

LIM SEONG HAI CAPITAL BERHAD (“LSH CAPITAL” OR THE “COMPANY”)

PROPOSED TRANSFER OF LISTING AND QUOTATION OF THE ENTIRE ISSUED SHARE CAPITAL OF LSH CAPITAL FROM THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) TO THE ACE MARKET OF BURSA SECURITIES (“PROPOSED TRANSFER OF LISTING”)

1. INTRODUCTION

We refer to the earlier announcements in relation to the Proposed Transfer of Listing. Unless otherwise stated, all terms used herein shall have the same meaning as defined in the said announcements.

On behalf of the Board, AmInvestment Bank wishes to announce that in conjunction with the Proposed Transfer of Listing, the Company proposes to undertake a public offering of up to 191,000,000 LSH Capital Shares, representing up to approximately 22.78% of the enlarged issued shares of the Company, which will comprise the following:

- (i) a public issue of 132,000,000 new LSH Capital Shares (“**Issue Shares**”) (“**Proposed Public Issue**”); and
- (ii) an offer for sale of up to 59,000,000 existing LSH Capital Shares by LSH Resources, Tan Sri KC Lim, DLKG, Lim Pak Lian and Lim Keng Hun (“**Offer Shares**”) (“**Proposed Offer for Sale**”).

The Issue Shares and Offer Shares are collectively referred to as the “**Offering Shares**”, while the Proposed Public Issue and Proposed Offer for Sale are collectively referred to as the “**Proposed Public Offering**”.

Further details of the Proposed Public Offering are set out in the ensuing sections of this Announcement.

2. DETAILS OF THE PROPOSED PUBLIC OFFERING

2.1 Public offering size

The Company proposes to undertake a public offering of up to 191,000,000 LSH Capital Shares, representing up to approximately 22.78% of the enlarged issued shares of the Company, comprising a public issue of 132,000,000 Issue Shares and an offer for sale of up to 59,000,000 Offer Shares in the manner set out below, subject to the clawback and reallocation provisions as set out in Section 2.1.3 below:

2.1.1 Proposed Public Issue

The Proposed Public Issue will involve the offering of 132,000,000 Issue Shares, representing approximately 15.74% of the enlarged issued shares of the Company, at an issue price to be determined and fixed at a later date after all relevant approvals for the Proposed Transfer of Listing have been obtained (“**Offering Price**”) and will be allocated in the following manner:

(i) Malaysian public

16,767,200 Issue Shares, representing approximately 2.00% of the enlarged issued shares of the Company, will be made available for application by the Malaysian public through a balloting process, of which 8,383,600 Issue Shares will be set aside for application by Bumiputera investors including individuals, companies, cooperatives, societies and institutions.

(ii) Eligible persons

12,575,400 Issue Shares, representing approximately 1.50% of the enlarged issued shares of the Company, will be reserved for application by the eligible Directors of the Company as well as the eligible employees and other persons who have contributed to the success of the Group (collectively, the “**Eligible Persons**”) as follows:

Eligible Persons	Note	Aggregate no. of Issue Shares allocated
Eligible Directors of the Company	(a)	2,000,000
Eligible employees of the Group and other persons who have contributed to the success of the Group	(b)	10,575,400
Total		12,575,400

Notes:

- (a) *The criteria for allocation of the Issue Shares to the Directors of the Company are based on, among others, their respective roles, responsibilities and existing and/or anticipated contributions to the Group.*

In this regard, the Company intends to allocate up to 500,000 Issue Shares to each existing Director of the Company, namely Lim Ding Shyong (being an Executive Director of the Company) as well as Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob, Lee Swee Kheng and Dato' Wang Sze Yao @ Wang Ming Way (all being Independent and Non-Executive Directors of the Company). For avoidance of doubt, no Issue Shares will be allocated to Tan Sri KC Lim, DLKG, Lim Pak Lian and Lim Keng Hun as they are offering their Shares for sale vide the Proposed Offer for Sale.

- (b) *The criteria for allocation of the Issue Shares to eligible employees of the Group are based on, among others, whether they are full-time and confirmed employees, their length of service, seniority, i.e. position/job grade and responsibility, and past performance and contributions to the Group. On the other hand, the criteria for allocation of the Issue Shares to other persons who have contributed to the success of the Group are based on, among others, their current and/or past contributions to the Group as well as the length of their business relationship with the Group.*

(iii) Bumiputera investors identified and approved by the MITI

102,657,400 Issue Shares, representing approximately 12.24% of the enlarged issued shares of the Company, will be made available for application by way of private placement to Bumiputera investors identified and approved by the MITI.

2.1.2 Proposed Offer for Sale

LSH Resources, Tan Sri KC Lim, DLKG, Lim Pak Lian and Lim Keng Hun (collectively, the “**Selling Shareholders**”) intend to offer up to 59,000,000 Offer Shares, representing up to approximately 8.35% of the existing total number of Shares as at 29 February 2024, being the latest practicable date prior to the date of this Announcement (“**LPD**”) and approximately 7.04% of the enlarged issued shares of the Company at the Offering Price, by way of private placement in the following manner:

- (i) 2,137,600 Offer Shares, representing approximately 0.26% of the enlarged issued shares of the Company to Bumiputera investors identified and approved by the MITI; and
- (ii) 56,862,400 Offer Shares, representing approximately 6.78% of the enlarged issued shares of the Company to other institutional and selected investors.

The Offer Shares to be offered by the Selling Shareholders under the Proposed Offer for Sale as well as their shareholdings in the Company before and after the Proposed Public Offering are as follows:

Name	Shareholdings as at LPD		Shares to be offered pursuant to the Proposed Offer for Sale			Shareholdings immediately after the Proposed Public Offering	
	No. of Shares	(1)%	No. of Shares	(1)%	(2)%	No. of Shares	(2)%
LSH Resources	543,501,717	76.94	1,481,908	0.21	0.18	542,019,809	64.65
Tan Sri KC Lim	29,290,029	4.15	14,334,748	2.03	1.71	14,955,281	1.78
DLKG	29,349,729	4.16	14,394,448	2.04	1.72	14,955,281	1.78
Lim Pak Lian	29,349,729	4.16	14,394,448	2.04	1.72	14,955,281	1.78
Lim Keng Hun	29,349,729	4.16	14,394,448	2.04	1.72	14,955,281	1.78

Notes:

- (1) Based on the total number of 706,360,208 Shares as at LPD.
- (2) Based on the enlarged total number of 838,360,208 Shares after the Proposed Public Offering.

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In summary, the Shares to be offered under the Retail Offering and Institutional Offering will be allocated and allotted (subject to the clawback and reallocation provisions as set out in Section 2.1.3 below) in the following manner:

	Proposed Public Issue		Proposed Offer for Sale		Total	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%*
Retail Offering						
Malaysian public (via balloting):						
▪ Bumiputera	8,383,600	1.00	-	-	8,383,600	1.00
▪ Non-Bumiputera	8,383,600	1.00	-	-	8,383,600	1.00
Eligible Persons:						
▪ Eligible Directors of the Company	2,000,000	0.24	-	-	2,000,000	0.24
▪ Eligible employees of the Group and other persons who have contributed to the success of the Group	10,575,400	1.26	-	-	10,575,400	1.26
Subtotal	29,342,600	3.50	-	-	29,342,600	3.50
Institutional Offering						
Bumiputera investors identified and approved by the MITI	102,657,400	12.24	2,137,600	0.26	104,795,000	12.50
Other institutional and selected investors	-	-	56,862,400	6.78	56,862,400	6.78
Subtotal	102,657,400	12.24	59,000,000	7.04	161,657,400	19.28
TOTAL	132,000,000	15.74	59,000,000	7.04	191,000,000	22.78

Note:

* Based on the enlarged total number of 838,360,208 Shares after the Proposed Public Offering.

While the Institutional Offering will not be underwritten, the Retail Offering will be fully underwritten based on the terms of an underwriting agreement to be entered into at a later date. The underwriting commission pursuant to the Retail Offering shall be borne by the Company. Further details of the underwriting arrangement will be disclosed in the Prospectus.

There is no over-allotment or “greenshoe” option which will increase the number of the Offering Shares.

2.1.3 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

- (i) if the Issue Shares allocated to Bumiputera investors identified and approved by the MITI ("**MITI Tranche**") are not fully taken up by such Bumiputera investors, such Issue Shares will be made available for subscription by the other institutional and selected investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still not fully taken up under the Institutional Offering, and there is a corresponding oversubscription for Issue Shares by Bumiputera public investors under the Retail Offering, the Issue Shares will be clawed back from the remaining MITI Tranche and allocated to Bumiputera public investors under the Retail Offering;

- (ii) subject to item (i) above, if there is an undersubscription in the Institutional Offering and there is an oversubscription in the Retail Offering, the Offering Shares not taken up will be clawed back from the Institutional Offering and reallocated to the Retail Offering in the following order of priority (subject to each of them having applications for Offering Shares which have not been fully satisfied):

- (a) firstly, to the Malaysian public; and
- (b) secondly, to the Eligible Persons allocated in the manner as set out in item (iv) below;

- (iii) if there is an undersubscription in the Retail Offering and there is an oversubscription in the Institutional Offering, the Issue Shares not taken up will be clawed back from the Retail Offering and reallocated to the Institutional Offering. However, if there is an undersubscription in the Retail Offering but no oversubscription in the Institutional Offering, such remaining Issue Shares available under the Retail Offering will be underwritten in accordance with the terms of an underwriting agreement to be entered into at a later date; and

- (iv) any Issue Share not taken up by the respective Eligible Persons based on their pre-determined allocations will be made available for application by the other Eligible Persons who have applied for excess Issue Shares in addition to their pre-determined allocation ("**Excess Issue Shares**"). Such Excess Issue Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:

- (a) firstly, allocation on a pro-rata basis to the Eligible Persons who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and
- (b) secondly, to minimise odd lots.

Any Issue Share not fully taken up by the Eligible Persons (after reallocation of the Excess Issue Shares to other Eligible Persons) will be made available for application by the Malaysian public. Any Issue Share under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above will be underwritten in accordance with the terms of an underwriting agreement to be entered into at a later date.

The clawback and reallocation provisions will not apply in the event there is an oversubscription or undersubscription in both the Retail Offering and Institutional Offering at the closing of the Proposed Public Offering.

Notwithstanding the above, in the event there is an undersubscription for the Offering Shares, the subscriptions received for the Offering Shares will first be applied towards subscribing in full the Issue Shares under the Proposed Public Issue. Thereafter, any additional subscription for the Offering Shares will be allocated from the Offer Shares offered by the Selling Shareholders under the Proposed Offer for Sale and any remaining Offer Shares not subscribed for after the aforementioned allocation will be retained by the Selling Shareholders. For avoidance of doubt, the Proposed Public Issue will take priority over the Proposed Offer for Sale in the event of an undersubscription of the Offering Shares.

The Offering Shares will be allocated in a fair and equitable manner and the basis of allocation for such Offering Shares shall take into account the desirability of distributing such Offering Shares to a reasonable number of applicants with a view of broadening the Company's shareholding base to meet the public shareholding spread requirement of Bursa Securities (as further detailed in Section 2.2 below) and to establish a liquid market for the Shares.

For avoidance of doubt, the Offering Shares will be issued to successful applicants in a single tranche after the closing of the Proposed Public Offering and upon completion of the balloting of applications for the Offering Shares under the Retail Offering.

2.2 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised by the Company and the Selling Shareholders from the Proposed Public Offering. However, the minimum subscription level in terms of the number of Offering Shares will be such number of Offering Shares required to be subscribed by the public such that the resulting shareholder base of the Company after the Proposed Public Offering complies with the public shareholding spread requirement under the ACE LR.

Under Rule 3.10(1) of the ACE LR, the Company is required to have at least 25% of the total number of Shares in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares at the point of listing of the Company on the ACE Market ("**Public Spread Requirement**"). If the Public Spread Requirement is not met, the Company may not be permitted to proceed with the Proposed Transfer of Listing.

For information, based on the Record of Depositors of the Company as at LPD, the public shareholding spread of LSH Capital is approximately 5.80%, held by a total number of 57 public shareholders.

2.3 Basis and justification for the price of the Offering Shares

In accordance with Rule 3A.03 of the ACE LR, a transfer applicant and its sponsor or joint transfer sponsor must ensure that there is a clear price discovery mechanism for the transfer applicant's shares which will be transferred to the ACE Market.

In this regard, the Offering Price will be determined and agreed by the Board together with AmlInvestment Bank after all relevant approvals for the Proposed Transfer of Listing have been obtained but prior to the launch of the Prospectus. In determining the Offering Price, the parties will take into consideration the following factors:

- (i) the operating history and financial performance of the Group;
- (ii) the competitive strengths as well as the future plans and strategies of the Group;
- (iii) the overview and future outlook of the construction and property development industries in Malaysia;
- (iv) the trading multiples of comparable companies that are principally involved in businesses similar to the Group; and

- (v) the prevailing market conditions which include market performance of key global indices and companies which are in businesses similar to the Group, as well as investors' sentiments.

Solely for illustrative purpose throughout this Announcement, the Company has adopted the last traded price prior to the date of this Announcement of RM0.88 per LSH Capital Share as the assumed Offering Price ("**Illustrative Offering Price**"). The Illustrative Offering Price is also equivalent to the one (1)-month, three (3)-month and six (6)-month volume weighted average market price of LSH Capital Shares up to and including 5 March 2024, being the last trading day prior to the date of this Announcement.

(Source: Bloomberg)

2.4 Ranking of the Offering Shares

The Issue Shares will, upon issuance and allotment, rank equally in all respects with the existing LSH Capital Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared after the date of issuance and allotment of the Issue Shares, subject to any applicable Rules of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**").

The Offer Shares rank equally in all respect with the other existing LSH Capital Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared after the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

2.5 Listing and quotation of the Offering Shares

In view that the Company is undertaking the Proposed Transfer of Listing, an application will be made to Bursa Securities for the transfer of listing and quotation of the entire enlarged issued share capital of the Company from the LEAP Market to the ACE Market. Such application shall encompass the listing and quotation of the Offering Shares on the ACE Market.

2.6 Use of proceeds raised from the Proposed Public Issue

Based on the Illustrative Offering Price of RM0.88 per Issue Share, the Company will raise gross proceeds of RM116.16 million from the Proposed Public Issue. The gross proceeds raised from the Proposed Public Issue are expected to be used in the following manner:

Purpose	Note	RM'000	Estimated timeframe for use of proceeds upon completion of the Proposed Transfer of Listing
Working capital for the Group's construction projects	(i)	97,860	Within 24 months
Repayment of borrowing	(ii)	11,000	Within six (6) months
Estimated expenses in relation to the Proposed Transfer of Listing	(iii)	7,300	Within one (1) month
Total		116,160	

Notes:

- (i) As at the date of this Announcement, RM97.86 million of the gross proceeds are intended to be used to fund the working capital for the Group's construction projects in the following manner:

Type of project	Note	RM'000
Residential and mixed development construction projects	(a)	67,860
Infrastructure construction and civil engineering work projects	(b)	20,000
Future construction project(s)	(c)	10,000
Total		97,860

- (a) The Company intends to allocate RM67.86 million of the gross proceeds to partly defray the costs related to the main building and structural works for the Group's residential and mixed development construction projects, which include payments for the following:

Nature of expenditure	RM'000
Subcontractor services such as reinforced concreting and structural works, aluminium works, tiling works, plaster ceiling works, brick works as well as plastering works	45,000
Purchase of building and/or construction materials from suppliers	20,000
Construction workers' salaries and wages	2,860
Total	67,860

For information purpose, the abovementioned expenditures make up the largest components of the construction costs for the Group's residential and mixed development construction activities. However, depending on the operating and funding requirements of the Group at the point of utilisation, the proceeds to be utilised for each component of expenditure as set out in the table above may change.

For avoidance of doubt, the gross proceeds earmarked for these purposes are expected to be utilised across the following three (3) residential and mixed development construction projects of the Group:

Name	Lake Side Homes Project	Sentul Ria Project	LSH Segar Project
Land owner	Astana Setia & Euro Saga Sdn Bhd	LSH Holdings	ASSB
Location	Sungai Besi, Kuala Lumpur	Sentul, Kuala Lumpur	Cheras, Kuala Lumpur
Description	Construction of five (5) blocks of residential units comprising 593 'Residensi Wilayah' affordable housing units, 593 Civil Servant Housing Malaysia (PPAM) affordable housing units and 1,183 condominium units	Construction of a 29-storey and one (1) mezzanine floor mixed development project comprising 268 residential suites, recreational facilities, commercial space and carpark	Construction of two (2) blocks of residential units comprising 440 'Residensi Wilayah' affordable housing units and 435 condominium units
Total estimated construction costs	RM779.89 million	RM103.89 million	RM260.57 million

Name	Lake Side Homes Project	Sentul Ria Project	LSH Segar Project
Construction status as at 1 March 2024	Construction work is expected to commence in the third quarter of 2024, with full completion expected by the fourth quarter of 2028	Commenced preliminary construction works (such as site clearing, hoarding and road paving) in October 2023 and full completion is targeted by the first quarter of 2027	Commenced construction works in October 2021, with completion at approximately 54.16% as at 1 March 2024 and full completion is targeted by the third quarter of 2026

The Group will also fund the remaining construction costs for the abovementioned residential and mixed development construction projects using its internal funds and/or bank borrowings.

If the Group is unable to fully utilise the proceeds allocated for the abovementioned projects given that the actual usage is dependent on the status of the work progress and the actual funding requirement at the point of utilisation, as well as timing of receipt of the proceeds raised from the Proposed Public Issue, any excess in the proceeds allocated for these purposes will be reallocated to other ongoing and/or future construction projects (including any infrastructure construction and civil engineering work projects) to be identified by the Group.

- (b) As at 31 January 2024, the Group has nine (9) ongoing infrastructure construction and civil engineering work projects with total outstanding orderbook of approximately RM501.26 million, all of which are with external clients. In this regard, the Company intends to allocate RM20.00 million of the gross proceeds to fund the working capital required for the Group's existing infrastructure construction and civil engineering work projects in the following manner:

Nature of expenditure	RM'000
Subcontractor services such as site clearing and earthworks, reinforced concreting and structural works as well as road paving works	13,300
Purchase of construction materials from suppliers	5,700
Construction workers' salaries and wages	1,000
Total	20,000

For information purpose, the abovementioned expenditures make up the largest components of the construction costs for the Group's infrastructure construction activities and civil engineering work. However, depending on the operating and funding requirements of the Group at the point of utilisation, the proceeds to be utilised for each component of expenditure as set out in the table above may change.

- (c) The Company also intends to allocate RM10.00 million of the gross proceeds to fund any future construction projects which the Group may secure over the 24-month period subsequent to the completion of the Proposed Transfer of Listing. These may include payment of performance bonds for tender jobs and working capital requirements which may include payment for subcontractor services, purchase of building and/or construction materials as well as payments for construction workers' salaries and wages.
- (ii) As at LPD, the Group's total borrowings amounted to approximately RM29.11 million which include trade line, hire purchases, term loans and overdraft facilities granted by financial institutions and licensed moneylender, namely LSH Holdings. The Company intends to use RM11.00 million of the gross proceeds raised from the Proposed Public Issue to part-settle a RM12.00 million five (5)-year financing obtained by ASES from LSH Holdings which bears an interest rate of 3.00% per annum pursuant to the moneylending agreement dated 9 November 2023 ("**ASES Borrowing**").

For information purpose, the ASES Borrowing was used to pay the development charges to Dewan Bandaraya Kuala Lumpur ("**DBKL**") for the Lake Side Homes Project. As at LPD, the outstanding principal amount for the ASES Borrowing stood at approximately RM11.48 million. The partial repayment of the ASES Borrowing will result in an annual gross interest savings of approximately RM0.33 million.

In the event the actual amount outstanding to be repaid for the ASES Borrowing is lesser than the amount allocated for the aforementioned repayment, such surplus proceeds will be reallocated to fund the working capital for the Group's existing and future construction projects.

- (iii) *The expenses in relation to the Proposed Transfer of Listing are estimated to be about RM7.30 million, the details of which are as follows:*

Purpose	RM'000
<i>Estimated professional fees</i>	3,590
<i>Estimated fees payable to authorities</i>	76
<i>Estimated brokerage, underwriting and placement fees</i>	2,858
<i>Estimated EGM, printing and advertising expenses</i>	601
<i>Other miscellaneous expenses and contingencies</i>	175
Total	7,300

Any variation in the actual amount of expenses will be adjusted to or from the gross proceeds allocated for the working capital for the Group's future construction projects.

The actual gross proceeds to be raised from the Proposed Public Issue will depend on the final Offering Price and the number of Issue Shares to be issued which will be set out in the Prospectus. In the event the actual gross proceeds to be raised from the Proposed Public Issue is higher or lower than the estimated gross proceeds as set out in the table above, the difference will be adjusted to or from the gross proceeds allocated for the working capital for the Group's future construction projects.

Pending the use of proceeds to be raised from the Proposed Public Issue for the purposes as set out above, the Company intends to place such proceeds in interest-bearing accounts with licensed financial institution(s) and/or money market instrument(s), as the Board may deem fit. Any interest/profit derived from such deposit(s) and/or any gain arising from such market instrument(s) will be used to fund the working capital requirements of the Group.

For avoidance of doubt, the Company will not receive any proceeds from the Proposed Offer for Sale. Based on the Illustrative Offering Price of RM0.88 per Offer Share, the Proposed Offer for Sale will raise gross proceeds of up to RM51.92 million which will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear all expenses relating to the Proposed Offer for Sale, including the placement fee in respect of the Offer Shares.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED PUBLIC OFFERING

The Proposed Public Offering is undertaken by the Company in conjunction with the Proposed Transfer of Listing in accordance with Rule 3A.02(1)(d) of the ACE LR which requires an applicant who is seeking a transfer of listing from the LEAP Market to the ACE Market to undertake an issue of shares to the general public as part of its transfer of listing. In addition, as the Company is required to comply with the Public Spread Requirement upon listing on the ACE Market, the Proposed Public Offering serves to facilitate the increase in the Company's shareholder base to comprise at least 25% of its total enlarged number of Shares being in the hands of a minimum of 200 public shareholders, from its current public shareholding spread of approximately 5.80% held by a total of 57 public shareholders as at LPD, as well as increasing equity participation from a broader mix of retail and institutional investors.

The Proposed Public Offering also enables the Company to raise an estimated RM116.16 million of gross proceeds, which has been principally earmarked to fund the working capital for the Group's residential and mixed development construction projects, namely the Lake Side Homes Project, Sentul Ria Project and LSH Segar Project, as well as the Group's existing infrastructure construction and civil engineering work projects such as the construction of bridge structural works in Nibong Tebal, Penang and construction of road works in Sembrong, Johor. The Lake Side Homes Project, Sentul Ria Project and LSH Segar Project each carry an estimated gross development value ("**GDV**") of approximately RM1.15 billion, RM152.68 million and RM395.86 million, with construction targeted to be fully completed by the fourth quarter of 2028, first quarter of 2027 and third quarter of 2026 respectively. As for the Group's infrastructure construction and civil engineering works projects, the Group has total outstanding orderbook of approximately RM501.26 million across nine (9) projects as at 31 January 2024, which contribute to the Group's project pipeline for this segment until 2027. In this regard, the deployment of proceeds raised from the Proposed Public Issue towards the Group's construction projects will ease the Group's cash flow when carrying out its construction activities.

Aside from the above, the Company also intends to set aside RM10.00 million of gross proceeds raised from the Proposed Public Issue for future construction projects. With readily available funds earmarked for this purpose, the Group will be able to quickly undertake future construction projects should an immediate need for performance bonds and/or working capital arise. This places the Company in a competitive position to bid and secure future construction projects, thereby further supporting the Company's aspirations to be a leading construction company in the nation. In addition, the use of part of the gross proceeds to be raised from the Proposed Public Issue to pare down some of the Group's borrowings would also immediately result in an annual gross interest savings of approximately RM0.33 million, which is expected to further ease the Group's cash flow and strengthen the Group's financial position.

For information purpose, the Company has not undertaken any equity fund-raising exercise in the past 12 months preceding the date of this Announcement.

Furthermore, the Company did not raise any proceeds during its listing on the LEAP Market on 30 July 2021. However, the Company had on 6 May 2021, raised RM4,661,744.75 from the pre-listing investors via the issuance of 35,859,575 Shares at the subscription price of RM0.13 each. For further details and status of the use of such proceeds raised, please refer to Section 5 of Appendix I of the Company's announcement dated 12 October 2023.

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4. OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The global economy is expected to grow at a sustained pace in 2024. Tight monetary policy and withdrawal of fiscal support will weigh on growth. But this will be offset by a rebound in international trade, resilient labour market and falling inflation. The global trade rebound is driven by global technology upcycle, and full recovery in tourism activity. Global inflation will moderate further, as falling commodity prices and loosening labour market translate to lower core inflation. After benefiting from reopening recovery in 2023, China's growth is expected to soften in 2024, given continued drag from the property market downturn.

Downside risks stem mainly from an escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and heightened volatility in global financial markets. However, upside risk to global growth could arise from stronger-than-expected domestic demand, especially in advanced economies, and stronger fiscal policy support in China.

For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans. Budget 2024 measures will also provide additional support to economic activity.

The growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of both existing and new projects.

In 2024, inflation is expected to remain modest, broadly reflecting stable cost and demand conditions. However, the inflation outlook remains highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(Source: Quarterly Bulletin Vol. 38, No. 4, Fourth Quarter of 2023, Bank Negara Malaysia)

4.2 Overview and outlook of the Malaysian construction industry

The construction industry is crucial for a country's development and as such, economic growth is typically reflected by a growing construction industry. Between 2017 and 2019, the gross domestic product ("**GDP**") for the construction industry in Malaysia increased from RM63.5 billion to RM66.5 billion, recording a compound annual growth rate ("**CAGR**") of 2.3%. Following the COVID-19 pandemic, Malaysia's construction GDP decreased to RM53.6 billion in 2020 and RM50.9 billion in 2021, before increasing to RM53.4 billion in 2022.

The number of awarded construction projects grew from 8,707 projects in 2018 to 10,687 projects in 2020. The growth in number of awarded construction projects between 2018 and 2020 were primarily due to an increase in number of infrastructure and social amenities construction projects from 3,377 projects in 2018 to 4,371 projects in 2020, and an increase in number of commercial construction projects from 3,098 projects in 2018 to 3,968 projects in 2020. Despite the COVID-19 pandemic which began in 2020, the number of awarded infrastructures, social amenities and commercial construction projects in the country were not materially impacted as the construction industry was deemed as an essential service and many construction companies could resume their activities within two (2) weeks from the implementation of the nationwide Movement Control Order (“MCO”). However, the value of awarded construction projects experienced a decline from RM141.2 billion in 2018 to RM91.2 billion in 2020. Despite the ability to resume construction works during the MCO period, the MCO caused economic uncertainty which caused delays in the execution of existing projects, and exerted cash flow pressures on construction companies which involved in these projects.

The number of awarded construction projects across all sectors (i.e. infrastructure, social amenities, commercial and residential) grew further in 2021 to 13,578 projects, following the opening of various sectors again coupled with the National COVID-19 Immunisation Programme. Meanwhile, the value of awarded construction projects also rose from RM91.2 billion in 2020 to RM132.7 billion in 2021. The high uptake of vaccinations by the population contributed to the country's economic recovery and allowed businesses and individuals to return to normal daily activities with minimal disruptions. Various initiatives were also announced by the Malaysian Government under Budget 2021 and there were various economic stimulus packages such as the Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and Short-Term Economic Recovery Plan (PENJANA).

Following the various initiatives and economic stimulus packages implemented in 2021, the number of infrastructure and social amenities construction projects experienced a slight decline in 2022, from 5,788 projects in 2021 to 5,175 projects in 2022. Nevertheless, the number of commercial and residential construction projects increased from 7,790 projects in 2021 to 8,045 projects in 2022. During the same period, the value of the awarded construction projects across all sectors (i.e. infrastructure, social amenities, commercial and residential) grew from RM132.7 billion in 2021 to RM163.2 billion in 2022.

The ongoing development of large-scale projects within the country is expected to continue to drive demand for building materials. Among the ongoing and upcoming major development projects in Malaysia include the Pan-Borneo Highway, Central Spine Road, Sarawak-Sabah Link Road Phase 2 and Penang Light Rapid Transit (LRT). Under Budget 2024, the Malaysian Government has also allocated funds to accelerate public infrastructure projects, including allocation of RM2.8 billion for maintenance of federal roads and bridges, RM2.4 billion to build, maintain and repair quarters for civil servants, teachers, hospitals, police, armed forces and firefighters, as well as RM2.5 billion for the implementation of people's housing projects (including reviving abandoned projects, continuing the implementation of 'Program Perumahan Rakyat' and 'Rumah Mesra Rakyat', as well as providing aid for the renovation and construction of low-cost houses) in 2024.

Additionally, under the Twelfth Malaysia Plan, several strategies will be undertaken to increase the supply of quality affordable housing for the population, especially to the low-income group. This includes improving access to affordable housing through the provision of financing facilities for first-time home buyers, managing housing construction costs by developing a cost-sharing mechanism between the Malaysian Government and private developers, and building a total of 500,000 affordable houses at strategic locations.

(Source: Providence Strategic Partners Sdn Bhd)

4.3 Overview and outlook of the Malaysian property development industry

The performance of the property development industry in Malaysia, as depicted by the value of property transactions for all types of properties, grew at a CAGR of 6.3% between 2018 and 2022, from RM140.3 billion to RM179.1 billion. The industry size encompasses transactions for residential, commercial, industrial and other property segments.

The overall property development industry was adversely affected by the COVID-19 pandemic in 2020, resulting in a decline in property transaction values by 15.8%, from RM141.4 billion in 2019 to RM119.1 billion in 2020. To aid the recovery of the industry, the Malaysian Government introduced several initiatives to stimulate the property development industry and provided financial relief to homebuyers and homeowners. This included the Home Ownership Campaign 2020-2021 where homebuyers enjoyed stamp duty exemption on the instruments of transfer and loan agreements for the purchase of residential properties valued at between RM0.3 million and RM2.5 million, subject to a discount of at least 10.0% from the developer. In addition, homeowners intending to sell their properties were exempted from paying Real Property Gains Tax (RPGT) for the disposal of up to three (3) residential properties per individual between 1 June 2020 and 31 December 2021. Further, the existing 70.0% financing limit on a third housing loan for a residential property valued at RM600,000 and above was lifted during the period. As a result of these initiatives, the property development industry recovered in 2021, growing by 21.6%.

The property development industry in Malaysia is driven by long-term economic growth, whereby a growing or stable economy indicates higher disposable income and affluence of the population. This signifies growth opportunities, especially for residential property. Between 2018 and 2022, the gross national income ("**GNI**") per capita grew from RM43,316 to RM53,043, registering a CAGR of 5.2%. The rise in GNI per capita signifies growing disposable income and improving standard of living of the population, leading to a more affluent population with greater spending power. The increasing disposable income of Malaysia's population has a positive correlation on the demand for residential properties, as the total value of residential property transactions increased in tandem from RM68.8 billion in 2018 to RM94.3 billion in 2022, recording a CAGR of 8.2%.

In addition, population growth signifies growth opportunities for the property development market. The population of Malaysia grew from 32.4 million to 32.7 million between 2018 and 2022. This indicates a potential growth in demand for all types of property including residential, commercial and industrial, to support the needs of the growing population.

Residential property has the largest share of the property development market, contributing RM94.3 billion (or 52.7%) in 2022 to the total property transaction value in Malaysia. Meanwhile, the Malaysian Government has announced various initiatives to increase home ownership in Malaysia. These include:

- (i) **Budget 2023** – Under Budget 2023, the Malaysian Government had declared full stamp duty exemption for first home of up to RM500,000 in value until the end of 2025;
- (ii) **Budget 2024** – Under Budget 2024, the Malaysian Government declared several benefits in relation to the property development segment such as:
 - (a) an allocation of RM10 billion under the Housing Credit Guarantee Scheme, a scheme established to help individuals without a steady income to achieve home ownership;
 - (b) an allocation of RM2.47 billion for public housing projects; and
 - (c) a fixed stamp duty fee of RM10 will be introduced to replace the current variable rate for property transfer documents among family members;

- (iii) **‘Rumah Selangorku’** – An initiative introduced by the Selangor State Government to provide low-cost, low-medium and medium-cost housing for the people. In January 2014, the ‘Pekeliling Dasar Rumah Selangorku Bil 1 Tahun 2013’ took effect which resulted in all development of affordable homes in Selangor being included under the ‘Rumah Selangorku’ scheme. The scheme was established with the intention to provide information on affordable homes to qualifying citizens earning low-income and middle-income within the state. The pricing for these homes range between RM42,000 and RM250,000, and applicants are limited to one (1) purchase. This scheme is expected to encourage the development of affordable homes within Selangor and assist qualifying citizens of low-income and middle-income groups with a maximum household income of RM10,000 to purchase their first homes;
- (iv) **‘Residensi Wilayah’ (previously known as ‘Rumah Mampu Milik Wilayah Persekutuan’ (RUMAWIP))** – An initiative by the Ministry of Federal Territories that was put in motion in 2019. The scheme aims to provide affordable housing to the middle-income group in the federal territories, namely Kuala Lumpur, Putrajaya and Labuan. Additionally, this scheme is also intended to inform the people on property ownership and help them in taking the first step into owning a residential property. Under the ‘Residensi Wilayah’ initiative, 80,000 houses will be built throughout the span of a decade (i.e. 2019-2028). These houses are set to have a maximum price cap of RM300,000. This initiative is open to applicants born, residing or working in the federal territories who earn less than RM10,000 per month (for single applicants) or in total less than RM15,000 per month (for married couples). Additionally, every household is limited to one (1) application towards any project under the ‘Residensi Wilayah’ initiative; and
- (v) **Mesra Rakyat Housing programme** – This programme was introduced in 2002 with the aim to assist the lower income group in owning a house. The Malaysian Government has raised the monthly household income eligibility from RM3,000 to RM5,000. In addition, the monthly instalment period has been extended from 16 to 25 years with a fixed rate of RM300. This will allow a larger segment of the population to benefit from this housing programme. The Malaysian Government has also allocated RM358 million to construct 3,500 units in 2024.

The abovementioned drivers are expected to stimulate the growth of the property development market in Malaysia over the long term.

(Source: Providence Strategic Partners Sdn Bhd)

4.4 Prospects of the Group

The Group was principally involved in the construction products segment upon the Company’s listing on the LEAP Market on 30 July 2021, i.e. distribution and/or retail of building materials, lighting products and related mechanical and electrical (M&E) products and services which are carried out by LSH Lighting, and wholesale and retail of hardware and tools as well as rental of machinery for the construction industry which are carried out by Knight Auto. To-date, the Group has 10 physical retail stores across the central region in Klang Valley and has also established its online presence vide its own online store and third-party e-commerce platforms.

Following its listing on the LEAP Market, the Company completed the acquisition of 100% equity interest in LSHBB from the Promoters on 15 October 2021, after which the shareholders of the Company had subsequently on 9 September 2022, approved the diversification of the Company’s then principal activities to include businesses in construction and provision of construction-related services and solutions. Subsequent to the approval of the shareholders of the Company on 28 March 2023 for the Company to further diversify its then principal activities to include property development activities, the Company also completed the acquisitions of 100% equity interest in ASSB and LSH Ventures from its related parties (i.e. including some of the Promoters) on 19 April 2023.

The completion of the various corporate proposals since its listing on the LEAP Market have transformed the Group into a full-fledged construction and construction-related services and solutions provider, as well as a property developer. This has allowed the Group to unlock value-enhancing synergies with increased efficiency, improved innovation, enhanced solutions and larger orderbook, resulting in a stronger and more effective entity that is expected to propel the growth and profitability of the Group moving forward.

In addition, the acquisitions of LSHBB and ASSB have allowed the Group to expand its construction capabilities by fully integrating digital technologies to optimise its operations, enhance its range of services and solutions as well as deliver value to its clients. For shareholders' information, on 9 September 2022, LSHBB had entered into a collaboration agreement with Gamuda Industrial Building System Sdn Bhd ("**Gamuda IBS**") to record the parties' intention and understanding to promote the use of digital Industrial Building System through identification of potential projects for joint operation and strategic ventures. This collaboration agreement has a term of three (3) years from 9 September 2022, unless the parties mutually agree to terminate or extend the collaboration period. Through this collaboration, LSHBB and Gamuda IBS aim to support the industry's transition towards the Fourth Industrial Revolution (IR4.0) via digitalisation of work processes and automation of construction works. This wide-scale digital ecosystem manufacturing is expected to result in less construction wastage, increased productivity, shorter construction period and reduced reliance on foreign labour.

As at 31 January 2024, the Group has completed 34 construction projects (including those that were completed by LSHBB and ASSB prior to the Company's acquisition of LSHBB and ASSB in October 2021 and April 2023 respectively) with a total combined value of approximately RM862.51 million, of which approximately RM547.47 million were awarded by companies in which the Promoters and/or person connected to them have interest in. Some of the notable construction projects completed include various scope of work done for the Duta-Ulu Kelang Expressway (DUKE) project, the EkoCheras mixed development project and the Setiawangsa-Pantai Expressway (SPE) project. As at 31 January 2024, the total outstanding orderbook for construction works stood at approximately RM1.63 billion of which approximately RM626.17 million are from external clients.

In addition, the Group also provides construction-related services and solutions under its collaboration framework known as the BEST Collaboration Framework for construction projects secured and property development projects undertaken by the Group's clients, in which the Group will be entitled to fees based on its client's construction and property projects value. As at 31 January 2024, the total construction and property projects value of its clients stood at approximately RM2.78 billion of which approximately RM1.25 billion are from external clients. Furthermore, the Group also undertakes property development activities, with projects carrying a total estimated GDV of around RM1.55 billion as at 31 January 2024. The Group's property development activities are also expected to benefit other divisions under the Group.

The Group will continue to focus in growing its construction and construction-related services and solutions segment and to complete the constructions projects that have been secured. The Group will continue to look for opportunities to secure more construction projects and construction-related services and solutions under its BEST Collaboration Framework as well as to identify landbank with development potential. This will provide a platform for the Group to grow further and enhance its reputation in the construction and property development industries. The size to which the Group has grown since the Company's listing on the LEAP Market on 30 July 2021 and the notable construction projects completed to-date have elevated and reinforced the Group's prominence in the construction and property development industries, and are also expected to provide confidence to future clients and the Malaysian Government that the Group is able to be entrusted with larger projects in the future.

In light of the above and premised on the positive outlook for the Malaysian economy, the construction industry and property market, in particular the affordable housing segment, the Company is optimistic on the prospects of the Group.

(Source: Management of the Company)

5. EFFECTS OF THE PROPOSED PUBLIC OFFERING

5.1 Issued share capital

The Proposed Offer for Sale will not have any effect on the Company's issued share capital. However, the pro forma effects of the Proposed Public Issue on the issued share capital of the Company are as follows:

	No. of Shares	RM
Issued share capital as at LPD	706,360,208	334,768,002
Add: To be issued pursuant to the Proposed Public Issue	132,000,000	⁽¹⁾ 112,737,120
Enlarged issued share capital after the Proposed Public Issue	838,360,208	447,505,122

Note:

- (1) *Calculated based on the Illustrative Offering Price of RM0.88 per Issue Share and after deducting estimated expenses of approximately RM3.42 million which is assumed to be directly attributable to the issuance of new Shares under the Proposed Public Issue and will be set off against the share capital of the Company.*

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5.2 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Public Offering on the shareholdings of the substantial shareholders of the Company based on the register of substantial shareholders of the Company as at LPD are as follows:

	As at LPD				After the Proposed Public Offering			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
LSH Resources	543,501,717	76.94	-	-	542,019,809	64.65	-	-
LSH Holdings	-	-	⁽³⁾ 543,501,717	76.94	-	-	⁽³⁾ 542,019,809	64.65
Tan Sri KC Lim	29,290,029	4.15	⁽⁴⁾ 543,501,717	76.94	14,955,281	1.78	⁽⁴⁾ 542,019,809	64.65
DLKG	29,349,729	4.16	⁽⁴⁾ 543,501,717	76.94	14,955,281	1.78	⁽⁴⁾ 542,019,809	64.65
Lim Pak Lian	29,349,729	4.16	⁽⁴⁾ 543,501,717	76.94	14,955,281	1.78	⁽⁴⁾ 542,019,809	64.65
Lim Keng Hun	29,349,729	4.16	⁽⁴⁾ 543,501,717	76.94	14,955,281	1.78	⁽⁴⁾ 542,019,809	64.65

Notes:

(1) Based on the total number of 706,360,208 Shares as at LPD.

(2) Based on the enlarged total number of 838,360,208 Shares after the Proposed Public Offering.

(3) Deemed interested by virtue of its interest in LSH Resources pursuant to Section 8 of the Companies Act 2016 ("Act").

(4) Deemed interested by virtue of his/her indirect shareholding in LSH Resources via his/her direct interest in LSH Holdings pursuant to Section 8 of the Act.

5.3 NA per Share and gearing

The Proposed Offer for Sale will not have any effect on the consolidated NA per Share and gearing of the Company. However, for illustrative purpose only, based on the latest audited consolidated statements of financial position of the Company as at 30 September 2023 and on the assumption that the Proposed Public Issue (including the use of proceeds as set out in Section 2.6 of this Announcement) had been effected on that date, the pro forma effects of the Proposed Public Issue on the consolidated NA per Share and gearing of the Company are as follows:

	Audited as at 30 September 2023	(I) Subsequent material events up to LPD ⁽⁴⁾	(II) After (I), the Proposed Public Issue and use of proceeds
	(RM)	(RM)	(RM)
Share capital	334,768,002	334,768,002	⁽⁵⁾ 447,505,122
Merger deficit	(29,618,571)	(29,618,571)	(29,618,571)
Retained profits	115,678,222	104,447,095	⁽⁵⁾ 100,569,975
Equity attributable to owners of the Company/NA	420,827,653	409,596,526	518,456,526
Non-controlling interests	55,845	55,845	55,845
Total equity	420,883,498	409,652,371	518,512,371
No. of Shares in issue	706,360,208	706,360,208	838,360,208
NA per Share ⁽¹⁾	0.60	0.58	0.62
Total borrowings ⁽²⁾	18,202,538	30,202,538	⁽⁶⁾ 19,202,538
Gearing ratio (times) ⁽³⁾	0.04	0.07	0.04

Notes:

- (1) Calculated based on NA over number of Shares in issue.
- (2) Total borrowings include interest-bearing borrowings and lease liabilities.
- (3) Computed based on total borrowings over NA.
- (4) After taking into consideration the following material events which occurred post 30 September 2023 up to LPD:
 - (i) second interim single-tier dividend of 1.59 sen per Share amounting to approximately RM11.23 million in respect of the FYE 30 September 2023 which was paid on 20 December 2023 to its shareholders; and
 - (ii) drawdown of the ASES Borrowing of RM12.00 million.
- (5) Calculated based on the Illustrative Offering Price of RM0.88 per Issue Share and after deducting estimated expenses to be incurred in relation to the Proposed Transfer of Listing (including the Proposed Public Issue) of RM7.30 million of which approximately RM3.42 million will be set off against the share capital of the Company and the remaining RM3.88 million will be charged to the retained profits of the Company.
- (6) After taking into consideration the proposed repayment of the ASES Borrowing amounting to RM11.00 million using the gross proceeds to be raised from the Proposed Public Issue.

5.4 EPS

The Proposed Offer for Sale will not have any effect on the consolidated EPS of the Company. The Proposed Public Issue is also not expected to have any material impact on the consolidated EPS of the Company, save for the dilution to EPS as a result of the increase in the number of Shares arising from the Proposed Public Issue.

Although the EPS will be diluted as a result of the increase in the number of Shares, the Proposed Public Issue is expected to contribute positively to the future earnings of the Group as and when the benefits arising from the proposed use of proceeds as detailed in Sections 2.6 and 3 of this Announcement are realised.

5.5 Convertible securities

The Company does not have any convertible security in issue as at LPD.

6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Public Offering is undertaken by the Company in conjunction with the Proposed Transfer of Listing in accordance with Rule 3A.02(1)(d) of the ACE LR. As such, the implementation of the Proposed Transfer of Listing is conditional upon the completion of the Proposed Public Offering.

The Proposed Transfer of Listing is subject to and conditional upon the following being obtained:

- (i) approval of the shareholders of the Company for the following:
 - (a) Proposed Withdrawal of LEAP Listing; and
 - (b) Proposed ACE Listing,at an EGM to be convened;
- (ii) approval from Bursa Securities for the following:
 - (a) Proposed Exemption, which was obtained vide its letter dated 29 February 2024 subject to the condition that the undertakings set out in the Undertaking Letters provided by all shareholders of the Company remain valid and binding until the completion of the Proposed Withdrawal of LEAP Listing;
 - (b) Proposed Withdrawal of LEAP Listing; and
 - (c) Proposed ACE Listing;
- (iii) approval from the Equity Compliance Unit of the Securities Commission Malaysia for the resultant equity structure of the Company pursuant to the Proposed Public Offering under the equity requirement for public listed companies;
- (iv) approval from the MITI for the allocation of Offering Shares to Bumiputera investors to be identified and approved by the MITI; and
- (v) approval, waiver and/or consent of any other relevant authority and/or party, if required.

Save as disclosed above, the Proposed Transfer of Listing and Proposed Public Offering are not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

Pre-emptive rights to the new Shares to be issued under the Proposed Public Offering

For shareholders' information, Section 85(1) of the Act provides as follows:

"85. Pre-emptive rights to new shares

- (1) *Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."*

Clause 67 of the Constitution of the Company ("**Constitution**") further provides as follows:

"Subject to any direction to the contrary that may be given by the Company in general meeting, all new Shares or other convertible Securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to the Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution."

Pursuant to Section 85(1) of the Act read together with Clause 67 of the Constitution as set out above, the shareholders of the Company have pre-emptive rights to be offered any new Shares which rank equally to the existing issued Shares or other convertible securities ("**Pre-emptive Rights**").

Accordingly, with regards to item (i) above, the Company will seek its shareholders' approval for a waiver of their Pre-emptive Rights in conjunction with the Proposed Transfer of Listing. Such waiver will be incorporated into the ordinary resolution pertaining to the Proposed ACE Listing to be tabled at the EGM to be convened and set out in the Notice of EGM which will be enclosed in the circular to the shareholders in relation to the Proposed Transfer of Listing to be issued in due course. Essentially, this means that if the ordinary resolution pertaining to the Proposed ACE Listing is approved by the shareholders of the Company at the EGM to be convened, such approval is also tantamount to the shareholders of the Company agreeing to waive their Pre-emptive Rights in respect of the Issue Shares to be issued and allotted by the Company pursuant to the Proposed Public Offering which is undertaken by the Company in conjunction with the Proposed Transfer of Listing.

With regard to item (ii)(a) above on the approval from Bursa Securities on the Proposed Exemption, the Company wishes to highlight that it has obtained irrevocable and unconditional written undertakings from all of its shareholders to:

- (i) waive their entitlement to an Exit Offer and the appointment of IA under Rules 8.06(1)(c) and (d) of the LEAP LR respectively;
- (ii) continue to hold and not dispose of, transfer or reduce their entire shareholdings in the Company from the date of such written undertaking until the completion or termination (as the case may be) of the Proposed Withdrawal of LEAP Listing (as opposed to until the conclusion of the Company's EGM for the Proposed Transfer of Listing)⁽¹⁾; and
- (iii) if permissible, vote in favour of the resolution(s) pertaining to the Proposed Transfer of Listing (including the Proposed Withdrawal of LEAP Listing) to be tabled at the EGM to be convened.

Note:

- (1) *For information purpose, the Promoters have also provided their respective irrevocable and unconditional written undertaking to continue to hold and not dispose of, transfer or reduce their entire shareholdings in the Company from the date of such written undertaking until the completion or termination (as the case may be) of the Proposed Withdrawal of LEAP Listing, save for the Offer Shares that the Promoters may offer for sale as part of the Proposed Public Offering.*

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

The Proposing Directors, who are siblings with each other as well as the Promoters and major shareholders of the Company by virtue of their direct and indirect shareholdings in the Company held via LSH Holdings and LSH Resources, have abstained and will continue to abstain from all Board deliberations and voting on all matters pertaining to the Proposed Transfer of Listing (including the Proposed Public Offering). In addition, Lim Ding Shyong, who is an Executive Director of the Company and the son of Tan Sri KC Lim, has also abstained and will continue to abstain from all Board deliberations and voting on all matters pertaining to the Proposed Transfer of Listing (including the Proposed Public Offering).

However, since the Proposed Withdrawal of LEAP Listing affects the rights of all the shareholders of the Company equally and no specific shareholder or group of shareholders will derive any special benefit from the Proposed Withdrawal of LEAP Listing, all shareholders of the Company are entitled to vote in respect of their direct and/or indirect shareholdings in the Company on the special resolution pertaining to the Proposed Withdrawal of LEAP Listing to be tabled at the EGM to be convened. Accordingly, the Promoters, Lim Ding Shyong and persons connected with them are not required to abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the special resolution pertaining to the Proposed Withdrawal of LEAP Listing to be tabled at the EGM to be convened.

Nevertheless, as the Proposed Public Offering is undertaken in conjunction with the Proposed ACE Listing and comprises the Proposed Offer for Sale which entails an offer for sale of the existing Shares by certain Promoters (namely LSH Resources, Tan Sri KC Lim, DLKG, Lim Pak Lian and Lim Keng Hun) and part of the gross proceeds raised from the Proposed Public Issue will be used to pare down part of the financing obtained from LSH Holdings (as detailed in Note (ii) of Section 2.6 of this Announcement), the Promoters are deemed interested in the Proposed ACE Listing. In this regard, the Promoters will abstain and will also ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company, if any, on the ordinary resolution pertaining to the Proposed ACE Listing to be tabled at the EGM to be convened.

In addition, all the Directors of the Company (except for the Proposing Directors) are eligible for an allocation of up to 500,000 Issue Shares each under the allocation of the Offering Shares to Eligible Persons pursuant to the Proposed Public Offering ("**Proposed Pink Form Offer**"). As such, these Directors are deemed interested in the Proposed Public Offering to the extent of their respective allocations and their eligibility to apply for any Excess Issue Shares not taken up by the other Eligible Persons under the Proposed Pink Form Offer, as well as allocations to persons connected to them (if any).

Accordingly, each of these Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocation and their eligibility to the Issue Shares as well as the proposed allocation to persons connected with them (if any). They will also abstain and will also ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company (if any), on the ordinary resolution pertaining to their respective proposed allocation of new Issue Shares to be tabled at the EGM to be convened.

For information, the respective interests of the Directors and interested major shareholders of the Company in the Company as at LPD are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Major shareholders</u>				
▪ LSH Resources	543,501,717	76.94	-	-
▪ LSH Holdings	-	-	⁽¹⁾ 543,501,717	76.94
<u>Major shareholders and Directors</u>				
▪ Tan Sri KC Lim	29,290,029	4.15	⁽²⁾ 543,501,717	76.94
▪ DLKG	29,349,729	4.16	⁽²⁾ 543,501,717	76.94
▪ Lim Pak Lian	29,349,729	4.16	⁽²⁾ 543,501,717	76.94
▪ Lim Keng Hun	29,349,729	4.16	⁽²⁾ 543,501,717	76.94
<u>Directors</u>				
▪ Lim Ding Shyong	-	-	-	-
▪ Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	2,000,000	0.28	-	-
▪ Lee Swee Kheng	-	-	-	-
▪ Dato' Wang Sze Yao @ Wang Ming Way	-	-	-	-

Notes:

- (1) Deemed interested by virtue of its interest in LSH Resources pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his/her indirect shareholding in LSH Resources via his/her direct interest in LSH Holdings pursuant to Section 8 of the Act.

Save as disclosed above, none of the Directors, major shareholders and/or chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Public Offering.

8. DIRECTORS' STATEMENT

The Board (save for the Proposing Directors who are also the Selling Shareholders and Lim Ding Shyong), after having considered all aspects of the Proposed Public Offering as well as the Proposed Transfer of Listing including the rationale, effects and impact thereto, is of the opinion that the Proposed Public Offering is in the best interest of the Company.

For avoidance of doubt, as the Directors of the Company (except for the Proposing Directors) are eligible to participate in the Proposed Public Offering via the Proposed Pink Form Offer, these Directors have abstained and will continue to abstain from forming an opinion and making any recommendation on the Issue Shares to be allocated to them or any person connected with them (if any) pursuant to the Proposed Pink Form Offer.

9. ADVISERS

As mentioned in the announcement dated 12 October 2023, AmInvestment Bank has been appointed as the Principal Adviser and Sponsor to the Company for the Proposed Transfer of Listing.

Astramina Advisory is the appointed Approved Adviser for the listing of LSH Capital on the LEAP Market and is currently the Continuing Adviser to the Company.

As at the date of this Announcement, Astramina Advisory has relinquished its role as the Financial Adviser to the Company for the Proposed Transfer of Listing.

10. APPLICATION TO THE RELEVANT AUTHORITIES

Subject to completion of, among others, the due diligence review and preparation of the relevant documents, the applications to the relevant authorities in relation to the Proposed Transfer of Listing (including the Prospectus) are expected to be made within four (4) months from the Company's receipt of the approval of its shareholders for the Proposed Transfer of Listing (including the Proposed Public Offering) at an EGM to be convened.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposed Public Offering is expected to be completed in the fourth quarter of 2024 alongside the Proposed Transfer of Listing.

The timeline for the implementation of the Proposed Transfer of Listing is expected to be as follows:

Date	Event
Second quarter of 2024	<ul style="list-style-type: none">▪ EGM to approve the Proposed Transfer of Listing (including the Proposed Public Offering)▪ Submission of the applications for the Proposed Transfer of Listing (including Prospectus) to the relevant authorities
Fourth quarter of 2024	<ul style="list-style-type: none">▪ Approval from the relevant authorities for the Proposed Transfer of Listing expected to be obtained▪ Registration of Prospectus▪ Issuance of Prospectus and commencement of the Proposed Public Offering period▪ Closing of the Proposed Public Offering period and announcement on level of subscription and basis of allotment for the Offering Shares▪ Issuance and/or transfer of the Offering Shares and notices of allotment▪ Withdrawal of the Company's listing from the LEAP Market▪ Listing and quotation of the entire issued share capital of the Company on the ACE Market

This Announcement is dated 6 March 2024.