
Independent Non-Executive Chairman

SALIENT TERMS OF WARRANTS-C

Set out below are the salient terms of Warrants-C:

- Issuer : Dolphin
- Issue size : Up to 152,103,304 Warrants-C.
- Form : The Warrants-C will be issued in registered form and constituted by the Deed Poll C.
- Board lot : For purpose of trading on Bursa Securities, a board lot of Warrants-C shall be 100 units of Warrants-C, carrying the right to subscribe for 100 new Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities.
- Tenure : 3 years commencing on and including the date of issuance of the Warrants-C ("**Issue Date**").
- Exercise period : The Warrants-C may be exercised at any time within the tenure of the Warrants-C, commencing from and including the Issue Date and expiring at the close of business at 5.00 p.m. in Kuala Lumpur on the date immediately preceding the 3rd anniversary of the Issue Date, and if such a day is not a market day, on the immediately preceding market day. Any Warrants-C not exercised at the expiry of the exercise period will thereafter lapse and become null and void.
- Exercise price : The exercise price of the Warrants-C has been determined by our Board at RM0.095 which is only payable in respect of each new Share to which a Warrant holder will be entitled to subscribe upon exercise of the exercise rights and will be subject to adjustments in accordance with the provisions of the Deed Poll C.
- Exercise rights : Each Warrant-C shall entitle the holder of the Warrants-C to subscribe for 1 new Share at any time during the exercise period at the exercise price, subject to adjustments in accordance with provisions of the Deed Poll C.
- Mode of exercise : The holders of the Warrants-C shall pay the aggregate of the exercise price payable when exercising their Warrants-C to subscribe for new Dolphin Shares:
- (i) *via* online payment into a bank account of our Company maintained with a bank operating in Malaysia and provide the payment advice; or
 - (ii) by banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the exercise price payable when exercising their Warrants-C to subscribe for new Dolphin Shares.
- The payment of such fee must be made in RM.
- Adjustments to the exercise price and/or the number of the Warrants-C : The exercise price and/or the number of unexercised Warrants-C shall be adjusted from time to time by our Board in consultation with an approved adviser appointed by our Company and/or certified by the auditors in the event of any alteration in our Company's share capital at any time during the tenure of the Warrants-C and such other event stipulated in the Deed Poll C, subject to the provisions of the Deed Poll C. Any adjustment to the exercise price will be rounded up to the nearest 1 sen.

SALIENT TERMS OF WARRANTS-C (Cont'd)

- Rights of the holders of Warrants-C : The Warrants-C do not confer on their holders any voting rights or any rights to participate in any forms of distribution and/or offer of further securities in our Company until and unless the holders of such Warrants-C have exercised their Warrants-C to subscribe for new Shares in accordance with the provisions of the Deed Poll C and such new Shares have been allotted and issued to such holders.
- Ranking of the new Shares to be issued pursuant to the exercise of the Warrants-C : The new Dolphin Shares to be issued pursuant to the exercise of the Warrants-C in accordance with the provisions of the Deed Poll C shall, upon allotment, issuance and payment of the exercise price, rank equally in all respects with the existing issued Dolphin Shares, save and except that the new Dolphin Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders where the entitlement date of which is prior to the date of issuance and allotment of the new Dolphin Shares to be issued arising from the exercise of the Warrants-C.
- Modification of rights of the Warrant-C holder : Save as otherwise provided in the Deed Poll C, a special resolution of the Warrants-C holders is required to sanction any modification, amendments, deletions or additions in respect of the rights of the Warrant-C holders.
- Modification of the Deed Poll C : Our Company may, from time to time, without the consent or sanction of the holders of the Warrants-C make modifications to the Deed Poll C which in the opinion of our Company are not materially prejudicial to the interest of the Warrant-C holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia, the rules of Bursa Depository, Securities Industry (Central Depositories) Act, 1991, the Listing Requirements and/or the Act.
- Subject to the above, any modification to the Deed Poll C may, subject to the approval of any relevant authorities, be effected only by a further deed poll, executed by our Company and expressed to be supplemental to the Deed Poll C.
- Rights of the Warrant-C holders in the event of winding-up, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of our Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with 1 or more companies, then:
- (j) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the our Company is the continuing corporation) to which the holders of the Warrants-C (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of the Warrants-C; and

SALIENT TERMS OF WARRANTS-C (Cont'd)

(ii) in any other case, every holder of the Warrants-C shall be entitled to exercise the exercise rights at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of our Company or within 6 weeks from the granting of the court order approving the winding up, compromise or arrangement, as the case may be, by the irrevocable surrender of his Warrants-C to our Company by submitting the duly completed exercise notices authorising the debit of his Warrants-C, together with payment of the relevant payments and fees for the exercise price, to elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the exercise rights to the extent specified in the exercise notices and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new Dolphin Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company must give effect to such election accordingly. All exercise rights which have not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding up, compromise or arrangement, as the case may be, will lapse and all the unexercised Warrants-C will cease to be valid for any purpose.

If our Company is wound up (other than by way of a members' voluntary winding up), all the exercise rights which have not been exercised prior to the date of the commencement of the winding up shall lapse and cease to be valid for any purpose.

- Listing status : The Warrants-C will be listed on the Main Market of Bursa Securities. The listing and quotation of the Warrants-C on the Main Market of Bursa Securities are subject to a minimum of 100 holders of Warrants-C.
- Transferability : The Warrants-C shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the rules of Bursa Depository.
- Governing law : The Warrants-C and the Deed Poll C shall be governed by the laws and regulations of Malaysia.

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ADJUSTMENTS TO WARRANTS-B

The illustrative adjustments to Warrants-B pursuant to the Proposed Share Consolidation and Proposed Rights Issue are as follows:

(i) Proposed Share Consolidation

For illustrative purpose, assuming all 183,150,003 outstanding Warrants-B are not exercised into new Dolphin Shares prior to the entitlement date for the Proposed Share Consolidation, the adjustments to the exercise price and number of outstanding Warrants-B are as follows:

Adjustment to the exercise price of Warrants-B

$$\begin{aligned}
 \text{New exercise price of Warrants-B after the Proposed share Consolidation} &= \frac{\text{No. of Shares before the Proposed Share Consolidation}}{\text{No. of Shares after the Proposed Share Consolidation}} \times \text{Original exercise price of Warrants-B} \\
 &= \frac{10}{1} \times \text{RM0.08} \\
 &= \text{RM0.80}
 \end{aligned}$$

Adjustment to the number of outstanding Warrants-B

$$\begin{aligned}
 \text{Adjusted number of outstanding Warrants-B after the Proposed Share Consolidation} &= \frac{\text{No. of Shares after the Proposed Share Consolidation}}{\text{No. of Shares before the Proposed Share Consolidation}} \times \text{Outstanding number of Warrants-B} \\
 &= \frac{1}{10} \times 183,150,003 \\
 &= 18,315,000
 \end{aligned}$$

(ii) Proposed Rights Issue

As illustrated above, after the Proposed Share Consolidation, there will be 18,315,000 Consolidated Warrants-B with an adjusted exercise price of RM0.80.

Consequential to the Proposed Rights Issue, the exercise price and number of Consolidated Warrants-B which are not exercised prior to the Entitlement Date may be adjusted in accordance with the provisions of the Deed Poll B to ensure the status of the holders of Consolidated Warrants-B are not prejudiced as a result of the Proposed Rights Issue.

For illustrative purposes, based on the following key parameters:

- (i) the Entitlement Date is assumed to be on the LPD;
- (ii) the issue price of the Rights Shares of RM0.085;
- (iii) the adjusted exercise price of Consolidated Warrants-B of RM0.80;
- (iv) the exercise price of Warrants-C of RM0.095; and

ADJUSTMENTS TO WARRANTS-B (Cont'd)

(v) the following formula as provided for in the Deed Poll B:

$$(a) \quad \text{Adjustment ratio for the exercise price of Consolidated Warrants-B} = \frac{(G \times C) + (H \times I) + (J \times K)}{(G+H+J) \times C}$$

$$(b) \quad \text{Adjustment ratio for the number of Consolidated Warrants-B} = \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

whereby,

G : 133,788,304, being the aggregate number of Consolidated Shares on the Entitlement Date

C : RM0.156, being the theoretical adjusted reference price of the Consolidated Shares as at the LTD

H/H* : 178,384,405, being the aggregate number of new Shares to be issued pursuant to the Proposed Rights Issue (assuming full subscription of the Proposed Rights Issue)

I/I* : RM0.085, being the issue price of each Rights Share

J : 133,788,304, being the aggregate number of new Shares to be issued pursuant to the full conversion of Warrants-C (assuming full subscription of the Proposed Rights Issue)

K : RM0.095, being the exercise price of Warrants-C

T : 18,315,000, being the aggregate number of outstanding Consolidated Warrants-B on the Entitlement Date

Based on the above, the adjusted exercise price of Consolidated Warrants-B as well as the additional number of Consolidated Warrants-B to be issued pursuant to the Proposed Rights Issue are as follows:

Adjustment to the exercise price of Consolidated Warrants-B

$$\begin{aligned} \text{Adjustment ratio for the exercise price of Consolidated Warrants-B} &= \frac{(G \times C) + (H \times I) + (J \times K)}{(G+H+J) \times C} \\ &= \frac{(133,788,304 \times \text{RM}0.156) + (178,384,405 \times \text{RM}0.085) + (133,788,304 \times \text{RM}0.095)}{(133,788,304 + 178,384,405 + 133,788,304) \times \text{RM}0.156} \\ &= \frac{\text{RM}48,743,538.48}{\text{RM}69,569,917.72} \\ &= 0.70 \end{aligned}$$

ADJUSTMENTS TO WARRANTS-B (Cont'd)

$$\begin{aligned}
 \text{Adjusted exercise price of Consolidated Warrants-B} &= \text{Adjustment ratio for the exercise price of Consolidated Warrants-B} \times \text{Exercise price of Consolidated Warrants-B} \\
 &= 0.70 \times \text{RM0.80} \\
 &= \text{RM0.56 (rounded up to the nearest 1 cent)}
 \end{aligned}$$

Additional Consolidated Warrants-B to be issued

$$\begin{aligned}
 \text{Adjustment ratio for the number of Consolidated Warrants-B} &= \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \\
 &= \frac{(133,788,304 + 178,384,405) \times \text{RM0.156}}{(133,788,304 \times \text{RM0.156}) + (178,384,405 \times \text{RM0.085})} \\
 &= \frac{\text{RM48,698,942.45}}{\text{RM36,033,649.69}} \\
 &= 1.351485121
 \end{aligned}$$

$$\begin{aligned}
 \text{Additional Consolidated Warrants-B to be issued} &= \text{Adjustment ratio for the number of Consolidated Warrants-B} \times T \\
 &= 1.351485121 \times 18,315,000 \\
 &= 6,437,450
 \end{aligned}$$

For information purposes, the adjustments will only be finalised on the entitlement dates for the respective proposals and will be effective on the next market day following the entitlement dates for the respective proposals. The notices which sets out the actual Adjustments will be issued by our Company at a later date.

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HISTORICAL FINANCIAL INFORMATION OF OUR GROUP

Set out below is a summary of our Group's historical financial performance for the 18-month FPE 30 June 2020, FYE 30 June 2021, FYE 30 June 2022, and 9-month FPE 31 March 2023:

	Audited			Unaudited	
	18-month FPE	FYE	FYE	9-month FPE	9-month FPE
	30 Jun 2020	30 Jun 2021	30 June 2022	31 Mar 2022	31 Mar 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	12,512	8,937	9,522	6,797	13,546
Gross profit	5,936	3,868	3,471	2,533	4,960
(LBT)/PBT	(2,312)	(40,263)	(14,558)	(3,374)	4,062
(LAT)/PAT	(1,904)	(40,477)	(15,049)	(3,634)	4,001
NA	22,987	29,226	22,997	34,747	45,396
Borrowings ^(a)	10,452	10,301	9,001	9,208	8,544
Current assets	8,555	16,037	16,843	20,008	14,478
Current liabilities	23,193	18,284	19,020	19,264	27,881
Basic loss per Share (sen)	(0.43)	(4.37)	(1.45)	(0.34)	0.30
NA per Share (RM)	0.09	0.03	0.02	0.03	0.03
Current ratio (times)	0.37	0.88	0.89	1.04	0.52
Gearing ratio (times)	0.45	0.35	0.39	0.24	0.17

Note:

(c) Comprising bank loans and lease liabilities.

Financial commentary**(i) FYE 30 June 2021 vs 18-month FPE 30 June 2020**

During the FYE 30 June 2021, our Group recorded an increase in revenue by RM0.6 million or 7.2% as compared to the annualised revenue of RM8.3 million for the 18-month FPE 30 June 2020. The increase in revenue was mainly due to revenue contribution from a subsidiary acquired in the FYE 30 June 2021, i.e. AP F&B.

Notwithstanding the increase in revenue, our Group recorded a higher LBT by RM38.7 million as compared to the annualised LBT of RM1.5 million for the 18-month FPE 30 June 2020. The increase in LBT was mainly due to impairment of property, plant and equipment, and goodwill totalling RM14.2 million, write-off of intangible assets amounting to RM17.8 million as well as a one-off recognition payment for ex-key management employees and directors, and restructuring expenses totalling RM2.4 million.

(ii) FYE 30 June 2022 vs FYE 30 June 2021

During the FYE 30 June 2022, our Group recorded an increase in revenue by RM0.6 million or 6.5% as compared to the FYE 30 June 2021. The increase in revenue was mainly due to higher revenue contribution from our food and beverage business segment by RM4.9 million or 109.9%, as a result of an increase in revenue from AP F&B as well as additional revenue contribution from a subsidiary acquired in November 2021, i.e. Caritas Et Veritas Sdn Bhd which owns and operates our current Italian restaurant, namely "Verona Trattoria" in Petaling Jaya as well as the business of trading of wine and other liquor products.

Notwithstanding the increase in revenue, our Group recorded a LBT of RM14.5 million during the FYE 30 June 2022 mainly due to the impairment of goodwill amounting to RM9.4 million in respect of our acquisition of AP F&B in the FYE 30 June 2021. However, the said LBT was lower by RM25.7 million or 63.8% as compared to the FYE 30 June 2021, mainly due to lower impairment loss on property, plant and equipment by RM11.2 million as well as the absence of write-off of intangible assets of RM17.8 million which was made in the prior financial year.

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP (Cont'd)

(iii) 9-month FPE 31 March 2022 vs 9-month FPE 31 March 2023

During the 9-month FPE 31 March 2023, our Group recorded an increase in revenue by RM6.7 million or 99.3% as compared to the 9-month FPE 31 March 2022. The increase was mainly due to additional revenue contributed from the 4 newly acquired Uncle Don's restaurant outlets pursuant to the Acquisition of High Reserve. Further, in view of higher revenue recorded, our Group's gross profit had increased by RM2.4 million or 95.8% as compared to the 9-month FPE 31 March 2022.

Our Group recorded a PBT of RM4.1 million during the 9-month FPE 31 March 2023 as compared to a LBT of RM3.4 million during the 9-month FPE 31 March 2022, mainly due to the following:

- (i) the increase in our Group's gross profit by RM2.4 million as elaborated above; and
- (ii) a one-off gain on deconsolidation of Dolphin Engineering (M) Sdn Bhd, a wholly-owned subsidiary of our Company, amounting to RM 6.5 million pursuant the creditors' voluntary liquidation of the said subsidiary company.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST**(i) Principal Adviser**

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

Mercury Securities is also not aware of any conflict of interests which exist or are likely to exist in its capacity as the Principal Adviser to our Company for the Proposals.

(ii) Independent Market Researcher

PROVIDENCE, being the independent market researcher for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the extracts of the IMR Report and all references thereto in the form and context in which they appear in this Circular.

PROVIDENCE is also not aware of any conflict of interests which exists or are likely to exist in its capacity as the independent market researcher for the Proposals.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant which may have a material effect on the financial position or business of our Group, and our Board is not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group:

(i) Dolphin Engineering (M) Sdn Bhd ("Dolphin Engineering") vs Tori Construction (Originating Summon No.: KCH-24C-1/1-2020) ("OS1")

Tori Construction initiated an adjudication proceeding in the High Court of Kuching under the Construction Industry Payment and Adjudication Act 2012 by way of a notice of adjudication against Dolphin Engineering, for monies due and owing amounting to RM953,023.47 and for release of retention sums amounting to RM2,165,306.38 with costs and interests. An adjudication decision was delivered in favour of Tori Construction by the adjudicator on 13 January 2020 ("**Adjudication Decision**").

On 24 January 2020, the OS1 was filed by Dolphin Engineering to set aside and stay the execution of the Adjudication Decision. On 15 July 2021, the High Court of Kuching dismissed the OS1 with costs in favour of Tori Construction.

Dolphin Engineering has subsequently filed appeals to set aside and stay the execution of the Adjudication Decision.

On 28 June 2022, the solicitors acting for Dolphin Engineering has filed a Notice of Motion to the Court of Appeal to withdraw themselves as advocates for Dolphin Engineering for the appeals. The Court of Appeal on 22 August 2022 has given judgement on the motion to declare that the solicitors have ceased to be the advocates of Dolphin Engineering.

FURTHER INFORMATION *(Cont'd)*

Dolphin Engineering has no intention to proceed with the appeal as Dolphin Engineering had on 10 February 2023 appointed an interim liquidator to commence creditors' voluntary winding up of the company. The creditors' meeting was held on 7 March 2023 with a liquidator appointed and has taken over all affairs of the company.

For information purposes, Dolphin Engineering has ceased operation in June 2022 and our Group has not provided any guarantees on behalf of Dolphin Engineering in respect of the amount claimed by Tori Construction. Hence the claim is not expected to have any material impact on the financial position or business of our Group when Dolphin Engineering is wound-up.

**(ii) Tori Construction vs Dolphin Engineering
(Originating Summon No.: KCH-24C-2/2-2020) ("OS2")**

Tori Construction had on 5 February 2020 filed OS2 for the registration and enforcement of the Adjudication Decision. The High Court of Kuching has on 20 August 2021 allowed Tori Construction's application to enforce the Adjudication Decision as a court judgement. Dolphin Engineering has filed an appeal on the High Court of Kuching.

On 28 June 2022, the solicitors acting for Dolphin Engineering has filed Notice of Motion to the Court of Appeal to withdraw themselves as advocates for Dolphin Engineering for the appeals. The Court of Appeal on 22 August 2022 has given judgement on the motion to declare that the solicitors have ceased to be the advocates of Dolphin Engineering. Dolphin Engineering has no intention to proceed with the appeal as Dolphin Engineering had on 10 February 2023 appointed an interim liquidator to commence creditors' voluntary winding up of the company. The creditors' meeting was held on 7 March 2023 with a liquidator appointed and has taken over all affairs of the company.

For information purposes, Dolphin Engineering has ceased operation in June 2022 and our Group has not provided any guarantees on behalf of Dolphin Engineering in respect of the amount claimed by Tori Construction. Hence the claim is not expected to have any material impact on the financial position or business of our Group when Dolphin Engineering is wound-up.

**(iii) PT Dolphin Indonesia vs PT Himalaya Transmeka
(Case Register No.: 93/Pdt.G/2018/PN.TNG) ("Suit No. 1")**

PT Dolphin Indonesia has filed Suit No.1 against PT Himalaya Transmeka at the Tangerang District Court of Republic of Indonesia on 1 February 2018 for claims arising from the mechanical works undertaken by PT Himalaya Transmeka for the project known as the "Bumiharjo Bulking Station Project".

The Supreme Court of the Republic of Indonesia (being the highest court in the Indonesian judicial system) had ruled in favour of PT Dolphin Indonesia at the level of cassation and directed PT Himalaya Transmeka to pay PT Dolphin Indonesia a sum amounting to Rp.352,417,462 (or ^(a)RM0.1 million). The solicitors has filed an execution application and the Tangerang District Court of Republic of Indonesia has instructed PT Dolphin Indonesia to identify the assets of PT Himalaya Transmeka before any confiscation of its assets can be carry out to repay the settlement of the judgment sum.

**(iv) PT Himalaya Transmeka vs PT Dolphin Indonesia
(Case Register Number: 700/Pdt.G/2020/PN.JKT.UTR) ("Suit No. 2")**

PT Himalaya Transmeka has filed Suit No. 2 against PTDI on 3 December 2020 at the North Jakarta District Court of Republic of Indonesia claiming for a sum amounting to Rp.5,745,021,436.11 (or ^(a)RM1.7 million) being outstanding fees for work and services performed by PT Himalaya Transmeka on the "Bumiharjo Bulking Station Project". The North Jakarta District Court of Republic of Indonesia has on 4 November 2021 pass its judgement in favour of PT Dolphin Indonesia. PT Himalaya Transmeka has subsequently filed an appeal to the Jakarta High Court on 17 February 2022.

FURTHER INFORMATION (*Cont'd*)

On 22 June 2022, the Jakarta High Court has dismissed the appeal.

PT Himalaya Transmeka had subsequently on 8 August 2022 filed an appeal to the Supreme Court of Indonesia and the parties are awaiting the decision of the Supreme Court of Indonesia on the appeal.

The solicitors of PT Dolphin Indonesia has vide letter dated 21 September 2022 applied to the Supreme Court of Indonesia to reject any legal proceedings which may be initiated by PT Himalaya Transmeka and PT Arka Jaya Mandiri in any court in Indonesia.

(v) **PT Arka Jaya Mandiri vs PT Dolphin Indonesia (Case Register Number: 167/Pdt.G/2022/PN.JKT.PST)**

PT Arka Jaya Mandiri has filed a suit against PT Dolphin Indonesia at the Central Jakarta District Court of Republic of Indonesia on 18 March 2022 claiming for Rp.3,314,076,851 (or ^(a)RM1.0 million) from PT Dolphin Indonesia for works performed on the project known as the "Bulking Station Bumiharjo Project". On 26 July 2022, the Central Jakarta District Court was of the view that it does not have the authority to inspect the case and ordered PT Arka Jaya Mandiri to pay court fees of Rp.810,000.00 (or ^(a)RM252).

The solicitors of PT Dolphin Indonesia has vide letter dated 21 September 2022 applied to the Supreme Court of Indonesia to reject any legal proceedings which may be initiated by PT Himalaya Transmeka and PT Arka Jaya Mandiri in any court in Indonesia.

(vi) **Sarawak Land Consolidation and Rehabilitation Authority Vs Dolphin Engineering (Kuching High Court Suit No. KCH-22NCvC-56/12-2022)**

Sarawak Land Consolidation and Rehabilitation Authority ("**SLCRA**") had on 23 December 2022 initiated a suit against Dolphin Engineering claiming for *inter alia*, a sum of RM3,994,400 being the damages suffered due to Dolphin Engineering's breach of an agreement no. 05/2014 Engineering, Procurement, Construction and Commissioning of the Proposed 60/120MT per Hour New Lubok Antu Palm Oil Mill entered into by SLCRA and Dolphin Engineering ("**Agreement**"). Under the Agreement, Dolphin Engineering was appointed by SLCRA to construct a crude palm oil tank ("**CPO Tank**") at SLCRA's premises. It was alleged that Dolphin Engineering has failed, refused and/or neglected to do the necessary rectification works on the defects of the CPO Tank. As a result, SLCRA had suffered loss and damages and had to engage in a third-party contractor and/or consultant to rectify the defects of the CPO Tank.

On 17 February 2023, Dolphin Engineering received from Reddi & Co, the advocates acting on behalf of SLCRA, a sealed copy of judgment dated 27 January 2023 granted by the High Court in Sabah and Sarawak. Dolphin Engineering was ordered to pay SLCRA the sum of RM3,994,400 and costs.

Dolphin Engineering has no intention to appoint any solicitors to appeal on the judgement as Dolphin Engineering had on 10 February 2023 appointed an interim liquidator to commence the creditors' voluntary winding up of the company. The creditors' meeting was held on 7 March 2023 with a liquidator appointed and has taken over all affairs of the company.

For information purposes, Dolphin Engineering has ceased operation in June 2022 and our Group has not provided any guarantees on behalf of Dolphin Engineering in respect of the amount claimed by SLCRA. Hence, the claim is not expected to have any material impact on the financial position or business of our Group when Dolphin Engineering is wound-up.

FURTHER INFORMATION (Cont'd)

- (vii) **Genesis Corp Pte Ltd, Neilson Navin a/l Anthony Aloysius and Chong Wai Chee (collectively, the "Plaintiffs") vs Dolphin Robotic Systems Sdn Bhd ("Dolphin Robotic Systems"), Dolphin Applications Sdn Bhd ("Dolphin Applications"), Dolphin and Low Teck Yin (collectively, the "Defendants") (Shah Alam High Court Civil Suit No.: BA-22NCvC-148-04/2023)**

On 3 May 2023, the Defendants received from the Plaintiffs a sealed order dated 27 April 2023 ("**Ex-parte Order**") consisting the following:

- (a) an interim order prohibiting Dolphin Robotic Systems, Dolphin Applications and Dolphin from voluntary winding up until the disposal of this action;
- (b) an interim order prohibiting Low Teck Yin and/or any directors and shareholders of Dolphin Robotic Systems, Dolphin Applications and Dolphin from taking any steps in relation to voluntary winding up of the companies until the disposal of this action; and
- (c) an interim order prohibiting the making of any decision in relation to voluntary winding up of Dolphin Robotic Systems, Dolphin Applications and Dolphin and to execute the decision relating to voluntary winding up until the disposal of this action.

Thereafter on 9 May 2023, the Defendants received the Writ and Statement of Claim both dated 19 April 2023, the Plaintiffs' notice of application dated 20 April 2023 ("**Plaintiffs' Injunction Application**") together with its affidavit in support.

In this suit, the Plaintiffs claimed against the Defendants for declaratory relief, injunction and damages based on fraudulent misrepresentation and breach of contract in respect of a purported investment scheme.

On 31 May 2023 and 1 June 2023, Dolphin Robotic Systems, Dolphin Applications and Dolphin filed applications to set aside the Ex-parte Order ("**Setting Aside Applications**"). Dolphin Robotic Systems, Dolphin Applications and Dolphin also filed affidavits in reply to oppose the Plaintiffs' Injunction Application.

The Plaintiffs' Injunction Application which was initially fixed for hearing by way of Zoom on 31 July 2023 has been rescheduled to 1 August 2023. The Setting Aside Applications will be heard on the same day.

The solicitors are of the view that Dolphin Applications and Dolphin have a reasonably good chance in resisting the claim.

Note:

- (a) *Translated at the exchange rate of IDR100:RM0.0311 as at the LPD (Source: Bank Negara Malaysia)*

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FURTHER INFORMATION (Cont'd)

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

(i) Material Commitments

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group:

	<u>RM'000</u>
Remaining purchase consideration to be paid in respect of the Acquisition of High Reserve (as elaborated in Section 2.2.5 of this Circular)	(a)10,700

Note:

(a) *The timing of settlement of the remaining purchase consideration of RM10.7 million is as follows:*

	<u>RM'000</u>
(i) <i>By 19 October 2023</i>	6,500
(ii) <i>Within 14 business days from the date the audited consolidated financial statements of High Reserve for the financial period of 1 July 2022 to 30 June 2023 is made available</i>	2,100
(iii) <i>Within 14 business days from the date the audited consolidated financial statements of High Reserve for the financial period of 1 July 2023 to 30 June 2024 is made available</i>	2,100
Total	<u><u>10,700</u></u>

(ii) Contingent Liabilities

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

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FURTHER INFORMATION (Cont'd)

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 308, Block A (3rd Floor), Kelana Business Centre, 97, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of the forthcoming EGM:

- (i) our Company's Constitution;
- (ii) our Company's audited consolidated financial statements for the FYE 30 June 2021 and FYE 30 June 2022 as well as our Company's unaudited consolidated financial statements for the 9-month FPE 31 March 2023;
- (iii) IMR Report;
- (iv) Deed Poll C;
- (v) letters of consent and conflict of interest as referred to in **Section 2 of this Appendix IV**; and
- (vi) relevant cause papers in respect of the material litigations of our Group as referred to in **Section 3 of this Appendix IV**.

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ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL EGM

1. FULLY VIRTUAL EGM

Day, Date and Time of Meeting : **Wednesday, 23 August 2023 at 10:30 a.m.** or any adjournment thereof

Meeting Venue and Online Meeting Platform : <https://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC - D6A357657)
provided by Boardroom Share Registrars Sdn Bhd in Malaysia

Our Company's forthcoming EGM will be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting ("**RPEV**") facilities via Online Meeting Platform as stated above.

In line with the Malaysian Code on Corporate Governance Practice 13.3, conducting a virtual EGM would promote greater shareholder participation as it facilitates electronic voting and remote shareholders' participation. With the RPEV facilities, you may exercise your right as a member of our Company to participate (including to pose questions to our Board of Directors and/or Management) and vote at the virtual EGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the virtual EGM.

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

2. ENTITLEMENT TO PARTICIPATE AND VOTE REMOTELY

Only shareholders whose names appear in our Record of Depositors as at **16 August 2023** shall be eligible to participate and vote remotely in the virtual EGM or appoint proxy(ies)/ the Chairman of the meeting to participate and/or vote on his/her behalf.

3. VOTING PROCEDURE

The voting procedure will be conducted by poll in accordance with Paragraph 8.29A of the Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn. Bhd. ("**Boardroom**") as Poll Administrator to conduct the poll by way of electronic voting ("**e-voting**") and SKY Corporate Services Sdn Bhd ("**Scrutineers**") as the scrutineers to verify and validate the poll results.

For the purposes of this virtual EGM, e-voting will be carried out via personal smart mobile phones, tablets or Laptops.

The polling will only commence after the announcement of poll being opened by the Chairman and until such time when the Chairman announces the closure of poll.

The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairman and the Chairman will declare whether the resolutions put to vote were successfully carried or not.

You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the virtual EGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the virtual EGM is maintained. Kindly note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL EGM (Cont'd)

4. PROCEDURE FOR RPEV

Please note that the RPEV facilities are available to (i) Individual Members; (ii) Corporate Shareholders; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee shall use the RPEV facilities to participate and vote remotely at the virtual EGM.

If you choose to participate in the Meeting online, you will be able to view a live webcast of the Meeting, ask questions and submit your votes in real time whilst the Meeting is in progress. Kindly follow the steps below on how to request for login ID and password.

Procedure	Action
BEFORE THE DAY OF VIRTUAL EGM	
<p>Step 1 – Register Online with Boardroom Smart Investor Portal “BSIP” (for first time registration only)</p> <p><i>Note:</i></p> <p><i>If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2 to submit your request for Remote Participation user ID and password.</i></p>	<ol style="list-style-type: none"> Access BSIP website at https://investor.boardroomlimited.com Click <<Register>> to sign up as a user. Please select the correct account type i.e. sign up as “Shareholder” or “Corporate Holder” Complete the registration with all required information. Upload a softcopy of your or representative’s MyKAD/Identification Card (front and back) or Passport. For Corporate Holder, kindly upload the authorization letter as well. Click “Sign Up”. You will receive an email from Boardroom for email address verification. Click “Verify Email Address” from the email received to continue with the registration. Once your email address is verified, you will be re-directed to Boardroom Smart Investor Portal for verification of mobile number. Click “Request OTP Code” and an OTP Code will be sent to the registered mobile number. You will need to enter the OTP Code and click “Enter” to complete the process. Your registration will be verified and approved within one (1) business day and email notification will be provided to you.
<p>Step 2 – Submit Request for Remote Participation User ID and Password</p>	<p><i>(Note: Registration for remote access will be opened on 31 July 2023. The RPEV facilities will open for registration from Monday, 31 July 2023 until 10:30 a.m. on Monday, 21 August 2023, 10:30am)</i></p> <p>For Shareholders</p> <ol style="list-style-type: none"> Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select “DOLPHIN INTERNATIONAL BERHAD EXTRAORDINARY GENERAL MEETING” from the list of Meeting Event(s) and click “Enter”. <p>To attend the virtual EGM remotely</p> <ol style="list-style-type: none"> Click on “Register for RPEV” Read and agree to the Terms & Conditions and click “Next”. Enter your CDS Account and thereafter submit your request. <p><i>(Note: Registration for remote access will be opened on 31 July 2023. Please note that the closing time to appoint proxy and submit your request is not less than forty -eight (48) hours before the time of holding the virtual EGM, i.e. latest by 10:30 a.m. on Monday, 21 August 2023.)</i></p> <p>To appoint proxy</p> <ol style="list-style-type: none"> Click on “Submit eProxy Form”. Select the company you would like to represent (applicable to Corporate Shareholder that represent more than one company only). Enter your CDS Account Number and number of securities held. Select your proxy - either the Chairman of the meeting or individual named proxy(ies) Read and accept the General Terms and Conditions by clicking “Next”. Enter the required particulars of your proxy(ies). Indicate your voting instructions - “FOR” or “AGAINST”, otherwise your proxy will decide your vote. Click “Apply” Download or print the eProxy form as acknowledgment

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL EGM (Cont'd)

Procedure	Action
BEFORE THE DAY OF VIRTUAL EGM	
	<p><i>Note for Corporate Shareholders: if you are representing more than one (1) company, kindly click the home button and select "Edit Profile" in order to add Company name</i></p> <p>Corporate Shareholders (via email)</p> <ol style="list-style-type: none"> To submit the request, Corporate Shareholders need to deposit the original hardcopy to BSR and write in to BSR at bsr.helpdesk@boardroomlimited.com by providing softcopy of the Certificate of Appointment of Corporate Representative or Form of Proxy, the name of shareholder and CDS Account Number. Please provide a copy of Corporate Representative's MyKad/Identification Card (front and back) or Passport as well as his/her email address.
<p>Step 2 – Submit Request for Remote Participation User ID and Password</p>	<p>Authorised Nominee and Exempt Authorised Nominee</p> <p>Via BSIP</p> <ol style="list-style-type: none"> Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select "DOLPHIN INTERNATIONAL BERHAD EXTRAORDINARY GENERAL MEETING" from the list of Meeting Event(s) and click "Enter". Click on "Submit eProxy Form". Select the company you would like to represent (if more than one). Proceed to download the file format for "Submission of Proxy Form" from BSIP. Prepare the file for the appointment of proxies by inserting the required data. Proceed to upload the duly completed proxy appointment file. Review and confirm your proxy appointment and click "Submit". Download or print the eProxy form as acknowledgement. <p><i>Note: if you wish to appoint more than one (1) company, kindly click the home button and select "Edit Profile" in order to add Company name</i></p> <p>Via email</p> <ol style="list-style-type: none"> To submit the request, Authorised Nominee and Exempt Authorised Nominee need to deposit the original hardcopy Form of Proxy to BSR and write in to BSR at bsr.helpdesk@boardroomlimited.com by providing softcopy of the Form of Proxy, the name of shareholders and CDS Account Number. Please provide a copy of the proxy holder's MyKad/Identification Card (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address. <p>Email Notification</p> <ol style="list-style-type: none"> You will receive notification from Boardroom that your request(s) has been received and is being verified. Upon system verification against the General Meeting Record of Depositors of the virtual EGM as at 16 August 2023, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date.

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL EGM (Cont'd)

Procedure	ACTION
ON THE DAY OF THE VIRTUAL EGM	
<p>Step 3 – Login to Online Meeting Platform</p> <p><i>Please note that the quality of the connectivity to Virtual Meeting Portal for the live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.</i></p>	<p>Virtual Meeting</p> <ol style="list-style-type: none"> a. The Online Meeting Platform will be opened for login starting an hour (1 hour) before the commencement of virtual EGM at 9:30 a.m. on Wednesday, 23 August 2023. b. Follow the steps given to you in the email, along with your remote access user ID and password to login to the Online Meeting Platform (Refer to Step 2 above). c. The steps will also guide you on how to view the live web cast, ask questions and vote. d. The live web cast will end, and the Messaging window will be disabled once the Chairman announces the closure of the virtual EGM. e. You can then logout from the Online Meeting Platform.

5. PARTICIPATION THROUGH LIVE WEBCAST, QUESTION AND VOTING AT THE VIRTUAL EGM

The Chairman and the Board will endeavour their best to respond to the questions submitted by shareholders, which are related to the resolution to be tabled at the virtual EGM.

(a) Prior to the virtual EGM

Shareholders may submit questions in relation to the agenda items by logging in to the Boardroom Portal at <https://investor.boardroomlimited.com>, select “**DOLPHIN INTERNATIONAL BERHAD EXTRAORDINARY GENERAL MEETING**” from the list of Corporate Meeting and select “**Submit Questions**” and pose your questions (Pre-EGM Meeting Questions) latest by **10:30 a.m. on Monday, 21 August 2023.**

(b) During the virtual EGM

Shareholders may type their questions in the chat box at any time during the virtual EGM. Our Board and Management will endeavor to provide the responses to the questions at the virtual EGM. However, being mindful of time constraints, some responses may be emailed after the conclusion of the virtual EGM.

Shareholders may proceed to cast votes on the proposed resolution, to be tabled at the virtual EGM, after the Chairman has opened the poll on the resolution. Shareholders are reminded to cast their votes before the poll is closed.

Shareholders who participate in the virtual EGM are able to view the Company’s presentation or slides via the live webcast.

6. ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only members whose names appear in the Record of Depositors on **16 August 2023** (General Meeting Record of Depositors) shall be eligible to participate in the virtual EGM or appoint proxy(ies) to participate and/or vote on his/her behalf.

7. FORM(S) OF PROXY

If you are unable to attend the EGM and wish to appoint any proxy(ies) or the Chairman of the EGM as your proxy to vote on your behalf, please deposit your form of proxy at the office of the Company’s share registrar, Boardroom Share Registrars Sdn. Bhd. at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan** no later than **10:30 a.m. on Monday, 21 August 2023** (48 hours before the virtual EGM). Any alteration to the Form of Proxy must be initialed.

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL EGM (Cont'd)

Alternatively, the proxy appointment may also be lodged electronically at <https://investor.boardroomlimited.com>, which is free and available to all individual shareholders no later than **10:30 a.m. on Monday, 21 August 2013** (48 hours before the virtual EGM). For further information, kindly refer to the "**Procedure for Remote Participation and Electronic Voting**" above.

If you wish to participate in the virtual EGM yourself, please do not submit any form of proxy for the EGM. You will not be allowed to participate in the virtual EGM together with a proxy appointed by you.

8. REVOCATION OF PROXY

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our electronic virtual EGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy 48 hours before the meeting.

9. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the virtual EGM proceeding is allowed without the prior written permission of the Company.

PERSONAL DATA PRIVACY

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

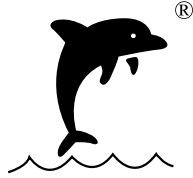
- (i) consents to the collection, use and disclose of the member's personal data by our Company (or our agents) for the purpose of the processing and administration by our Company (or our agents) of proxies and representatives appointed for the virtual EGM (including any adjournment thereof) and the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

ENQUIRY

If you have general administrative enquiries on the virtual EGM, please contact the following during office hours:

Boardroom Share Registrars Sdn. Bhd.

Office Helpdesk : +60 3 7890 4700
 Fax No. : +60 3 7890 4670
 E-mail : bsr.helpdesk@boardroomlimited.com



DOLPHIN INTERNATIONAL BERHAD
(Registration No. 201201016010 (1001521-X))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Dolphin International Berhad (“**Dolphin**” or “**Company**”) will be conducted on a fully virtual basis through live streaming and online remote participation and electronic voting (“**RPEV**”) facilities *via* online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn Bhd in Malaysia on Wednesday, 23 August 2023 at 10:30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions, with or without any modifications:

SPECIAL RESOLUTION

PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN THE COMPANY (“DOLPHIN SHARES” OR “SHARES”) INTO 1 SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”)

“**THAT** subject to the approvals of all relevant authorities being obtained, where required, approval be and is hereby given to the Board to consolidate every 10 existing Dolphin Shares held by the shareholders of the Company, whose names appear in the Company’s Record of Depositors as at the close of business on an entitlement date to be determined and announced the Board at a later date, into 1 Consolidated Share;

THAT fractional entitlements arising from the Proposed Share Consolidation, if any, shall be disregarded and dealt with by the Board with in such manner at its absolute discretion as it may deem fit or expedient, and in the Company’s best interest;

THAT such Consolidated Shares and consolidated Warrants 2020/2023 of the Company shall respectively, upon allotment and issuance, rank *pari passu* in all respects with each other following the completion of the Proposed Share Consolidation;

AND THAT the Board be and is hereby authorised and empowered to do or procure to be done all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give effect to and complete the Proposed Share Consolidation with full power to assent to any conditions, variations, modifications and/or amendments as may be required or imposed by the relevant authorities and/or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Share Consolidation.”

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 202,804,406 NEW SHARES (“RIGHTS SHARES”) TOGETHER WITH UP TO 152,103,304 FREE DETACHABLE WARRANTS (“WARRANTS-C”) AT AN ISSUE PRICE OF RM0.085 PER RIGHTS SHARE, ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 WARRANTS-C FOR EVERY 3 CONSOLIDATED SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

“**THAT** subject to the passing of Special Resolution (in respect of the Proposed Share Consolidation) and all approvals being obtained from the relevant authorities and/or parties, approval be and is hereby given to the Board to:

- (i) allot and issue by way of a renounceable rights issue of up to 202,804,406 Rights Shares at an issue price of RM0.085 per Rights Share together with up to 152,103,304 Warrants-C to the shareholders of the Company whose names appear in the Company’s Record of Depositors as at the close of business on an entitlement date to be determined by the Board (“**Entitlement Date**”) (“**Entitled Shareholders**”) and/or their renounees/transferees, if applicable, on the basis of 4 Rights Shares together with 3 Warrants-C for every 3 Consolidated Shares held by the Entitled Shareholders on the Entitlement Date;
- (ii) enter into and execute the deed poll constituting the Warrants-C (“**Deed Poll C**”) with full powers to assent to any conditions, variations and modifications and/or amendments from time to time, in accordance with and subject to the terms of the Deed Poll C and in any manner as may be required by the relevant authorities or deemed necessary by the Board and with full powers to do all such acts, deeds and things as the Board may deem fit and expedient in order to finalise, implement and give effect to the Deed Poll C;
- (iii) allot and issue such number of additional Warrants-C as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll C (“**Additional Warrants-C**”) and to adjust from time to time the exercise price of Warrants-C as a consequence of any adjustments under the provisions of the Deed Poll C and/or to effect such variations, modifications and/or amendments as may be required or imposed by Bursa Malaysia Securities Berhad and any other relevant authorities and/or parties, where applicable; and
- (iv) allot and issue such number of new Dolphin Shares to the holders of Warrants-C arising from the exercise of the Warrants-C and such further new Dolphin Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants-C;

THAT the Warrants-C shall be issued based on the terms and conditions as set out in **Appendix I** of the Company’s circular to shareholders dated 31 July 2023 (“**Circular**”);

THAT any Rights Shares which are not taken up or validly taken up shall be made available for excess application by the Entitled Shareholders and/or their renounees/transferees, if applicable, and such excess Rights Shares shall be allocated by the Board in a fair and equitable manner on a basis to be determined by the Board at its absolute discretion;

THAT the proceeds of the Proposed Rights Issue be utilised for the purposes as set out in **Section 2.2.5** of the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the Company’s best interest, subject to the approval of the relevant authorities, if required;

THAT the Rights Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Dolphin Shares, save and except that the Rights Shares so allocated and issued shall not be entitled to any dividends, rights, allotments and/or other distributions in respect of which the entitlement date is prior to the date of allotment and issuance of the Rights Shares;

THAT any fractional entitlements under the Proposed Rights Issue shall be disregarded and dealt with by the Board with in such manner at its absolute discretion as it may deem fit or expedient, and in the Company’s best interest;

THAT the new Dolphin Shares to be issued pursuant to the exercise of Warrants-C shall, upon allotment and issuance, rank equally in all respects with the then existing Dolphin Shares, save and except that the new Dolphin Shares so allotted and issued shall not be entitled to any dividends, rights, allotments and/or other distributions in respect of which the entitlement date is prior to the date of allotment and issuance of the new Dolphin Shares to be issued arising from the exercise of Warrants-C (or additional Warrants-C, as the case may be);

AND THAT the Board be and is hereby authorised and empowered to do or procure to be done all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give effect to and complete the Proposed Rights Issue with full power to assent to any conditions, variations, modifications and/or amendments as may be required or imposed by the relevant authorities and/or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Rights Issue.”

ORDINARY RESOLUTION 2

PROPOSED VARIATION OF THE UTILISATION OF PROCEEDS RAISED FROM A PRIVATE PLACEMENT EXERCISE WHICH WAS COMPLETED ON 25 FEBRUARY 2021 (“PROPOSED VARIATION”)

“**THAT** approval be and is hereby granted to the Company to vary the intended manner of utilisation of the proceeds of approximately RM1.15 million from the private placement exercise which was completed on 25 February 2021 to the manner and to the extent as set out in **Section 2.6.2** of the Circular;

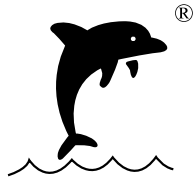
AND THAT the Board be and is hereby authorised and empowered to do or procure to be done all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give effect to and complete the Proposed Variation with full power to assent to any conditions, variations, modifications and/or amendments as may be required or imposed by the relevant authorities and/or parties and as the Board may deem necessary and expedient to finalise, implement and give full effect to the Proposed Variation.”

**BY THE ORDER OF THE BOARD OF
DOLPHIN INTERNATIONAL BERHAD**

HO MENG CHAN (MACS 00574)
SSM PC No. 202008003175
WU SIEW HONG (MAICSA 7039647)
SSM PC No. 202008002457
Company Secretaries
PETALING JAYA
31 July 2023

Notes:

1. *The EGM will be conducted on a fully virtual basis through live streaming and online RPEV facilities provided by Boardroom Share Registrars Sdn Bhd in Malaysia via <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657). Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via RPEV. Please read these Notes carefully and follow the procedures in the Administrative Guide for the fully virtual EGM in order to participate remotely via RPEV. The Administrative Guide for the fully virtual EGM is enclosed in Appendix V of the circular to shareholders of the Company dated 31 July 2023.*
2. *A member of the Company entitled to participate, speak and vote at the meeting shall be entitled to appoint up to 2 proxies or attorney or other duly authorised representative to participate, speak and vote in his/her stead. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy may not be a member of the Company.*
3. *The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall either be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*
4. *Where a member who is an authorised nominee as defined in the securities Industry (Central Depositories) Act, 1991 (SICDA) may appoint not more than 2 proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), 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 and the power of attorney or other authority duly authorised in writing or if such appointor is a Corporation, under its common seal or under the hand of an officer or attorney of the Corporation duly authorised, shall either be deposited at the office of Dolphin's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or be electronically deposited through the Share Registrar's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.*
7. *Depositors who appear in the Record of Depositors as at 16 August 2023 shall be regarded as Member of the Company entitled to participate, speak and vote at the meeting or appoint a proxy or proxies to participate and vote on his/her behalf.*



DOLPHIN INTERNATIONAL BERHAD
Registration No. 201201016010 (1001521-X)
(Incorporated in Malaysia)

FORM OF PROXY

CDS account no.
No. of Shares held

I/We _____ NRIC No./Passport No./Company No. _____
(full name in capital letters)

Tel No./HP No. _____ Email Address _____

of _____

being a member(s) of **DOLPHIN INTERNATIONAL BERHAD** ("Company"), hereby appoint:

Full Name (in capital letters as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Tel No. /HP No. : _____ Email Address : _____			
Address _____			

*and / or failing him/her

Full Name (in capital letters as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Tel No. /HP No. : _____ Email Address : _____			
Address _____			

or failing him/her, the Chairman of the Meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be conducted on a fully virtual basis through live streaming and online Remote Participation and Electronic Voting ("RPEV") facilities via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657), provided by Boardroom Share Registrars Sdn Bhd in Malaysia on Wednesday, 23 August 2023 at 10:30 a.m. or at any adjournment thereof .

* *Delete whichever is inapplicable*

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Resolution	Proposal	For	Against
Special resolution	Proposed Share Consolidation		
Ordinary resolution 1	Proposed Rights Issue		
Ordinary resolution 2	Proposed Variation		

Signature of Member/
Common Seal of Shareholder

Dated this _____ day of _____ 2023



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4. *Where a member who is an authorised nominee as defined in the securities Industry (Central Depositories) Act, 1991 (**SICDA**) may appoint not more than 2 proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
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Then fold here

THE SHARE REGISTRAR
DOLPHIN INTERNATIONAL BERHAD
(Registration No. 201201016010 (1001521-X))
(Incorporated in Malaysia)

C/O Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan



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