

SENTORIA GROUP BERHAD (“SENTORIA” OR “COMPANY”)

I. PROPOSED SHARE CONSOLIDATION; AND

II. PROPOSED REDEEMABLE CONVERTIBLE BONDS

1. INTRODUCTION

On behalf of the Board of Directors of Sentoria (“**Board**”), Mercury Securities Sdn Bhd (“**Mercury Securities**”) wishes to announce that the Company proposes to undertake the following:

- (i) proposed consolidation of every 4 existing ordinary shares in Sentoria (“**Sentoria Shares**” or “**Shares**”) into 1 Sentoria Share (“**Consolidated Share(s)**”) (“**Proposed Share Consolidation**”); and
- (ii) proposed issuance of redeemable convertible bonds (“**Bonds**”) with an aggregate principal amount of up to RM150.0 million, which will mature on the date falling 36 months from the closing date of the first sub-tranche of the Tranche 1 Bonds (as defined herein) (“**Proposed RCB**”).

Both the Proposed Share Consolidation and Proposed RCB shall be collectively referred to as “**Proposals**”. Further details of the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Consolidation

2.1.1 Basis and number of Consolidated Shares

The Proposed Share Consolidation entails the consolidation of every 4 existing Sentoria Shares held by the shareholders of the Company, whose name appear in the Record of Depositor of the Company on the entitlement date to be announced and determined later (“**Entitlement Date**”), into 1 Consolidated Share.

As at 12 January 2024, being the latest practicable date of this announcement (“**LPD**”), the issued share capital of the Company is RM164,966,879 comprising 622,977,991 Shares (including 9,596,900 treasury shares). In addition, the Company has an outstanding 205,867,236 Warrants B (2018/2025) (“**Warrants B**”), which are exercisable into new 205,867,236 Shares at an exercise price of RM0.60 each.

For the avoidance of doubt, upon completion of the Proposed Share Consolidation, the 9,596,900 treasury shares will also be consolidated into 2,399,225 Consolidated Shares.

For illustration purposes, pursuant to the Proposed Share Consolidation:

- (i) the 622,977,991 Shares (including treasury shares) as at the LPD (assuming none of the outstanding Warrants B are exercised into new Shares prior to the entitlement date to be determined and announced later by the Board (“**Entitlement Date**”)) will be consolidated into 155,744,497 Consolidated Shares (“**Minimum Scenario**”); and
- (ii) the 828,845,227 Shares (including treasury shares) as at the LPD (assuming all of the outstanding Warrants B are exercised into new Shares prior to the Entitlement Date) will be consolidated into 207,211,306 Consolidated Shares (“**Maximum Scenario**”).

For the avoidance of doubt, the actual number of Consolidated Shares will be determined based on the total number of issued shares of the Company as at the Entitlement Date after taking into consideration any new Share that may be issued arising from the exercise of Warrants B.

Any fractional entitlements for the Consolidated Shares and the adjusted number of Warrants B ("**Consolidated Warrants B**") (i.e., Consolidated Share and Consolidated Warrant B of less than 1 unit each), if any, will be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit, expedient and in the best interest of the Company.

2.1.2 Theoretical adjusted reference price ("TARP") of Consolidated Shares and Consolidated Warrants B

Consolidated Shares

The Proposed Share Consolidation will result in an adjustment to the reference share price of Sentoria Shares listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

For illustration purposes, based on the last transacted market price of Sentoria Shares as at the LPD of RM0.075, the TARP of Sentoria Shares upon completion of the Proposed Share Consolidation is as follows:

| | <u>Minimum Scenario</u> | | <u>Maximum Scenario</u> | |
|--|--------------------------|---|--------------------------|---|
| | <u>As at the LPD</u> | <u>After Proposed Share Consolidation</u> | <u>As at the LPD</u> | <u>After Proposed Share Consolidation</u> |
| No. of Sentoria shares | 622,977,991 | 155,744,497 | 828,845,227 | 207,211,306 |
| Closing market price / TARP⁽¹⁾ | 0.075 | 0.300 ⁽¹⁾ | 0.075 | 0.300 ⁽¹⁾ |
| Total market value of Sentoria shares⁽²⁾ | <u>46,723,349</u> | <u>46,723,349</u> | <u>62,163,392</u> | <u>62,163,392</u> |

Notes:

- (1) $\text{TARP per Sentoria Share} = \text{Market price per Sentoria Share} \times \frac{\text{No. of Shares before the Proposed Share Consolidation}}{\text{No. of Consolidated Shares}}$
- (2) $\text{Total market value of Sentoria Shares} = \text{No. of Sentoria Shares} \times \text{Market / TARP per Sentoria share}$

Based on the above, the illustration for an assumed shareholding of 1,000 Shares is as follows:

| | <u>As at the LPD</u> | <u>After the Proposed Share Consolidation</u> |
|--|----------------------|---|
| No. of Sentoria Shares | 1,000 | 250 |
| Closing market price / TARP (RM) | 0.075 | 0.300 |
| Total market value of shareholding (RM) | <u>75</u> | <u>75</u> |

Consolidated Warrants B

For illustration purposes, the TARP per Warrant B upon completion of the Proposed Share Consolidation is set out below:

| | As at the LPD / Before Proposed Share Consolidation | After Proposed Share Consolidation |
|---|--|---|
| No. of Warrants B | 205,867,236 | 51,466,809 ⁽¹⁾ |
| Exercise price of Warrant B | RM0.60 | RM2.40 ⁽²⁾ |
| Closing market / TARP per Warrant B | RM0.020 | RM0.080 ⁽³⁾ |
| Total market value of Warrants B⁽⁴⁾ | RM4,117,344 | RM4,117,344 |

Notes:

- (1) $\text{Consolidated Warrants B} = \text{No. of Warrants B} \times \frac{\text{No. of Shares before the Proposed Share Consolidation}}{\text{No. of Shares after the Proposed Share Consolidation}}$
- (2) $\text{New exercise price of Consolidated Warrant B} = \text{Existing exercise price of Warrant B} \times \frac{\text{No. of Shares before the Proposed Share Consolidation}}{\text{No. of Consolidated Shares}}$
- (3) $\text{TARP per Warrant B} = \text{Market price per Warrant B} \times \frac{\text{No. of Warrants B before the Proposed Share Consolidation}}{\text{No. of Consolidated Warrants}}$
- (4) $\text{Total market value of Warrants B} = \text{No. of Warrants B} \times \text{Market / TARP per Warrant B}$

Based on the illustrations above, the Proposed Share Consolidation will reduce the number of Shares and Warrants B and thereafter increase the reference price of the Share and Warrant B, including the exercise price of Warrant B. However, it will not have any impact on the total market value of the securities held by the securities holders of Sentoria.

2.1.3 Ranking of the Consolidated Shares and Consolidated Warrants B

The Consolidated Shares shall rank equally in all respects with each other.

The Consolidated Warrants B shall rank equally in all respects with each other.

2.1.4 Suspension of trading in Shares and Warrants B

No suspension will be imposed on the trading of the Shares and Warrants B on the Main Market of Bursa Securities for the purposes of implementing the Proposed Share Consolidation.

2.1.5 Procedures for the implementation of Proposed Share Consolidation

An application will be made to Bursa Securities for the Proposed Share Consolidation.

The Consolidated Shares and Consolidated Warrants B will be listed and quoted on the Main Market of Bursa Securities on the next market day between Monday and Friday (inclusive both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities ("**Market Day**") following the Entitlement Date.

The notices of allotment of Consolidated Shares and Consolidated Warrants B will be issued and despatched to the respective entitled securities holders within 4 market days after 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 RCB

On 18 January 2024, Sentoria had entered into a conditional subscription agreement (“**Subscription Agreement**”) with Triton Capital Fund VCC (“**Triton**” or “**Subscriber**”), a variable capital company incorporated in Singapore, acting on behalf of and for the account of TCF Fund A, pursuant to which the Bonds will be issued by the Company in 3 main tranches, subject to the terms and conditions of the Subscription Agreement.

The Bonds are transferable and/or tradable in accordance with the terms and conditions of the Subscription Agreement. The Bonds may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to a person to whom an offer or invitation to subscribe for the Bonds and to whom the Bonds are issued, which would fall within any one of the categories of persons specified in Part 1 of Schedule 6 (or Section 229(1)(b) of the Capital Markets and Services Act, 2007 (“**CMSA**”)) and Part 1 of Schedule 7 (or Section 230(1)(b) of the CMSA), read together with Schedule 9 (or Section 257(3) of the CMSA), and subject to the applicable law, order, regulation or official directive of the Securities Commission Malaysia (“**Securities Commission**”) from time to time (including any amendments, supplementals and variation thereto).

The Bonds will be privately placed to and purchased by the Subscriber. The Bonds may be converted into Sentoria Shares which are unencumbered and free from any security interests, claims (including pre-emptive rights) or liens and will be freely transferable and shall rank equally in all respects with all other existing Share(s) except that the Conversion Shares shall not be entitled to any dividends, rights and/or other distributions that may be declared, made or paid prior to the date of allotment and issuance of the Conversion Shares, in accordance with the provisions of the Subscription Agreement.

The Bonds which are not redeemed, purchased, converted or cancelled by the Company will be redeemed by the Company, subject to there being no Event of Default (as defined in Section 2.2.1 of this announcement), at 100% of their nominal value on the Maturity Date (as defined in Section 2.2.1 of this announcement). The Company shall at least one month prior to the Maturity Date, despatch to all the holders of the Bonds (“**Bondholders**”) a notice of the Maturity Date, subject to the terms and conditions of the Subscription Agreement.

2.2.1 Salient terms of the Bonds

Unless otherwise stated, the terms used in this Section shall have the same meanings as those defined in the Subscription Agreement.

The salient terms of the Bonds are as follows:

Issue instrument : 1.0% Bonds due in 2027

Issue size : Up to RM150.0 million in aggregate nominal value, divided into main 3 tranches (each, a “**Main Tranche Bonds**”), in the following manner:

- (i) main tranche 1 bonds (“**Main Tranche 1 Bonds**”) is of an aggregate nominal value of up to RM50,000,000, comprising multiple sub-tranches (collectively, the “**Sub-Tranche 1 Bonds**”, or each, a “**Sub-Tranche 1 Bond**”) each with a minimum nominal value of RM500,000;

- (ii) main tranche 2 bonds ("**Main Tranche 2 Bonds**") is of an aggregate nominal value of up to RM50,000,000, comprising multiple sub-tranches (collectively, the "**Sub-Tranche 2 Bonds**", or each, a "**Sub-Tranche 2 Bond**") each with a minimum nominal value of RM500,000; and
- (iii) main tranche 3 bonds ("**Main Tranche 3 Bonds**") is of an aggregate nominal value of up to RM50,000,000, comprising multiple sub-tranches (collectively, the "**Sub-Tranche 3 Bonds**", or each, a "**Sub-Tranche 3 Bond**") each with a minimum nominal value of RM500,000.

The issuance of Tranche 2 Bonds and Tranche 3 Bonds shall be at the discretion of the Company in accordance with the terms and conditions of the Subscription Agreement.

Tenure : 36 months (3 years) from the Closing Date* of the first sub-tranche of Tranche 1 Bonds ("**Maturity Date**").

**Note:*

"Closing Date" means, in respect of each sub-tranche of the Bonds, the date on which such sub-tranche of the Bonds is subscribed for and issued pursuant to the Subscription Agreement.

Interest rate : The Bonds shall bear interest from the respective dates on which they are issued and registered in accordance with the terms and conditions as set out in the Subscription Agreement at the rate of 1.0% per annum, payable semi-annually in arrears on 30 June and 31 December in each year with the last payment of interest being made on the Maturity Date.

For the avoidance of doubt, there will be no further accrual of interest upon conversion of the Bonds. However, all interest accrued prior to the aforesaid conversion remains payable by the Company.

Method of issue : The Bonds will be privately placed to and subscribed by the Subscriber. No offering circular, information memorandum or prospectus will be issued by the Company for the proposed placement of the Bonds.

Bond Issue Price : In relation to each sub-tranche of the Bonds, the amount equivalent to 100% of the nominal value of the Bonds for such sub-tranche.

Issue and subscription of the sub-tranches of Tranche 1 Bonds : (a) In respect of the first Sub-Tranche 1 Bond, on the date falling five (5) Business Days⁽¹⁾ immediately after the fulfilment of the last condition precedent or such other date as the Company and the Subscriber ("Parties") may agree in writing, such date being the Closing Date for the first Sub-Tranche 1 Bond, in accordance with the Bonds Subscription Notice⁽²⁾ issued by the Subscriber.

Thereafter, in respect of each subsequent Sub-Tranche 1 Bonds, on or before the fifth (5th) Business Day after the Conversion Date (as defined herein) of the immediately preceding Sub-Tranche 1 Bonds, or such other date as the Parties may agree in writing, such date being the Closing Date for such subsequent Sub-Tranche 1 Bonds, in accordance with the Bonds Subscription Notice issued by the Subscriber;

(b) Subject to there being no Event of Default (as defined below) and the Closing Price⁽³⁾ of the Shares (post completion of the Proposed Share Consolidation) being not lower than 120% of the Minimum Conversion Price (as defined below) on any Business Day:

(i) within five (5) consecutive Business Days immediately before the first Closing Date of the first (1st) Sub-Tranche 1 Bonds; and

(ii) within the Relevant 30 Days Period,

the Subscriber agrees to subscribe for Bonds with a minimum principal value of RM2.50 million, within 30 days from the first Closing Date of the Main Tranche 1 Bonds ("**Relevant 30 Days Period**"); and

(c) subject to there being no Event of Default and the Closing Price of the Shares (post completion of the Proposed Share Consolidation) being not lower than 120% of the Minimum Conversion Price on any Business Day:

(i) within the Relevant 60 Days Period,

the Subscriber agrees to further subscribe for Bonds with a minimum principal value of RM2.50 million, within 60 days from the first Closing Date of the Main Tranche 1 Bonds ("**Relevant 60 Days Period**").

Notes:

(1) "**Business Day**" means a day on which banks are open for business in Kuala Lumpur, Malaysia and Bursa Securities is open for trading, ending at 5.00 p.m. (Malaysia Standard Time or MST);

(2) "**Bonds Subscription Notice**" means the notice to be issued by the Subscriber to the Company to request for the issuance of the Bonds under the Subscription Agreement, the form of which is set out in the Subscription Agreement, subject to the terms of the Subscription Agreement.

(3) "**Closing Price**" means, in respect of a Share, on any particular Business Day, the closing price of the Shares on the Main Market for one Share on that day (as adjusted pursuant to the Subscription Agreement) PROVIDED THAT in the event that there has been no trading of the Shares on that day the "Closing Price" shall mean the closing price of one Share (as adjusted pursuant to the Subscription Agreement) on the preceding Business Day on which there was trading of the Shares and PROVIDED FURTHER THAT in the event that trading of the Shares is suspended, the "Closing Price" means, in respect of a Share, the last reported trading price of one Share (as adjusted pursuant to the Subscription Agreement) on the Business Day immediately prior to such suspension.

Options in respect of Main Tranche 2 Bonds and Main Tranche 3 Bonds

: The Company may issue an exercise notice in the form set out in the Subscription Agreement (“**Exercise Notice**”) at any time during the relevant Option Period (as defined hereinafter) to require the Subscriber to subscribe for Main Tranche 2 Bonds and Main Tranche 3 Bonds, as set out below:

- (i) in respect of Main Tranche 2 Bonds, the Option shall be exercised by the Company during the period of 30 calendar days commencing from the Conversion Date of the last Sub-Tranche 1 Bond; and
- (ii) in respect of Main Tranche 3 Bonds, the Option shall be exercised by the Company during the period of 30 calendar days commencing from the Conversion Date of the last Sub-Tranche 2 Bond

(each an “**Option Period**”).

Unless otherwise agreed by the Parties, if the Subscriber does not receive the Exercise Notice in respect of Main Tranche 2 Bonds or Main Tranche 3 Bonds within the respective prescribed Option Period, the Options in respect of Main Tranche 2 Bonds or Main Tranche 3 Bonds, as the case may be, shall lapse and cease to have any force or effect whatsoever and the Subscriber will have no obligation to subscribe and pay for any of the relevant Main Tranche Bonds.

Issuance of Main Tranche 2 Bonds and Main Tranche 3 Bonds

Upon receipt of the Exercise Notice from the Company in respect of Main Tranche 2 Bonds within the prescribed Option Period, and subject to satisfaction of the conditions precedent set out in the Subscription Agreement, the Subscriber shall issue a Bonds Subscription Notice within ten (10) Business Days from the Exercise Notice, to subscribe, and the Company shall issue, at the Bond Issue Price:

- (a) the first Sub-Tranche 2 Bonds (together with other Sub-Tranche(s) 2 Bonds, if so requested by the Subscriber in the Bonds Subscription Notice) on or before the fifth (5th) Business Day following the date of the Bonds Subscription Notice or such other date as the Parties may agree in writing, such date being the Closing Date for such Sub-Tranche(s) 2 Bonds; and
- (b) thereafter, in respect of subsequent Sub-Tranche(s) 2 Bonds, on or before the fifth (5th) Business Day after the Conversion Date in respect of the immediately preceding Sub-Tranche 2 Bonds or such other date as the Parties may agree in writing, such date being the Closing Date for such subsequent Sub-Tranche(s) 2 Bonds, in accordance with the Bonds Subscription Notice issued by the Subscriber.

Upon receipt of the Exercise Notice from the Company in respect of Main Tranche 3 Bonds within the prescribed Option Period, and subject to satisfaction of the conditions precedent set out in the Subscription Agreement, the Subscriber shall issue a Bonds Subscription Notice within ten (10) Business Days from the Exercise Notice, to subscribe, and the Company shall issue, at the Bond Issue Price:

- (a) the first Sub-Tranche 3 Bonds (together with other Sub-Tranche(s) 3 Bonds, if so requested by the Subscriber in the Bonds Subscription Notice) on or before the fifth (5th) Business Day following the date of the Bonds Subscription Notice or such other date as the Parties may agree in writing, such date being the Closing Date for such Sub-Tranche(s) 3 Bonds; and
- (b) thereafter, in respect of subsequent Sub-Tranche(s) 3 Bonds, on or before the fifth (5th) Business Day after the Conversion Date in respect of the immediately preceding Sub-Tranche 3 Bonds or such other date as the Parties may agree in writing, such date being the Closing Date for such subsequent Sub-Tranche(s) 3 Bonds, in accordance with the Bonds Subscription Notice issued by the Subscriber.

Concurrent subscription of Sub-Tranches

Notwithstanding any provisions in the Subscription Agreement, other than the first Sub-Tranche 1 Bond, the first Sub-Tranche 2 Bond and the first Sub-Tranche 3 Bond, in respect of each and all subsequent Sub-Tranche(s) 1 Bonds, Sub-Tranche(s) 2 Bonds and Sub-Tranche(s) 3 Bonds:

- (a) the Subscriber shall be entitled (at its election) to subscribe for one or multiple of such subsequent sub-tranche(s) concurrently notwithstanding the last Bond comprised within the immediately preceding sub-tranche of the Bond subscribed by the Subscriber has yet to be converted, by stipulating such intention in the Bonds Subscription Notice to be issued to the Company; and
- (b) the Company shall be obliged to issue such sub-tranche(s) of the Bonds on or before the fifth (5th) Business Day on receipt of such Bonds Subscription Notice issued by the Subscriber or such other date as the Parties may agree in writing, such date being the Closing Date of such subsequent sub-tranche(s) of the Bonds.

Conversion terms : The Bonds may be converted into duly authorised, validly issued, fully-paid and unencumbered Shares, at the option of the Bondholder thereof.

The number of Shares arising from the conversion of the Bonds to which a Bondholder is entitled on conversion of the Bond shall be determined by dividing the aggregate nominal value of the Bond held by the Bondholder with the applicable Conversion Price (as defined hereinafter), in effect on the relevant Conversion Date. The applicable accrued interest thereon up to and including the Conversion Date will be payable to the Bondholder in cash on the Conversion Date.

Fractions of a Share will not be issued on conversion and no adjustment or cash payment will be made in respect thereof.

Conversion Period

Any time, from and including the respective dates on which the Bonds are issued and registered in accordance with the Subscription Agreement up to the close of business (at the place where the Bond is deposited for conversion, namely, Malaysia) on the day falling 7 calendar days prior to the Maturity Date ("**Conversion Period**").

- Conversion Price** : The price at which each Share shall be issued upon conversion ("**Conversion Price**") shall be 80% of the average Closing Price per Share on any three (3) consecutive Business Days as selected by the Bondholder during the forty (40) Business Days immediately preceding the relevant Conversion Date on which Shares were traded on the Main Market provided that the Conversion Price for each Share shall not be less than the minimum conversion price, being RM0.20 per Share ("**Minimum Conversion Price**" or "**MCP**"). If the Conversion Price for each Share calculated is less than the MCP, the Conversion Price for each Share shall be equal to the MCP.
- Conversion Date** : The date on which the Conversion Notice is received by the Company via email, provided that if the Conversion Notice is received by the Company via email after 2.00 p.m. Malaysia time on such Business Day, the "Conversion Date" shall be the Business Day immediately after such Business Day.
- Conditions precedent to the closing date of the first Sub-Tranche 1 Bonds** : Notwithstanding any other provisions in the Subscription Agreement, the Subscriber shall not be obliged to subscribe and pay for the first Sub-Tranche 1 Bonds unless the following conditions precedent shall have been satisfied on or before the date falling five (5) calendar months from the date of the Subscription Agreement, or such other date as the Parties may agree in writing ("**Fulfilment Date**"), or otherwise waived by the Subscriber, if capable of being waived:
- (a) on the date of the Subscription Agreement, there shall have been delivered to the Subscriber, a list setting out the names of the substantial shareholders of the Company and their respective shareholdings in the Company dated the date of the Subscription Agreement, in such form and substance reasonably satisfactory to the Subscriber, which is certified to be true and accurate by a director or company secretary of the Company;
 - (b) on or before the Closing Date of the first Sub-Tranche 1 Bonds, the approvals of Shareholders for the Proposed Share Consolidation and invitation for subscription, or the issue, of the Bonds and the allotment and the issue of the Conversion Shares in accordance with the terms and conditions of the Subscription Agreement and all other matters in relation to and in connection therewith ("**Shareholders' Approval**") shall have been obtained at a general meeting of the Company and, where such approvals are obtained subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscriber, and to the extent that any such conditions are required to be fulfilled on or before the Closing Date of the first Sub-Tranche 1 Bonds, they are fulfilled. In addition, such approvals shall not be amended, withdrawn, revoked, rescinded or cancelled;

- (c) on or before the Closing Date of the first Sub-Tranche 1 Bonds, all necessary approvals, consents, certification and/or waiver of Bursa Securities or any other regulatory authorities or governmental bodies and any third party where required, including financier, counterparty to a contract to which the Company or its Subsidiary is a party, for Proposed Share Consolidation and the issuance of the Bonds, the allotment and issue of the Conversion Shares upon the exercise of the right of a Bondholder to convert any Bonds ("**Conversion Rights**"), the listing of the Conversion Shares on the Main Market and such other approvals in relation thereto and in connection therewith (collectively, "**Approvals**") for the transactions contemplated under the Subscription Agreement shall have been duly obtained and such Approvals shall not be amended, withdrawn, revoked, rescinded or cancelled and, where such Approvals are obtained subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscriber, and to the extent that any such conditions are required to be fulfilled on or before the Closing Date of the first Sub-Tranche 1 Bonds, they are fulfilled;
- (d) on or before the Closing Date of the first Sub-Tranche 1 Bonds, the lodgement of all information and documents as may be specified in the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission ("**LOLA Guidelines**") and in compliance with the Companies Act 2016 ("**CA2016**"), the CMSA, the Main Market Listing Requirements ("**Listing Requirements**"), the LOLA Guidelines and such other applicable laws and regulations for the issuance of the Bonds ("**Lodgement**") shall have been duly performed and such Lodgement shall not be amended, withdrawn, revoked, rescinded or cancelled and, where such Lodgement is subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscriber, and to the extent that any such conditions are required to be fulfilled on or before the Closing Date of the first Sub-Tranche 1 Bonds, they are fulfilled;
- (e) (i) all the representations, warranties, undertakings and covenants of the Company including the representations, warranties, undertakings and covenants set out in the Subscription Agreement ("**Warranties**") shall be accurate and correct in all respects at, and as if made on, the Closing Date of the Sub-Tranche 1 Bonds; and (ii) the Company shall have performed all of its undertakings or obligations hereunder to be performed on or before the Closing Date of the first Sub-Tranche 1 Bonds;

- (f) all other necessary approvals, consents and waivers (including any governmental, regulatory and/or corporate approvals and consents), for the transactions contemplated under the Subscription Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscriber of the Bonds, including any Shareholders or directors' approval and other regulatory and/or corporate approvals and consents required by the Subscriber) having been obtained in form and substance satisfactory to the Subscriber (in the reasonable opinion of the Subscriber) and remaining valid and subsisting as at the Closing Date of the first Sub-Tranche 1 Bonds; and
- (g) the Proposed Share Consolidation having been duly and effectively implemented by the Company; and
- (h) there shall have been delivered to the Subscriber, each in form and substance satisfactory to the Subscriber, on the Closing Date of the first Sub-Tranche 1 Bond:
 - (i) the following documents:
 - (aa) annual financial reports for the financial year immediately preceding the relevant Closing Date;
 - (bb) annual financial reports in item (aa) above are dated more than 3 months preceding the relevant Closing Date, copies of the interim accounts of the Company as publicly released;
 - (cc) in respect of the Closing Date of the first Sub-Tranche 1 Bond, the announcements issued by the Company to Bursa Securities from the date of the Subscription Agreement up to the relevant Closing Date, and in respect of the Closing Date of the remaining sub-tranches, the announcements issued by the Company to Bursa Securities between the Closing Date of the immediately preceding sub-tranche up to the relevant Closing Date;
 - (dd) a list setting out the outstanding term loans and other loans of the Company as at a date not earlier than 3 calendar days before the Closing Date of the first sub-tranche of the Main Tranche 1 Bonds, the Main Tranche 2 Bonds and the Main Tranche 3 Bonds (whichever is applicable;

- (ee) a list (substantially in the form and substance reasonably satisfactory to the Subscriber) setting out the names of the substantial shareholders of the Company and their respective shareholdings in the Company dated as at each relevant Closing Date of the first sub-tranche of the Main Tranche 1 Bonds, the Main Tranche 2 Bonds and the Main Tranche 3 Bonds (whichever is applicable) and/or such other Closing Date of sub-tranche of the Bonds as and when the Subscriber may require from time to time;
- (ff) a list (substantially in the form and substance reasonably satisfactory to the Subscriber) disclosing all existing and outstanding securities convertible into securities of the same class as the new Shares arising from the conversion of the Bonds by the Subscriber securities substantially similar to the Bonds that have been issued by the Company to other persons other than the Subscriber prior to the issuance of the Bonds as at a date not earlier than 3 calendar days before each Closing Date of the first sub-tranche of the Main Tranche 1 Bonds, the Main Tranche 2 Bonds and the Main Tranche 3 Bonds (where applicable);
- (gg) a duly executed facility agreement entered into between the Company, the principal adviser/lead arranger/lead manager and the facility agent in respect of the Bonds (as subsequently amended, modified and/or supplemented);
- (hh) a duly executed trust deed entered into between the Company and the trustee constituting the Bonds issued thereunder (as subsequently amended, modified and/or supplemented);
- (ii) a duly executed securities lodgement form for the Central Securities Depository and Paying Agency Services as set out in Appendix 1 of the Central Securities Depository and Paying Agency Rules; and
- (jj) a copy of the acknowledgement receipt from the Securities Commission on the Lodgement.
- (ii) a legal opinion (substantially in the form and substance as set out in the Subscription Agreement) of a firm of legal advisers to the Company in relation to Malaysian law, as shall be acceptable to the Subscriber, dated not earlier than seven (7) Business Days before the Closing Date of the first Sub-Tranche 1 Bonds;

- (iii) certified true copies of (aa) the resolutions of the directors of the Company; and (bb) the resolutions of the Shareholders (all duly certified by a director or a company secretary of the Company), approving the issuance of the Bonds and the allotment and issue of the Conversion Shares in accordance with the terms of the Subscription Agreement;
- (iv) certified true copies of the Approvals (all duly certified by a director or a company secretary of the Company);
- (v) a verification certificate, dated not earlier than seven (7) Business Days before the Closing Date, duly signed by two (2) directors or a director and the company secretary of the Company, affirming the compliance of the conditions precedent in the Subscription Agreement;
- (vi) such other documents, opinions and certificates required to be provided to the Subscriber under the provisions of the Subscription Agreement and/or as the Subscriber may reasonably require in relation to the Bonds issuance.

If any of the conditions precedent are not satisfied or waived by the Subscriber, if capable of being waived, on or before the Fulfilment Date in respect of the first Sub-Tranche 1 Bonds, the Subscription Agreement shall ipso facto cease and the Parties shall be released and discharged from their respective obligations under the Subscription Agreement except for (a) the liability of the costs and expenses of the Company or the Subscriber as set out in the Subscription Agreement; (b) the obligations of the Company to keep each indemnified person indemnified against all losses, claims, liabilities, costs, charges, expenses, actions or demands (including reasonable legal costs on a full indemnity basis) (“**Losses**”) whatsoever in connection with the transactions contemplated in the Subscription Agreement; and (c) any antecedent breaches.

Conditions precedent to the closings of the Main Tranche 1 Bonds, Main Tranche 2 Bonds and Main Tranche 3 Bonds (other than the first Sub-Tranche 1 Bonds)

- : Notwithstanding any other provisions in the Subscription Agreement, the Subscriber shall not be obliged to subscribe and pay for any of the Main Tranche 1 Bonds, Main Tranche 2 Bonds and Main Tranche 3 Bonds (other than the first Sub-Tranche 1 Bonds) unless the following conditions shall have been satisfied on or prior to each applicable Closing Date in respect of such remaining sub-tranches or otherwise waived by the Subscriber, if capable of being waived:
 - (a) the Shareholders’ Approval shall remain effective and not have been amended, withdrawn, revoked, rescinded or cancelled and, where such approvals are obtained subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscriber, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;

- (b) all Approvals for the transactions contemplated under the Subscription Agreement, obtained by the Company shall not have been amended, withdrawn, revoked, rescinded or cancelled on or prior to each subsequent Closing Date and, where any of such Approvals is obtained subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscriber, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;
- (c) the Lodgement performed by the Company shall not have been amended, withdrawn, revoked, rescinded or cancelled on or prior to each subsequent Closing Date and, where such Lodgement is subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscriber, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;
- (d) at each subsequent Closing Date, (i) all the representations, warranties, undertakings and covenants of the Company including the Warranties set out in the Subscription Agreement shall be accurate and correct in all respects at, and as if made on, that Closing Date; (ii) the Company shall have performed all of its undertakings or obligations hereunder to be performed on or before that Closing Date; and (iii) there shall have been delivered to the Subscriber a certificate, dated as at that Closing Date, duly signed by two (2) directors or a director and the company secretary of the Company, affirming the compliance of the aforementioned;
- (e) unless waived in writing by the Subscriber, the following shall have been delivered to the Subscriber, each in form and substance satisfactory to the Subscriber, on or before that Closing Date the documents listed in the Subscription Agreement.

If any of the conditions precedent above are not satisfied or waived by the Subscriber, if capable of being waived, on or before the applicable Closing Date in respect of such sub-tranche of the Bonds, the Subscriber shall have the right to (a) fix a new Closing Date in respect of such sub-tranche of the Bonds; or (b) elect not to proceed with completion of the subscription of such sub-tranche of the Bonds, or (c) terminate the Subscription Agreement, in which event, the Subscription Agreement shall ipso factor cease and the Parties shall be released and discharged from their respective obligations under the Subscription Agreement, except for (i) the liability of the Company for the payment of costs and expenses as set out in the Subscription Agreement; (ii) any outstanding interest (if any); (iii) the obligations of the Company to keep each indemnified person indemnified against all Losses whatsoever in connection with the transactions contemplated in the Subscription Agreement; and (iv) any antecedent breaches.

Rights of the Bondholders to participate in the securities of the Company

: The Company or any Subsidiary (if applicable) may offer and sell any securities convertible into securities of the same class as the Issued Shares (as hereinafter defined) or securities substantially similar to the Bonds ("**Equity-linked Securities**") provided that, in respect of any proposed private placement of such Equity-linked Securities:

- (a) the Company shall, and the Company shall procure that the relevant Subsidiary (if applicable) shall, offer and sell such Equity-linked Securities to the Bondholders prior to offering such Equity-linked Securities to any other person ("**Right of First Refusal**"); and
- (b) the Equity-linked Securities shall not be convertible into Issued Shares at a price which is below the Minimum Conversion Price, unless prior written consent of the Bondholders have been obtained.

For the avoidance of doubt, the term "Equity-linked Securities" shall exclude (i) any Shares, rights issues, warrants relating to the Shares, or convertible preference shares, issued to shareholders without preference among the shareholders (but so that the exclusion of shareholders who are overseas or on other grounds approved by Bursa Securities shall be deemed not to be a preference of the other shareholders); or (ii) any new securities convertible into securities of the same class as the Issued Shares or securities substantially similar to the Bonds in respect of which the Company or any Subsidiary (if applicable) is restricted from doing all of the (a) and (b) provided above by law, the Main Market Listing Requirements or any other applicable regulations. For the purposes of this subsection, "**Issued Shares**" shall mean Shares listed on the Main Market.

The Right of First Refusal is only exercisable by the Bondholders from and including the date of receipt by such Bondholders of a notice in writing from the Company setting out the details of such offer to and including the date falling fourteen (14) Business Days thereafter.

Ranking of the Bonds

: The Bonds rank at least *pari passu* with all other unsecured obligations of the Company from time to time outstanding.

Events of Default

: For so long as there are any Bonds outstanding, if any of the following events (each, an "**Event of Default**") occurs:

- (a) any of the approvals, consents and / or waivers required to be obtained by the Company under the Subscription Agreement are not obtained when it is required to be obtained or are amended, withdrawn, revoked, rescinded or cancelled which may impair or prejudice the ability of the Company to comply with the Subscription Agreement;
- (b) where any of the approvals required to be obtained by the Company under the Subscription Agreement were obtained subject to any conditions which were required to be fulfilled, such conditions were not fulfilled when it is required to be fulfilled;
- (c) there is a default in any payment by the Company in relation to the terms of payment of interest and / or principal value due in respect of the Bonds as detailed in the Subscription Agreement;

- (d) the closing price per Share remains below the MCP for more than ten (10) consecutive business days;
- (e) there is default by the Company in the performance or observance of any covenant, condition, provision or obligation (including the performance of its obligations to allot and issue Shares arising from the conversion of the Bonds as and when the Bondholders exercise its Conversion Rights in accordance with the conditions of the Subscription Agreement) contained in the Bonds and on its part to be performed or observed (other than the covenant to pay the nominal value and interest in respect of any of the Bond) and such default continues for the period of seven (7) business days following the service by any Bondholder on the Company of notice requiring the same to be remedied;
- (f) any other notes, debentures, bonds or other instruments of indebtedness or any other loan indebtedness (hereinafter collectively called "**Indebtedness**") of the Company or any of its Subsidiaries become or becomes prematurely repayable following a default in respect of the terms thereof which shall not have been remedied, or steps are taken to enforce any security therefor, or the Company or any of its Subsidiaries defaults in the repayment of any such Indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor or any guarantee of or indemnity in respect of any Indebtedness of others given by the Company or any of its Subsidiaries shall not be honoured when due and called upon, and such default results in a material adverse effect;
- (g) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved (otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation that is approved by the Shareholders, as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of the Company, as the case may be, under the Bonds);
- (h) a resolution is passed or an order of a court of competent jurisdiction is made that any Subsidiary be wound up or dissolved (otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation (other than as described in (ii) below) the terms of which have previously been approved in writing by the Majority Bondholders, (ii) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into the Company or another Subsidiary of the Company, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or any Subsidiary are distributed to the Company and/or such Subsidiary);
- (i) the Company or any Subsidiary makes any scheme of arrangement with its creditors or where a scheme of arrangement under Section 366 of the Act (where applicable) has been instituted against the Company or any subsidiary;

- (j) an encumbrancer takes possession or a receiver, receiver and manager, judicial manager or other officer acting in a similar capacity is appointed of the whole or a material part of the assets or undertaking of the Group;
- (k) (i) the Company or any subsidiary without any lawful cause stops payment (within the meaning of any applicable bankruptcy or insolvency law) or is unable to pay its debts as and when they fall due; or (ii) the Company or any subsidiary (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in paragraphs (g) or (h) above) ceases or through an official action of the board of directors of the Company or any subsidiary, as the case may be, threatens to cease to carry on its business, and such action has a material adverse effect on the Group;
- (l) proceedings shall have been initiated against the Company or any subsidiary under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of fourteen (14) days;
- (m) the Company or any subsidiary shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or insolvency, or a decree of commencement of composition or reorganisation or other similar procedures, or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors, and such action has a material adverse effect on the Group;
- (n) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Company or any Subsidiary, which is material in its effect upon the operations of either the Company or such Subsidiary, as the case may be, and is not discharged within fourteen (14) days thereof;
- (o) the delisting of the Shares on the Main Market of Bursa Securities or a suspension of trading of such Shares on the Main Market of Bursa Securities for a period of five (5) consecutive business days or more save for trading halts made at the request of the Company for pending corporate announcements;
- (p) the ratio of Borrowings to Net Worth exceeds five (5) times;
- (q) the Net Worth is less than RM80.00 million;
- (r) for so long as there are any Bonds outstanding the Company engages in any transaction with any hedge fund operating or originating from any part of the world; or
- (s) any credit facilities granted to the Company or any of its subsidiaries are withdrawn, terminated or suspended for any reason whatsoever, and such action has a material adverse effect on the Group,

- (t) an event of default shall have occurred in respect of any notes, debentures, bonds, redeemable preference shares or other similar securities, financing or credit facilities to which a Company or any Subsidiary is a party;
- (u) there shall have been a delisting or an order for delisting or a threatened delisting of the Company from the Main Market; or
- (v) if there shall have been any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations, or affecting the properties, of the Company or any of its Subsidiaries and which materially and adversely affects the Company or the Company and its Subsidiaries, taken as a whole, to perform its obligations under the Subscription Agreement, these Conditions and the Bonds,

then any Bond may, by notice in writing ("**Default Notice**") given to the Company at the designated office by the Bondholder thereof, be declared immediately due and payable whereupon it shall become immediately due and payable at 118% of its nominal value, together with accrued interest as set out in the Subscription Agreement, without further formality ("**Default Redemption Amount**"). Interests shall accrue on the Default Redemption Amount on a daily basis at the rate of 3.0% per month ("**Default Interest**") commencing from the business day immediately following the date of the Default Notice up to and including the date on which the Bondholder receives full payment of the Default Redemption Amount, together with accrued Default Interest.

Notes:

- (1) "**Borrowings**" means, without duplication, at any time, as stated in the most recent audited consolidated accounts of the Company ("**Accounts**"): (i) all obligations of the Company or any of its subsidiaries for borrowed money, (ii) all obligations of such person evidenced by the Bonds, notes or other similar instruments, (iii) all obligations of such person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such person as lessee which are capitalised in accordance with the accounting principles under which the Accounts are prepared, (v) all obligations of such person to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property, (vi) all non-contingent obligations of such person to reimburse any bank or other person in respect of amounts paid under a letter of credit or similar instrument and (vii) all borrowings of others guaranteed by the Company or any of its subsidiary;
- (2) "**Net Worth**" means, at any time, as stated in the Accounts, the aggregate of the amounts shown in the Accounts as paid up or credited as paid up on the issued share capital of the Company and standing to the credit of retained earnings and other capital and revenue reserves and includes minority interests therein; less any amount which is attributable to any debit balance in its statement of profit and loss as shown in the Accounts to the extent not already charged against retained earnings.

Redemption Option : The Bonds which are not redeemed or purchased, converted or cancelled by the Company will be redeemed by the Company, subject to there being no Event of Default, at 100% of their nominal value on the Maturity Date. The Company shall at least one month prior to the Maturity Date, despatch to the Bondholder(s), a notice of the Maturity Date.

Subject to there being no Event of Default, the Company may at any time and from time to time, purchase the Bonds at 115% of its nominal value, or such other amount as may be agreed between the Company and the relevant Bondholder.

If, on presentation of any Bonds for conversion pursuant to Condition 8, the Conversion Price is less than or equal to 70% of the average of the daily traded volume weighted average price ("VWAP") per Share for a period of forty (40) consecutive Business Days prior to the relevant Closing Date (as set out in the Subscription Agreement) in respect of each first sub-tranche of the respective tranches of the Bonds ("**Conversion Downside Price**"), the Company may redeem such Bonds (and only such Bonds) presented by the Bondholder to the Company for conversion in cash at an amount calculated in accordance with the formula set out in the Subscription Agreement ("**Conversion Redemption Amount**") by giving notice of the same to the relevant Bondholder.

$$R = N \times \{P + [8\% \times P \times (D/365)] + I\}$$

Where:

"R" : *The Conversion Redemption Amount*

"D" : *The number of days elapsed since the relevant closing date in respect of each sub-tranche of the Bonds*

"N" : *The number of Bonds presented for conversion*

"P" : *The face value of each Bond presented for conversion*

"I" : *The remaining unpaid interest accrued on each Bond presented for conversion*

***Note:**

The 8% interest in respect of the Company's redemption option is based on the commercial perspective after the parties having considered, amongst others, the Company's commercial and financial requirements and the Subscriber's cost of funding.

Form and denomination : The Bonds are issued in multiples of RM50,000.

Transferability : The Bonds will be tradable and / or transferable in accordance with the terms and conditions of the Bonds.

Rating : The Bonds will not be rated.

Listing : The Bonds will not be listed on Bursa Securities.

An application will be made to Bursa Securities for the listing of and quotation for the Conversion Shares on the Main Market of Bursa Securities. Upon obtaining the approval from Bursa Securities, the Conversion Shares, as and when issued, will be listed on the Main Market of Bursa Securities.

Termination : The Subscriber may, by notice in writing to the Company and copied to the facility agent and the principal adviser, terminate the Subscription Agreement at any time before the time on the relevant closing date when payment would otherwise be due in accordance with the terms and conditions of the Subscription Agreement.

Upon the notice of termination being given by the Subscriber:

- (a) all outstanding Bonds shall immediately become due and payable at the discretion of the Subscriber at the Default Redemption Amount. The Default Interest shall accrue on up to and including the date on which the Subscriber receives full payment of the Default Redemption Amount, together with the accrued Default Interest;
- (b) the Subscription Agreement shall terminate and be of no further effect save for the terms as set out in the Subscription Agreement; and
- (c) each Party shall cease to have further rights or obligations under the Subscription Agreement provided that such termination shall be without prejudice to any rights of the Subscriber which may have accrued prior to such termination.

For the avoidance of doubt, nothing herein shall affect the Bonds or the Conversion Shares already issued to the Subscriber pursuant to the Subscription Agreement and the obligations of the Company to the Subscriber in respect of such Bonds or the Conversion Shares under the Subscription Agreement or otherwise shall continue to survive termination.

Governing Law : Subscription Agreement shall be governed by and construed in accordance with the laws of Malaysia.

Further details and terms of the Bonds in relation to the Proposed RCB are set out in the Subscription Agreement that will be available for inspection as disclosed in Section 13 of this announcement.

- (A) Notwithstanding any provisions in the Subscription Agreement, the Company shall not issue any Bonds to the Subscriber pursuant to a Bonds Subscription Notice ("**Relevant Bonds Subscription Notice**") delivered by the Subscriber in accordance with the terms of the Subscription Agreement, if as of the date of the Company's receipt of the Relevant Bonds Subscription Notice ("**Date of Receiving Relevant Bonds Subscription Notice**"), the aggregate number of Conversion Shares already issued and to be issued will exceed the Maximum Conversion Shares, wherein:

- (i) the “**Maximum Conversion Shares**” or “**MCS**” shall mean such number of Shares representing 200% of the total issued and paid-up ordinary shares of the Company (excluding treasury shares) after completion of the Proposed Share Consolidation and as at the Closing Date of the first Sub-Tranche 1 Bonds, which shall be up to 306,690,544 Conversion Shares (subject to further corresponding adjustments in the event of stock splits, consolidation and/or re-classification of the Shares) or any other number of Shares as may be approved by Bursa Securities and/or the Shareholders at general meeting; and
 - (ii) the “aggregate number of Conversion Shares already issued and to be issued” shall be the total of:
 - (a) the number of Conversion Shares already issued by the Company prior to the Date of Receiving Relevant Bonds Subscription Notice;
 - (b) the number of Conversion Shares which may arise from the conversion of the Bonds already issued and remain outstanding as at the Date of Receiving Relevant Bonds Subscription Notice, computed based on the Conversion Price representing the Closing Price of the Shares on the trading day immediately preceding the Date of Receiving Relevant Bonds Subscription Notice; and
 - (c) the number of Conversion Shares which may arise from the conversion of such number of Bonds stipulated in the Relevant Bonds Subscription Notice, computed based on the Conversion Price representing the Closing Price of the Shares on the trading day immediately preceding the Date of Receiving Relevant Bonds Subscription Notice
- (B) For the avoidance of doubt, if a situation stipulated under Section 2.2(A) above occurs, the Company shall notify the Subscriber by a notice in writing on the Business Day immediately following the Date of Receiving Relevant Bonds Subscription Notice, pursuant to which the Subscriber shall be entitled to take one or more of the following options:
- (i) to withdraw the Relevant Bonds Subscription Notice and the Subscription Agreement shall continue to be effective, and the Subscriber shall be entitled to deliver the Bonds Subscription Notice(s) to the Company subsequently at any time from time to time. Upon delivery of any subsequent Bonds Subscription Notice(s), the Company shall be obliged to issue the Bonds to the Subscriber in accordance with the relevant Bonds Subscription Notice in accordance with the terms of the Subscription Agreement, unless the situation stipulated in Section 2.2(A) above occurs again during the date of the receipt of such subsequent Bonds Subscription Notice(s), wherein upon each of such event, the Subscriber shall again be entitled to the options set out hereunder Section 2.2(B);
 - (ii) to demand for the immediate redemption by the Company of such amount of outstanding Bonds held by the Subscriber, pursuant to which the Company shall immediately redeem such outstanding Bonds by paying a redemption amount of 115% of the total nominal value of such outstanding Bonds, together with any interest outstanding, within five (5) Business Days from the date of the relevant demand from the Subscriber. Failure to repay such amount will incur an interest of 3% per month on such redemption amount, to be computed from (and including) the expiry of the said five (5) Business Days until the date of full repayment by the Company of such redemption amount, together with any interest incurred thereon; and/or

- (iii) to demand for the conversion by the Company of such number of outstanding Bonds held by the Subscriber in accordance with the provisions of the Subscription Agreement.
- (C) In the event that pursuant to the delivery of a Conversion Notice, the conversion of the Bonds will result in the total number of Conversion Shares arising from the conversion of such Bonds, aggregated with the total Conversion Shares already issued by the Company to the Subscriber prior to such date of conversion, to exceed the Maximum Permitted Number of Shares, the Company shall with a written notice notify the Subscriber on the immediately next Business Day with regards to such situation, further to which the Subscriber shall be entitled to elect one or more of the following options:
- (i) to demand for the immediate redemption of such amount of outstanding Bonds by the Company, pursuant to which the Company shall immediately redeem such outstanding Bonds by paying a redemption amount of 115% of the total nominal value of such outstanding Bonds, together with any interest outstanding, within five (5) Business Days from the date of the Company's written notification. Failure to repay such amount will incur an interest of 3% per month, to be computed from (and including) the expiry of the said five (5) Business Days on the outstanding redemption amount, until the date of full repayment by the Company of such redemption amount, together with any interest incurred thereon; and/or
- (ii) to withdraw the Conversion Notice and to regard the Subscription Agreement as if it continues to be effective with liberty and right to deliver further Conversion Notice(s) at such time as the Subscriber deems fit. Upon delivery of any subsequent Conversion Notice(s), the Company shall be obliged to issue the Conversion Shares to the Subscriber in accordance with the terms of the Subscription Agreement, unless the situation stipulated in this Section 2.2(C) occurs again during the date of the receipt of such subsequent Conversion Notice, wherein upon each of such event, the Subscriber shall again be entitled to the options set out in this Section 2.2(C).

The basis of the redemption amount was agreed by the Company and the Subscriber from a commercial perspective after taking into consideration the flexibility of drawdown, the funding requirements and cash flow position of Sentoria and its subsidiaries ("**Sentoria Group**" or "**Group**").

Maximum Redemption Scenario

For illustration purposes, assuming the entire Bonds has reached the Maximum Conversion Shares of 306,690,544 Shares, whereby the MCS are issued at the MCP of RM0.20, the maximum redemption amount that shall be paid by the Company for the outstanding unconverted Bonds is computed as follows:

| Tranche(s) | Sub-tranches | MCP (RM) | Value of Bonds subscribed/ drawn down (RM) | Value of the Bonds converted based on the MCP (RM) | Number of Conversion Shares |
|-----------------------------|---------------------|-----------------|---|---|------------------------------------|
| <i><u>Converted</u></i> | | | | | |
| 1 | 1 - 100 | 0.20 | 50,000,000 | 50,000,000 | 250,000,000 |
| 2 | 1 - 23 | 0.20 | 11,500,000 ⁽¹⁾ | 11,338,109 | 56,690,544 |
| <i><u>Not converted</u></i> | | | | | |
| 2 | 24 - 100 | 0.20 | - | - | - |
| 3 | 1 - 100 | 0.20 | - | - | - |

| Details | RM |
|--|----------------|
| Aggregate principal amount of the Bonds issued | 61,500,000 |
| Converted Bonds ⁽²⁾ | 61,338,109 |
| Outstanding unconverted Bonds | 161,891 |
| Maximum redemption amount at maturity date ⁽³⁾ | 161,891 |
| Maximum redemption amount upon early redemption ⁽⁴⁾ | 186,174 |

Notes:

- (1) Based on the issuance of sub-tranche of minimum RM500,000 each.
- (2) Assuming 306,690,544 Conversion Shares are issued at RM0.20, being the MCP.
- (3) Based on the redemption rate of 100% of the principal amount of the outstanding unconverted Bonds at maturity date.
- (4) Based on the redemption rate of 115% of the principal amount of the outstanding unconverted Bonds upon early redemption by the Company.

Notwithstanding the above, the Company will not issue nor will the Subscriber subscribe further Bonds once the Maximum Conversion Shares has been reached. Hence, the redemption amount to be paid by the Company for any outstanding unconverted Bonds shall be minimal in the event the Maximum Conversion Shares has been reached. The redemption amount for the outstanding unconverted Bonds, if any, shall be funded by the Company via cash from the proceeds raised from the conversion of the last sub-tranche of Bonds, internally generated funds and / or bank borrowing, which will be determined at a later juncture.

Default Redemption Amount

For the avoidance of doubt, the Bonds are neither guaranteed nor secured. In the event of defaults, all outstanding Bonds will be immediately due and payable by the Company at 118% of the nominal value together with an accrued interest at the rate of 1.0% per annum on the Bonds. Further, interest shall accrue on the Default Redemption Amount on a daily basis at the rate of 3.0% per month up to and including the date that the Bondholders receive full payment of the Default Redemption Amount.

In addition to the above, upon termination of the Subscription Agreement by the Subscriber, the Company is liable for the payment of:

- (i) all costs and expenses already incurred by the Company in connection with the preparation of the Subscription Agreement and any other related agreements and any other document relating to the issue, subscription, offer, sale and delivery of the Bonds pursuant to the terms and conditions of the Subscription Agreement;
- (ii) the fees and expenses of the Company's legal and other professional advisers (including auditors, if any) incurred in connection with the issue of the Bonds pursuant to the terms and conditions of the Subscription Agreement;
- (iii) all costs and expenses incurred in connection with the preparation, printing and authentication of the Bonds and making the initial delivery of the Bonds pursuant to the terms and conditions of the Subscription Agreement;
- (iv) an administrative fee of 5.0%* of the aggregate nominal value subscribed of each sub-tranche of the Bonds ("**Administrative Fee**") is payable to the Subscriber or such other party as nominated in writing by the Subscriber on each closing date of each sub-tranche of the Bonds.

* *The administrative fee relates specifically to the process by the Subscriber for administering each sub-tranche and will only be payable upon the subscription by the Subscriber of the respective sub-tranches.*

The fee is set at 5% on the aggregate principal amounts subscribed for each sub-tranche, which shall be paid to the Subscriber (or such other party as may be nominated in writing by the Subscriber) upon drawdown of the respective sub-tranche(s).

This amount is based on the commercial decision after taking into consideration, amongst others, the administrative fees charged by other relevant subscribers of similar products issued by other publicly listed companies in Malaysia which ranges from 5% to 7%.

The Company agrees that to facilitate this payment, the Administrative Fee payable shall be deducted by the Subscriber directly from the subscription monies payable to the Company for the subscription of each sub-tranche of the Bonds;

- (v) a cancellation fee of Singapore Dollar Thirty Thousand (S\$30,000.00) is payable to the Subscriber in the event that the Subscription Agreement is unilaterally terminated by the Company for any reason whatsoever prior to the Closing Date of the first Sub-Tranche 1 Bonds except in a case where the approval from Bursa Securities is not obtained prior to the Fulfilment Date resulting in the termination of the Subscription Agreement (provided that such failures are not attributable to the negligence or wilful default of the Company or its directors, employees or agents, in which event the cancellation fee shall apply). For the avoidance of doubt, the acceptance of the cancellation fee by the Subscriber is in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages which may have accrued prior to termination;
- (vi) all fees, costs and expenses incurred in connection with the continued listing or listing of the Conversion Shares on the Main Market of Bursa Securities;
- (vii) all other costs and expenses incurred in connection with the performance by the Company of its obligations under the Subscription Agreement; and
- (viii) all costs and expenses (including any applicable tax) of the Subscriber reasonably incurred, including but not limited to the fees and all expenses and applicable tax of the Subscriber's legal advisers and/or professional advisers in connection with the preparation of the Subscription Agreement and the issuance of the Bonds. The Company agrees that the Subscriber shall be entitled to deduct all costs and expenses of the Subscriber as aforesaid from the subscription monies payable to the Company for the subscription of the first sub-tranche of the Tranche 1 Bonds.

Upon termination of the Subscription Agreement, all fees, costs and expenses referred to in (i) to (viii) above shall be payable by the Company if incurred notwithstanding that:

- (a) the Subscription Agreement is terminated;
- (b) the Subscriber is released and discharged from its obligations under the Subscription Agreement for any reason whatsoever; or
- (c) the Company does not proceed with the allotment and issuance of the first sub-tranche of Tranche 1 Bonds for any reason whatsoever on or before the Fulfilment Date.

No amendment or variation of the Subscription Agreement (including the terms of the Bonds) shall be effective unless in writing and signed by or on behalf of the Company and the Subscriber.

The Proposed RCB issue is expected to raise RM50.00 million through the issuance of Tranche 1 Bonds. Further amounts of up to RM100.0 million may be raised through the issuance of Tranche 2 Bonds and Tranche 3 Bonds, at the discretion of the Company, subject to the terms and conditions as set out in the Subscription Agreement.

For the avoidance of doubt, no funds will be raised upon conversion of the Bonds into new Sentoria Shares. The Bonds will be constituted by a trust deed to be executed by the Company and the trustee of the Bonds at a later date.

2.2.2 Basis of determining the Conversion Price of the Bonds

The basis of the setting the Conversion Price and its applicable discount rates* for the Bonds is a commercial decision negotiated and agreed upon between the Company and the Subscriber after the Parties have taken into consideration their respective commercial and financial requirements.

* *The Conversion Price shall be 80% of the average closing price per Share on any 3 consecutive trading days as selected by the Bondholder during the 40 trading days immediately preceding the relevant Conversion Date. As such, this represents a 20% discount to the average closing price as mentioned above.*

The stipulated preliminary terms of the aforesaid conversion pricing are similar to other precedent issuances of comparable convertible securities which were announced on Bursa Securities' website for the past 5 years. The considerations in determining the conversion price have included, amongst others the following:

- (i) The ability for companies to have a standby facility throughout the securities tenure to meet its equity requirements for its projects without the need to seek for other equity fundraising as and when required, which can be costly to the company;*
- (ii) Conversion of these convertibles will ease companies' cashflow and allow them to deploy its resources to expand its businesses instead of repaying the subscribed convertibles in cash; and*
- (iii) The discount rate provides sufficient room for facilitating the continued operation of the Bonds programme over its applicable tenure.*

For the avoidance of doubt, the Subscriber shall decide on the 3 consecutive trading days within the 40 trading days immediately preceding the conversion date of the Bonds.

MCP

For the avoidance of doubt, the Conversion Price of the Bonds has yet to be determined. However, the Company and the Subscriber have agreed to set RM0.20 as the MCP after taking into consideration, amongst others, the Group's commercial and financial requirements, the theoretical adjusted prevailing market price after taking into consideration the Proposed Share Consolidation and trading history of Sentoria Shares. The MCP of RM0.20 is based on the historical theoretical adjusted minimum closing price of RM0.20, after adjustment pursuant to the Proposed Share Consolidation (the lowest closing price of Sentoria Shares for the past 2 years up to the LPD of RM0.05).

In determining the MCP, Sentoria had also considered the total amount of funds required to be channeled for the utilisations as described in Section 3 of this announcement. These funds are estimated to be approximately RM50.0 million, RM61.34 million and RM150.0 million under the Scenario 1, Scenario 2 and Scenario 3 respectively, and would be utilised over a period of up to 3 years. In this regard, the Board considers that the MCP is set a reasonable level such that it is not detrimental to the interest of the Group and its shareholders and at the same time facilitates the continued operation of the Bonds programme over the tenure of the Proposed RCB.

For information purpose, the MCP is at a discount to the following closing market prices of Sentoria Shares after taking into consideration of the Proposed Share Consolidation:

| | Price | Theoretical adjusted closing market price of Sentoria Shares | (Discount) of the MCP to the theoretical adjusted closing market price of Sentoria Shares | |
|---|--------|---|---|---------|
| | RM | RM | RM | % |
| Up to the LPD | | | | |
| Lowest closing market price of Sentoria Shares for the last 40 days | 0.0750 | 0.300 | (0.100) | (50.0%) |
| Lowest closing market price of Sentoria Shares for the last 2 years | 0.0500 | 0.200 | 0.000 | 0.0% |
| 5-day VWAP | 0.0832 | 0.333 | (0.133) | (66.5%) |
| 1-month VWAP | 0.0929 | 0.372 | (0.172) | (85.0%) |
| 3-month VWAP | 0.0861 | 0.344 | (0.144) | (72.0%) |
| 6-month VWAP | 0.0764 | 0.306 | (0.106) | (53.0%) |
| 12-month VWAP | 0.0741 | 0.296 | (0.096) | (48.0%) |

For clarity, the above table only serves to illustrate the relative discounts of the MCP to the closing market prices and VWAP of Sentoria Shares up to and including the LPD.

Notwithstanding the above, in accordance with the terms of the Subscription Agreement, the Conversion Price will be set at:

- (i) the MCP if the Conversion Price falls below the MCP; or
- (ii) 80% of the average closing price per Share on any 3 consecutive trading days as selected by Bondholders during 40 trading days immediately preceding the relevant Conversion Date.

2.2.3 Number of Conversion Shares to be issued

The number of Sentoria Shares to be issued upon conversion of the Bonds shall depend on the Conversion Price which will be determined at a later juncture provided the Conversion Price is not less than RM0.20, being the MCP.

For illustrative purpose, assuming the Bonds are converted at the illustrative Conversion Price of approximately RM0.4891⁽¹⁾ and taking into consideration of the MCS, Conversion Shares to be issued upon full conversion of the Bonds are as follows:

| Tranches | Conversion Shares | RM |
|-----------------|----------------------------------|--------------------|
| Tranche 1 Bonds | 102,230,181 | 50,000,000 |
| Tranche 2 Bonds | 102,230,181 | 50,000,000 |
| Tranche 3 Bonds | 102,230,181 | 50,000,000 |
| Total | 306,690,544⁽²⁾ | 150,000,000 |

Notes:

- (1) The illustrative Conversion Price of RM0.4891 is arrived at based on the assumption that the entire RM150.0 million gross proceeds is raised and the MCS of 306,690,544 is issued.
- (2) Rounded up to the nearest digit.

For illustration purposes, assuming the Bonds are converted at RM0.20 being the MCP, the number of Sentoria Shares that may be issued under the Tranche 1, Tranche 2 and Tranche 3 are as follows:

| Tranches | Conversion Shares | RM |
|-----------------|----------------------------------|-------------------|
| Tranche 1 Bonds | 250,000,000 | 50,000,000 |
| Tranche 2 Bonds | 56,690,544 | 11,338,109 |
| Tranche 3 Bonds | - | -(1) |
| Total | 306,690,544⁽²⁾ | 61,338,109 |

Notes:

- (1) Pursuant to the MCS, the number of Conversion Shares allowed to be issued for Tranche 2 Bonds is 56,690,544.
- (2) No Conversion Shares shall be issued in Tranche 3 Bonds as the number of MCS has been reached.

Regardless of the Conversion Price, a maximum number of 306,690,544 Conversion Shares will be issued upon the full conversion of the Bonds (subject to corresponding adjustments in the event of stock splits, consolidation and/or re-classification of the Shares or any other number of Shares as may be approved by Bursa Securities and/or the Shareholders of the Company at a general meeting).

The Proposed RCB will result in the shareholders' shareholdings in Sentoria to be proportionately diluted as a result of the increase in the number of new Sentoria Shares arising from the conversion of the Bonds.

2.2.4 Ranking of the Conversion Shares

The Conversion Shares shall, upon allotment and issuance, rank equally in all aspects with the existing Sentoria Shares, save that the Conversion Shares will not be entitled to any dividends, rights, allotments and / or other distributions that may be declared, made or paid where the entitlement date is prior to the date of allotment and issuance of the Conversion Shares.

2.2.5 Background of the Subscriber

Triton (Registration no: T20VC0036F) is an umbrella variable capital company⁽¹⁾ incorporated in Singapore under the laws of Singapore on 26 March 2020, acting on behalf of and for the account of TCF Fund A⁽²⁾ and/or any sub-funds under Triton. Triton has its registered office at 8 Marina View, #11-05, Asia Square Tower 1, Singapore 018960:

Notes:

- (1) A variable capital company ("**VCC**") is a Singapore legal entity constituted under the Variable Capital Companies Act 2018, which is a structure that can be standalone or constituted in an umbrella structure, wherein the latter enables a VCC to have multiple sub-funds, each holding a portfolio of segregated assets and liabilities.
- (2) TCF Fund A is a separate portfolio of Triton set up in April 2020 to which all income, earnings, profits and proceeds from investments, liabilities and expenses are kept separate from all other monies, investment, assets, liabilities and expenses of Triton and any other portfolios of Triton.

Triton is principally involved in investment portfolios, and the investment objective of TCF Fund A in particular is to achieve medium to long term capital appreciation through investment in financial instruments that assist small and medium capitalisation and publicly-listed companies. The investment strategy of TCF Fund A is to provide funding solutions to companies that facilitate working capital requirements, business expansion, mergers and acquisitions, reverse takeovers, management by objective, debt restructuring, as well as capital market-sourced initial public offerings, secondary placements and arbitrage trades using a combination of debt and equity securities.

As at the LPD:

- (a) 100% of the voting shares in Triton are held by its founder, Ms. Ng Geok Tin, whilst the directors of Triton are Ms. Ng Geok Tin and Mr. Ng Hwee.
- (b) Triton has appointed Titus Investment Management Pte. Ltd. ("**Titus**"), a capital markets services licence holder granted by the Monetary Authority of Singapore ("**MAS**") to serve as the investment manager for Triton. Titus was incorporated on 8 October 2020 in Singapore and its business address is Suite 51, 11 Beach Road, #03-01, Singapore 189675.

The directors of Titus are Mr. Ng Hwee, Ms. Ng Geok Tin and Ms. Ong Mei Suet, Michele, whereas the sole shareholder of Titus is Mr. Ng Hwee. The profiles of the directors of Titus are as follows:

- (i) Mr. Ng Hwee holds a bachelor's degree from London School of Economics and Political Science in Economics. With banking and asset management experiences of over 20 years, he previously headed New Asia Ferrell Asset Management Ltd in Hong Kong and served as Executive Director Head of Greater China with Ferrell Asset Management in Singapore. His past positions include being the Chief Investment Officer of a private equity firm in Beijing and a senior investment consultant with UBS AG in Singapore and Hong Kong. He was also a portfolio manager with Temasek Holdings and Fullerton Fund Management, and a senior economist with the MAS where he conducted topical studies and participated in policy formation.
- (ii) Ms. Ng Geok Tin holds a bachelor's degree from Singapore University of Social Science in Finance. Prior to founding Triton and co-founding Titus, she was an executive director and chief investment officer of an asset manager who is a holder of capital market services licence granted by the MAS. Prior to that, she was a portfolio manager of a registered fund management company regulated by the MAS, where she managed funds in the hedge funds space, developed and implemented investment strategies and policies. Her financial experience spans across investment management, client relationship, business development, sales and trading encompassing equities, foreign exchange and financial futures in Asia, US and Europe markets.
- (iii) Ms. Ong Mei Suet, Michele, holds a bachelor's degree from Singapore Management University in Business Management. With banking and relationship management experiences of over 10 years, she was previously a portfolio manager with Nanyang Investment Management Pte Ltd who advised ultra-high net worth (UNHW) clients on asset management and family office matters. Prior to that, she set up the external asset management office and established system and processes to ensure smooth workflow for a capital markets services licence holder granted by MAS. She had started her banking career with Indonesian clients and subsequently expanded her clientele to the rest of the world with strategic partnerships with other family offices based on client needs.

(Source: Management of Triton)

2.2.6 Representations and warranties of the Subscriber

- (a) The Subscriber represents and warrants to the Company that it has full power, authority and capacity to enter into and perform the Subscription Agreement in accordance with its terms;
 - (b) The Subscriber represents that it is subscribing for the Bonds for investment purposes only and has no intention of influencing the management or exercising control over the Company; and
 - (c) The Subscriber agrees that:
 - (i) there will be no conversion of the Bonds by the Subscriber to transfer a controlling interest in the Company such that the Subscriber becomes controlling shareholder of the Company within the ambit of the Listing Requirements without the prior approval of the Shareholders at a general meeting; and
 - (ii) collectively, or together with their Affiliate* not to hold more than 10% interest in the total number of issued share capital of the Company, at any time and from time to time without prior written approval of the Company.
- * *“Affiliate” means with respect to any person, any other person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with that person. For the purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”) as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management of that person whether through ownership of shares, voting securities or otherwise.*
- (d) The Subscriber agrees that it will not enter into any negotiations, agreements or arrangements to sell, transfer or dispose any Shares arising from the conversion of the Bonds to any substantial shareholder of the Company.

2.2.7 Underwriting arrangement

The Proposed RCB will not be underwritten as the Subscriber has been identified and the Subscription Agreement has been entered into on 18 January 2024.

[The remainder of this page has been intentionally left blank]

3. UTILISATION OF PROCEEDS

As set out in Section 2.2.1 of this announcement, the Proposed RCB comprises 3 tranches, of which Tranche 2 Bonds and Tranche 3 Bonds can be issued at the Company's option during the Option Period, subject to the terms and conditions of the Subscription Agreement. Thus, the Company will only exercise the said option if such funds are required for the purposes set out below.

For illustration purposes, the utilisation of proceeds shall be based on the following scenarios:

- Scenario 1** : Assuming only Tranche 1 Bonds are issued and raises gross proceeds of RM50.00 million pursuant to the Proposed RCB
- Scenario 2** : Assuming the Bonds are being converted at RM0.20, being the MCP, taking into consideration of the Maximum Conversion Shares and raises gross proceeds of RM61.34 million pursuant to the Proposed RCB
- Scenario 3** : Assuming all tranches of the Bonds are issued and raises gross proceeds of RM150.00 million pursuant to the Proposed RCB

The Proposed RCB is expected to raise gross proceeds of up to RM150.0 million which shall be utilized in the following manner:

| Description | List of priorities | Scenario 1 RM 'million | Scenario 2 RM 'million | Scenario 3 RM 'million | Estimated utilisation timeframe ⁽¹⁾ |
|---|--------------------|---------------------------|---------------------------|---------------------------|--|
| Development funding for the Morib Bay Resort City ("MBRC") ⁽²⁾ | 2 | 11.0 | 11.0 | 11.0 | Within 1 year |
| Proposed development of warehouses ⁽³⁾ | 3 | 14.52 | 18.10 | 32.2 | Within 3 years |
| Repayment of borrowings ⁽⁴⁾ | 5 | - | - | 50.0 | Within 6 months |
| Working capital requirement for existing businesses ⁽⁵⁾ | 4 | 20.04 | 27.19 | 46.92 | Within 2 years |
| Estimated expenses relating to the Proposals ⁽⁶⁾ | 1 | 4.44 | 5.05 | 9.89 | Within 3 years |
| Total Proceeds | | 50.0 | 61.34 | 150.0 | |

Notes:

(1) Commencing from the date of issuance of the Bonds.

- (2) The MBRC, being the third resort city planned by the Group, is located within a radius of 50 kilometres from Port Klang, Putrajaya, Cyberjaya and Kuala Lumpur International Airport. The current on-going main projects in the MBRC and details of the respective projects are set out in the table below:

As at the LPD, the details, value and cost breakdowns for the MBRC projects are as follows:

| | Morib Rumah Selangorku ("RSKU") Apartment | | | | | Salak Tinggi Apartment |
|---|---|--|---|--|--|--|
| Details of development | Plot L | Morib Seroja | Morib Mawar | Morib RSKU Orkid | | |
| | 1 block of 17-storey RSKU apartment with a total of 315 units | 165 units of single storey terrace house | 44 units of single storey terrace house | 148 units of single storey terrace house | | 1 block of 14-storey RSKU apartment with a total of 130 units and facilities |
| Gross development value ("GDV")/ Contract value | RM57.8 million | RM39.4 million | RM10.5 million | RM30.2 million | | RM25.2 million |
| Gross development cost ("GDC")/ Construction cost | RM50.9 million | RM33.7 million | RM9.1 million | RM27.0 million | | RM20.3 million |
| Sources of funds used to finance the development as at the LPD | Internal funds, progress billings and borrowings | Internal funds and progress billing | Internal funds and progress billing | Internal funds and progress billing | | Internal funds and progress billing |
| Completion status as at the LPD | Approximately 48% | Approximately 81% | Approximately 70% | Approximately 42% | | Approximately 86% |
| Commencement date | 11 September 2017 | 6 January 2020 | 6 January 2020 | 1 April 2021 | | 15 March 2020 |
| Expected date of completion | 1 st quarter of 2025 | 2 nd quarter of 2024 | 2 nd quarter of 2024 | 4 th quarter of 2024 | | 2 nd quarter of 2024 |

The Company intends to earmark approximately RM11.0 million of the proceeds raised from the Proposed RCB for the abovementioned projects. However, the breakdown of the proceeds to be utilised for each project has not been finalised at this juncture and will be based on the actual funding requirement of the respective projects at the relevant time. In this respect, the proceeds of RM11.0 million will be allocated between each project accordingly as and when required.

The Company views that the allocation and utilisation of RM11.0 million proceeds from the Proposed RCB will assist in expediting the projects' completion. However, in the event that the Company are not able to raise the proposed funds, they may face further delays for other projects that are in the pipeline under the MBRC project.

- (3) The Company intends to utilise up to RM32.2 million of the proceeds for the proposed development of one of its land banks measuring approximately 28.3 acres within the area of Bukit Gambang Resort City, Gambang, Pahang for the development of semi-detached warehouses and bungalow warehouses, tentatively named as "East Coast Logistic Park".

As at the LPD, the following are preliminary details pertaining to the aforesaid “East Coast Logistic Park”:

- (i) The estimated GDC and GDV for the project is RM52.0 million and RM83.4 million, respectively. Further details on the breakdown as shown below:

| Type of industrial buildings | No. of units | Gross Buildup (sq. ft.) | Cost per unit (RM 'million) | GDC (RM 'million) | Selling price per unit (RM 'million) | GDV (RM 'million) |
|-------------------------------------|---------------------|--------------------------------|------------------------------------|--------------------------|---|--------------------------|
| Semi-detached warehouses | 22 | 12,000 | 1.44 | 31.7 | 3.0 | 66.0 |
| Bungalow warehouses | 3 | 23,000 | 2.76 | 8.3 | 5.8 | 17.4 |
| Infrastructure | - | - | - | 12.0 | - | - |
| Total | 25 | - | - | 52.0 | - | 83.4 |

In any event, the remaining required funds for the GDC shall be funded via the Company's internal generated funds, progress billings and/or bank borrowings.

- (ii) The purpose of undertaking the project is to provide the Company with an opportunity in expanding the Group's operations and potential earnings, in complementing the Group's current main business operations, namely property development division and leisure and hospitality division.
- (iii) As at the LPD, the Company has yet to conduct any formal feasibility studies nor make any necessary appointments (e.g. contractors or external consultants) pending approval for the Proposed RCB.
- (4) As at the LPD, the Company has a total secured borrowings of approximately RM428.2 million, comprising RM422.0 million and RM6.2 million in non-current and current borrowings, respectively. Details of the borrowings of the Company intends to repay are as follows:

| Type of borrowings/facility | Purpose of borrowings | Effective interest rate (%) | Outstanding amount as at the LPD (RM' million) | Amount the Company intends to repay (RM' million) |
|---|---|------------------------------------|---|--|
| Term Loan | To meet Company's cash flow requirement | 7.95% | 6.2 | 6.2 |
| Restructured borrowings under the Corporate Debt Restructuring Committee (“CDRC”) | For working capital in leisure and hospitality division | 5.0% | 23.3 | 10.0 |
| Restructured borrowings under CDRC | To purchase land and build waterpark | 5.0% | 81.2 | 23.0 |
| Restructured borrowings under CDRC | For refinancing of Bukit Gambang water park | 5.0% | 119.2 | 10.8 |
| Total | | | 229.9 | 50.0 |

In the event the Company raised the full RM150.0 million from the Proposed RCB, the Company intends to utilise the proceeds raised of up to RM50.0 million from the Proposed RCB to partly facilitate the repayment of total outstanding borrowings of the Group.

The repayment of the borrowings is expected to result in an annual interest savings of up to approximately RM3.98 million based on the effective interest rate of the aforesaid facilities between 5.0% to 7.95% per annum.

- (5) The Company intends to utilise up to RM46.92 million of the proceeds for its working capital requirement as follows:

| Description | Scenario 1 (RM 'million) | Scenario 2 (RM 'million) | Scenario 3 (RM 'million) |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Completion and refurbishment of the Group's material properties, namely: | | | |
| (1) Building and infrastructure works for certain projects under the MBRC master project ^(a) ; | 8.02 | 10.00 | 17.00 |
| (2) Completion of the Morib water park ^(b) ; and | 4.01 | 5.00 | 8.50 |
| (3) Upgrading the Bukit Gambang water park and Borneo Samariang water park ^(c) | 4.00 | 4.00 | 4.00 |
| Payment of Group's operating and administrative expenses (comprising salaries, bonuses, statutory contributions and other staff benefits) | 4.01 | 8.19 | 17.42 |
| Total | 20.04 | 27.19 | 46.92 |

Notes:

- (a) The building and infrastructure works such as road, drainage and water reticulation relates to the completion of the project Morib Seroja, Morib Mawar and Morib RSKU Orkid.

- (b) The Morib water park is part of the MBRC master project. The water park, situated on a 22 acres of land, has a development cost (Phase 1) of approximately RM 28.0 million.

As at the LPD, the Morib water park is at 50% completion rate. The Company is targeting for the water park's completion to be by 4th quarter of 2025.

- (c) The Bukit Gambang water park is part of the Bukit Gambang Resort City, an integrated resort city of approximately 727 acres located in Gambang, Pahang.

The 46 acres water themepark, which ceased operations during the COVID-19 pandemic, has re-commenced operations in the first quarter of 2023 through an outsourcing agreement to a third-party operator. The proposed upgrading works of approximately RM2.0 million would entail general refurbishment and upgrading works of the themepark.

On the other hand, the Borneo Samariang water park, a 30 acres water themepark, is part of the 500 acres Borneo Samariang Resort City development plan, located within Bandar Baru Samariang, Kuching, Sarawak.

The waterpark still temporarily closed since last March 2020 due to the COVID-19 pandemic. The proposed upgrading works of approximately RM2.0 million would entail general upgrading works.

- (6) The estimated expenses in relation to the Proposals are inclusive of professional fees, regulatory fees, administrative fee, printing and advertising costs as follows:

| Estimated expenses for the Proposals | Scenario 1 (RM 'million) | Scenario 2 (RM 'million) | Scenario 3 (RM 'million) |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| (1) For the Proposed Share Consolidation and upon setting up the Bonds programme: | | | |
| Regulatory fees | 0.18 | 0.18 | 0.19 |
| Professional fees ^(a) | 1.22 | 1.22 | 1.22 |
| Printing, advertisement and miscellaneous | 0.15 | 0.15 | 0.15 |
| Sub-total | 1.55 | 1.55 | 1.56 |
| (2) Upon issuance /redemption /implementation of the RCB: | | | |
| Regulatory fees | 0.06 | 0.06 | 0.16 |
| Professional fees | 0.33 | 0.36 | 0.67 |
| Administration fees to the Subscriber | 2.50 | 3.07 | 7.50 |
| Sub-total | 2.89 | 3.49 | 8.33 |
| Total estimated expenses | 4.44 | 5.04 | 9.89 |

Note:

- (a) The professional fees include the fees payable to, amongst others, the principal adviser and the solicitors for the Proposals as well as the lead arranger, facility agent and the trustee in relation to the Proposed RCB.

In the event the actual drawdown varies from the above estimated amount during the point of utilisation or the drawdown, the excess or deficit, as the case may be, will be adjusted from / to the amount earmarked for working capital.

In the event that the Group raises lower gross proceeds from the Proposed RCB as illustrated above, any shortfall of funds required for the remaining utilisation of proceeds will be funded via bank borrowings and/or internally generated funds.

For the avoidance of doubt, no proceeds will be raised from the conversion of the Bonds.

Pending utilisation of the proceeds from the Proposed RCB for the abovementioned purposes, the proceeds will be placed in deposits with a financial institution or short-term money market instruments as the Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as working capital for the Group.

In the event the Board decides to vary the utilisation of proceeds as allocated above, the Company will make the relevant announcement in accordance with the Listing Requirements. Further, if there is a material change to the utilisation of proceeds by 25% or more of the total proceeds raised, the Company will seek the shareholders' approval, in accordance with the Listing Requirements.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

4.1 Proposed Share Consolidation

The Proposed Share Consolidation will enhance the Company's share capital structure as the consolidation of the existing Sentoria Shares will reduce the number of the Company shares available in the market. Hence, the Company shall benefit from easier management of a smaller number of Sentoria Shares and all else being equal, would be indifferent to the shareholders as the Proposed Share Consolidation will not have any impact on the market value of Sentoria Shares as disclosed in Section 2.1 of this announcement.

Further, as the Company currently has a large number of shares in issue and a relatively low trading price range, a small absolute movement in the share price may be significant in percentage terms. Consolidating the Company shares would lead to a reduction in the number of Sentoria Shares available in the market and should potentially reduce the volatility in the trading price for Sentoria Shares.

4.2 Proposed RCB

In the past 3 financial years, the Group has been incurring losses with loss after tax ("**LAT**") of RM88.63 million, RM170.19 million and RM97.12 million for the 18-months financial period ended ("**FPE**") 31 March 2020, financial year ended ("**FYE**") 31 March 2021 and FYE 31 March 2022, respectively. The Company has completed a private placement on 12 May 2023 ("**Previous Private Placement**"), which cumulatively raised proceeds of approximately RM3.19 million which were intended to be utilised for the purposes of working capital of the Group. As at the LPD, the entire proceeds raised have been utilised.

After due consideration of the various fund-raising options, the Board is of the view that the Proposed RCB is the most appropriate avenue of raising funds for the proposed utilisation as set out in Section 3 of this announcement based on the following rationale:

- (i) the Proposed RCB will enable Sentoria to raise funds expeditiously and cost effectively as the Company has a pre-identified investor for the Proposed RCB, which allows the Company to save costs on road shows and marketing for potential investors;
- (ii) the Proposed RCB will enable Sentoria to raise funds via the hybrid market, that is between the debt market where gearing and security or rating may be an issue, and the equity market, where current market conditions may not be conducive, as it provides flexibility to raise funds in stages when the needs for funds arise, considering that the Company has no intention to raise the entire RM150.0 million immediately;
- (iii) the Proposed RCB is considered a better alternative than other equity-fund raisings, namely another round of private placement or rights issue considering:

- (a) Private placement:

The Previous Private Placement only managed to raise RM3.19 million, which was only sufficient in meeting the Company's short-term working capital requirement.

The Company is of the view that another round of private placement would still be insufficient for the Company's proposed short and long-term plans, amongst others, the development funding of the MBRC projects which requires a minimum fund of RM11.0 million.

(b) Rights issue:

The amount to be raised from the rights issue would depend on the subscription rate of the shareholders as there is no guarantee that the existing shareholders would take up their entitlement to a rights issue. The foregoing is also dependent on identifying potential/willing underwriter(s) in order to meet the minimum subscription for a rights issue exercise.

Further, the Company opines that raising a substantial amount of funds of up to RM150.0 million at one go may not bode well with the shareholders' risk appetite as the Company will be outright looking at issuing an approximate amount of up to 625 million new rights shares (based on the rights price of RM0.24, which represents a discount of approximately 20.0% or RM0.06 to the TARP of Sentoria Shares after the Proposed Share Consolidation of RM0.30 per share), which is approximately 4.08 rights shares for each Consolidated Share (excluding treasury shares).

- (iv) the multiple tranches issuance provides Sentoria the flexibility to drawdown as and when the need for funds arises and dilution to the existing shareholders' shareholdings will occur progressively over the tenure of the Bonds as compared to immediate full dilution effect through fund raising via issuance of new Shares or other convertible instruments such as redeemable convertible preference shares.

In the event, the Company has sufficient funds after Tranche 1 or Tranche 2 and does not wish to continue with the remaining tranches of the Proposed RCB, it has the right not to proceed further with the Proposed RCB as the drawdown of Tranche 2 or Tranche 3 is at the option of the Company. Further, the Proposed RCB has an identified ready investor, namely Triton Capital Fund VCC, to subscribe for the entire Bonds throughout the tenure of the Proposed RCB;

- (v) the Proposed RCB will increase the liquidity of Sentoria Shares upon conversion of the Bonds and provide opportunity for new investors to participate in the equity of Sentoria; and
- (vi) the Proposed RCB will improve the net assets ("**NA**") of Sentoria upon conversion of Bonds.

Save as disclosed below, the Company has not undertaken any other equity fund-raising exercise in the past 12 month preceding this announcement:

- (i) On 30 September 2022, the Company announced the Previous Private Placement which entailed new issuance of Sentoria shares up to 20% of the existing total number of issued shares in the Company.

For information, the Company had obtained the approval from the shareholders at the annual general meeting ("**AGM**") convened on 28 September 2022, authorising the Board to allot and issue new Sentoria Shares not exceeding 20% of the total number of issued Shares pursuant to Sections 75 and 76 of the CA2016 ("**20% General Mandate**"). The said approval shall continue to be in force, unless revoked or varied by the Company at a general meeting, until the conclusion of the next AGM of the Company. The 20% General Mandate may be utilised by the Company to issue new securities until 31 December 2022, unless further extended by Bursa Securities as an additional temporary relief measure to listed issuers. Subsequently, the Company is allowed to issue up to 10% of the total number of issued Shares (excluding treasury shares) in compliance with paragraph 6.03(1) of the Listing Requirements.

The Company managed to raise RM3.19 million from the Previous Private Placement, which was completed on 12 May 2023. Details and status of utilisation of the proceeds raised from the previous placement are as follows:

| Purpose | Initial allocation (RM'000) | Actual utilisation (RM'000) | Balance to be utilised (RM'000) | Timeframe for utilisation |
|---|--|--|--|----------------------------------|
| Working capital ⁽¹⁾ | 3,115 | 3,115 | - | Within 12 months |
| Estimated expenses for the Previous Private Placement | 73 | 73 | - | Immediate |
| Total | 3,188 | 3,188 | - | |

Note:

(1) The working capital expenses included, amongst others, sales and marketing expenses, finance costs and administrative costs.

5. RISK FACTORS

5.1 Dilution risk of the existing shareholders' shareholding in Sentoria and impact on Sentoria Share price

The existing shareholders' shareholding in Sentoria will be diluted in the event the RM150.0 million Bonds are converted into a maximum of 306,690,544 Conversion Shares. Pursuant thereto, there will be a surge in the supply of Sentoria Shares in the market and the Bondholders might emerge as the controlling shareholders after the completion of the Proposed RCB.

Notwithstanding the above, as set out in the Subscription Agreement and Section 2.2.6 of this announcement, the Subscriber agrees not to hold more than 10% interest in the total number of issued shares of the Company, at any time and from time to time without prior approval of the Company.

As the share price of Sentoria might be affected due to the disposal of Sentoria Shares by the Subscriber in order to maintain their shareholding of not more than 10% in Sentoria, the Board will ensure that the abovementioned risk will be mitigated through, amongst others, enhancing shareholders' and business value through the utilisation of proceeds as described in Section 3 of this announcement.

5.2 Delay, non-completion or non-subscription of the Proposed RCB

There is a possibility that the Proposed RCB may not be completed in time due to failure in fulfilling the conditions precedent as set out in the Subscription Agreement within the stipulated timeframe. In addition, the Proposed RCB is also conditional upon the approval of the Company's shareholders and other relevant authorities and parties. There is no assurance that the Company will be able to obtain all the requisite approvals.

In the event the conditions precedent are not fulfilled and/or the Company is unable to obtain the requisite approvals for the Proposed RCB, the Subscription Agreement will be terminated and the Company will be unable to obtain the funds for the purposes as set out in Section 3 of this announcement.

The Board will take all reasonable steps to ensure that the conditions precedent stated in the Subscription Agreement are met within the stipulated timeframe and to obtain all the requisite approvals in order to complete the Proposed RCB.

Further, in the event that the price of Sentoria Shares falls below or near the MCP, the Subscriber may choose to delay or not to subscribe for subsequent sub-tranches of the Bonds.

Nonetheless, in the event of a delay or unsuccessful completion of the Proposed RCB, even after obtaining all the requisite approvals, and/or in the event of non-subscription of the Bonds by the Subscriber, Sentoria shall explore other fund-raising options.

5.3 Ranking of the Bondholders

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking equally and rateably without any preference among themselves, and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Company from time to time. As such, the Bonds will rank above the Company shares in the ranking of securities of the Company.

Thus, in the event of liquidation or winding up of the Company, the Bondholders will be paid ahead of the shareholders and the amount recovered by the shareholders may not be sufficient to compensate the shareholders' initial cost of investment.

Notwithstanding the above, the Board will take all reasonable steps to ensure that the Company will continue as a going concern and will not be wound up or liquidated.

5.4 Availability of funds to redeem the Bonds

In the event the Bonds are not converted at Maturity Date, the Company must redeem the remaining issued Bonds, in cash. While the Company intends to fund such redemption mainly through internally generated funds and/or bank borrowings, there can be no assurance that the Company will be able to raise sufficient funding or at terms acceptable to the Company for the redemption.

Notwithstanding the above, the Board believes that with the proceeds raised from the Proposed RCB for the purposes set out in Section 3 of this announcement, the Group will generate sufficient earnings and cash flows, which will enable the Company to redeem the Bonds in the future, if required. In addition, redemption risk will also be minimised if there is a continued appreciation in price of Sentoria Shares, making it more attractive for the Subscriber to convert the Bonds.

6. INDUSTRY OVERVIEW AND OUTLOOK AND PROSPECTS OF THE GROUP

6.1 Overview and outlook of the Malaysian economy

The Malaysian economic growth has demonstrated remarkable steadfastness and resilience, registering an 8.7% increase in 2022. This momentum has continued in 2023 albeit at a slower pace, recording a moderate growth of 4.2% in the first half due to sluggish global economic and trade growth. Domestic spending continues to drive the momentum, underpinned by strong economic fundamentals.

The Federal Government's revenue collection in 2024 is estimated to increase further to RM307.6 billion or 15.6% of the gross domestic product ("**GDP**") driven by higher tax collection. Tax revenue continues to be the major contributor and is expected to grow by 6.4% to RM243.6 billion, attributed to expansion economic activities, higher company profitability and better employment conditions. Meanwhile, the non-tax revenue is projected to decrease to RM64 billion mainly due to lower dividend from PETRONAS, reflecting reduced dependency on petroleum-related revenue. In addition, several measures will be implemented, which include the introduction of capital gains tax for disposal of unlisted shares by companies and implementation of e-invoicing.

The total expenditure is projected to be lower at RM393.8 billion or 19.9% of GDP, particularly attributed to the lower financial commitment resulted from the absence of 1MDB bond redemption. The operating expenditure allocation is expected to record RM303.8 billion or 15.4% of GDP, while the development expenditure allocation is projected at RM90 billion or 4.5%. The Government will also undertake the subsidy rationalisation programme in which the savings will be partly channelled to enhance the social safety net programme. Meanwhile, the Twelfth Plan programmes and projects such as the construction of highways and railways, flood mitigation programme, health facilities and educational institutions will be accelerated to bolster economic activities.

Overall, in line with anticipated higher revenue and lower expenditure, the fiscal deficit level is expected to reduce further to 4.3% of GDP and remain on the consolidation path. This, in turn will provide ample fiscal space to cushion against global uncertainties and reduce debt burden in the long term. Consequently, the primary balance is estimated to record a lower deficit of 1.8% of GDP.

(Source: 2024 Fiscal Outlook and Federal Government Revenue Estimates, Ministry of Finance)

The Malaysian economy registered a growth of 3.3% in the third quarter of 2023 compared to 2.9% in the second quarter of 2023, which was supported by expansion in domestic demand, continued improvement in labour market conditions, further recovery in tourism activities and higher construction activity. At 3.3%, the second quarter growth is below the long-term average of 5.1% (i.e. from the first quarter of 2011 until the fourth quarter of 2019). On a quarter-to-quarter seasonally-adjusted basis, the economy saw a growth of 2.6%, against the previous second quarter of 2023 at 1.5%.

Going forward, growth of the Malaysian economy will be driven largely by resilient domestic expenditure, with some support from electrical and electronics exports recovery. Household spending will be supported by steady growth in employment and wage growth. Tourist arrivals and spending are expected to improve further. Additionally, continued progress of multi-year infrastructure projects and implementation of catalytic initiatives will support investment activity. Budget 2024 measures will also provide additional impetus to economic activity. Meanwhile, domestic financial conditions remain conducive to sustain credit growth, as financial institutions continue to operate with strong capital and liquidity buffers.

In line with expectations, headline and core inflation have continued to ease through the year amid the more moderate cost conditions. This would likely continue for the remainder of 2023 amid moderate momentum of price increases. Overall, headline inflation is expected to average between 2.5% and 3.0% in 2023.

Moving into 2024, headline and core inflation are projected to remain modest barring further cost shocks. However, risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments. Of note, the Malaysian government's intention to review price controls and subsidies in 2024 will affect the outlook for inflation and demand conditions.

(Source: The BNM Quarterly Bulletin in the Third Quarter of 2023, Bank Negara Malaysia)

6.2 Overview and outlook of the property development industry in Malaysia

Despite the challenging global financial and economic environment, the property market managed to stay poised and posted a marginal softening in market activity in the first half of 2023 compared to the same period last year.

Property market activity recorded a total of 184,140 transactions worth RM85.37 billion, down by 2.1% in volume but increased slightly by 1.1% in value against corresponding period. From the total transactions, 32.1% (59,090 transactions) and 63.6% (117,129 transactions) were transfers dated in 2022 and 2023 respectively while the remaining percentage share was for prior years' transfers.

Sectorial market activity performance declined marginally: residential (-1.0%), industrial (-2.5%) and agriculture (-12.4%) with the exception of commercial and development land sub-sector, which increased by 16.0% and 1.4% respectively.

In terms of value of transactions, residential and agriculture sub-sector recorded a decrease of 1.8% and 17.7% respectively, whereas commercial, industrial and development land sub-sector recorded otherwise, increased by 19.5%, 1.8% and 7.3% respectively.

The residential sub-sector led the overall property market, with 62.4% contribution. This was followed by agriculture sub-sector (19.8%), commercial (9.6%), development land and others (6.2%) and industrial (2.0%). In terms of value, residential took the lead with 52.5% share, followed by commercial (19.6%), industrial (12.8%), agriculture (8.3%) and development land and others (6.8%).

Overall, the property market performance was moderate in the first half of 2023 compared to the same period last year despite of a number of headwinds which have limit the sector's growth potential. This includes the increase of borrowing costs, the continued downtrend in Consumer Sentiment Index (CSI) (2nd quarter of 2023: 90.8 points; 1st quarter of 2023: 99.2 points; 4th quarter of 2022: 105.3 points) and the concerns on the economic situations due to weaker external demand.

The gradual increase in the Overnight Policy Rate since May 2022 is expected to have an impact on property market activity, particular on residential demand. In addition, the outlook of the workforce in the construction sector and the increase in the prices of building materials will also affect supply.

(Source: Property Market Report First Half 2023, Valuation and Property Services Department, Ministry of Finance Malaysia)

6.3 Overview and outlook of the construction industry in Malaysia

The value of work done in the third quarter 2023 remained increased by 9.6% (Second quarter of 2023: 8.1%) year-on-year basis, amounting to RM33.4 billion (Second quarter of 2023: RM32.4 billion). Meanwhile, a quarter-on-quarter comparison showed the value of work done increased 3.4 per cent in the third quarter 2023.

The increment was driven by double-digit growth in civil engineering sub-sector with a growth by 17.1% during this quarter (Second quarter of 2023: 10.4%), followed by the special trade activities sub-sector, which recorded an increase of 16.2% (Second quarter of 2023: 9.8%). In context, out of RM33.4 billion recorded in the third quarter of 2023, a total of RM13.5 billion or 40.5% of the construction work done value was in civil engineering, which remained the main contributor to the overall value of construction work done. The rise was mainly attributed to the construction of roads and railways activity with 22.1 % or amounted to RM7.4 billion.

Meanwhile, the value of work done for non-residential buildings and residential buildings was RM9.2 billion (27.5%) and RM7.3 billion (21.9%), respectively. The special trade activities contributed RM3.4 billion (10.0%), primarily in plumbing, heat and air-conditioning installation (RM1.1 billion); and electrical installation (RM0.9 billion) activities.

In terms of locality of projects, Selangor recorded the highest value of construction work done at RM8.1 billion, followed by Wilayah Persekutuan (RM4.3 billion), Sarawak (RM3.8 billion) and lastly Johor with the work done value at RM3.5 billion. These four states collectively made up RM19.7 billion or 58.9% of the total value work of done

Private sector grew modestly 8.6% (Second quarter of 2023: 17.3%) with 58.5% share of total value of work done (RM19.6 billion) and the public sector showed perform favourably by 10.9% (Second quarter of 2023: -4.8%) with 41.5% share of total value of work done (RM13.9 billion).

The value of work done in non-residential buildings and residential buildings sub-sectors remained significant in the project owned by the private sector which contributed 37.8% (RM7.4 billion) and 34.9% (RM6.8 billion) respectively. Meanwhile, the project owned by the public sector was underpinned by the civil engineering sub-sector with a share of 76.2% (RM10.6 billion).

(Source: Quarterly Construction Statistics – Third Quarter 2023, Department of Statistics Malaysia released on 8 November 2023)

6.4 Overview and outlook of the tourism industry in Malaysia

In 2022, Malaysia welcomed a total of 10,070,764 tourists generating RM 28.23 billion in tourist receipts. While these numbers are a testament to the resilience of the Malaysian tourism industry, it is vital to acknowledge that they represent a decrease of 61.4% in tourist arrivals and a drop of 67.2% in tourist receipts, as compared to the pre-COVID year 2019. Yet, these figures are not a cause for despair; instead, they exemplify the indomitable spirit of Malaysia's tourism professionals and the enduring allure of this captivating nation.

Details of the past tourist arrivals and receipts in Malaysia from 2016 until 2022 are shown in the table below:

| Year | Tourist Arrivals | Receipt (RM 'million) |
|-------------|-------------------------|----------------------------------|
| 2016 | 26,757,392 | 82,098.2 |
| 2017 | 25,948,459 | 82,165.0 |
| 2018 | 25,832,354 | 84,135.2 |
| 2019 | 26,100,784 | 86,143.5 |
| 2020 | 4,332,722 | 12,688.2 |
| 2021 | 134,728 | 238.7 |
| 2022 | 10,070,964 | 28,228.3 |

The top five tourist-generating markets were Singapore, Indonesia, Thailand, India, and Brunei, highlighting the strong regional ties that continue to foster the growth of the industry. Domestic tourism, too, played a significant role in 2022, with 65.1 million domestic tourists exploring their own country, contributing RM 38.88 billion in tourist expenditure.

(Source: Malaysia Tourism Key Performance Indicators 2022, Tourism Malaysia)

6.5 Prospects of the Group

The Group is involved in property development and construction (with its own construction arm) and the leisure and hospitality industry. Its existing major development and construction project are mainly located in Kuantan - Pahang, Morib – Selangor and Kuching – Sarawak. The Group is primarily a developer and main contractor of affordable homes, almost all of which are priced below RM300,000 per unit and are mainly targeted at the Bottom 40% (“**B40**”) and Middle 40% (“**M40**”) households. On the leisure and hospitality side, the Group's major facility is the Bukit Gambang Resort City, the integrated resort city of approximately 727 acres located in Gambang, Pahang.

Malaysia's economic growth is expected to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising which would support tourism related activities. This provided solid support to the GDP to ensure that Malaysia's growth momentum would continue in 2024.

However, the outlook for the property and construction sector has remained challenging with the volatile material prices. The Group will undertake necessary prudent measures to mitigate the impact in order to improve the Group's financial performance moving forward.

The property development division (“**PDD**”) will continue to be the Group's main focus, which is currently backed with a total outstanding order book and unbilled sales of approximately RM157 million as of 30 September 2023 from its on-going projects in Kuantan, Morib and Kuching.

The Group's leisure and hospitality division (“**LHD**”) is expected to continue to remain challenging in the near term. It is envisaged that it would require more time before the operation could normalise pre-COVID-19 pandemic. The Group anticipates that the better outlook for Malaysian tourism could spur some positive impacts to its leisure and hospitality businesses for the remaining of 2024.

The Group's development of affordable homes is in line with the Malaysian Government's thrust to encourage ownership of affordable houses by the B40 and M40 households. The Group will continue to focus on residential products priced below RM300,000 and at the same time, collaborate with strategic partners to enhance and expand its design and build projects.

(Source: Management of Sentoria)

7. EFFECTS OF THE PROPOSALS

The Proposed Share Consolidation will not have any effect on the issued share capital, net assets ("**NA**") and gearing, earnings and earnings per share ("**EPS**") of the Company.

The Proposed RCB issue is expected to raise up to RM50.00 million through the issuance of Tranche 1 Bonds. Further amount of up to RM100.00 million may be raised through the issuance of Tranche 2 Bonds and Tranche 3 Bonds at the Company's discretion, subject to the terms and conditions as set out in the Subscription Agreement.

As at the date of this announcement, the Conversion Price for the Bonds has yet to be determined. It is thus not possible, as at the date of this announcement, to ascertain the effects of the Proposed RCB until the Bonds have been issued, converted and / or otherwise redeemed.

For illustration purposes, the pro forma effects of the Proposals shall be based on the following scenarios:

- Scenario 1** : Assuming only Tranche 1 Bonds are issued and raises gross proceeds of RM50.00 million pursuant to the Proposed RCB.
- Scenario 2** : Assuming the Bonds are being converted at RM0.20 being the MCP, taking into consideration of the Maximum Conversion Shares and raises gross proceeds of RM61.34 million pursuant to the Proposed RCB.
- Scenario 3** : Assuming all tranches of the Bonds are issued and raises gross proceeds of RM150.00 million pursuant to the Proposed RCB.

[The remainder of this page has been intentionally left blank]

7.1 Issued share capital

The pro forma effects of the Proposed Share Consolidation and Proposed RCB on the Group's issued share capital are as follows: -

| | Scenario 1 | | Scenario 2 | | Scenario 3 | |
|---|--------------------|------------------------------|--------------------|------------------------------|--------------------|-------------------------------|
| | No. of Shares | RM | No. of Shares | RM | No. of Shares | RM |
| Issued share capital as at the LPD | 622,977,991 | 164,966,879 | 622,977,991 | 164,966,879 | 622,977,991 | 164,966,879 |
| After the Proposed Share Consolidation | 155,744,497 | 164,966,879 | 155,744,497 | 164,966,879 | 155,744,497 | 164,966,879 |
| To be issued pursuant to the Bonds conversion | 250,000,000 | 50,000,000 ⁽²⁾⁽³⁾ | 306,690,544 | 61,338,109 ⁽²⁾⁽³⁾ | 306,690,544 | 150,000,000 ⁽³⁾⁽⁴⁾ |
| Enlarged issued share capital | 405,744,497 | 214,966,879 | 462,435,041 | 226,304,988 | 462,435,041 | 314,966,879 |

Notes:

- (1) Proposed Share Consolidation of every 4 existing Sentoria Shares into 1 Consolidated Share.
- (2) Assuming conversion of the Bonds at the MCP of RM0.20.
- (3) On conversion of the Bonds at maturity, the liability component carried at the amortised cost-effective interest method for Scenarios 1, 2 and 3 of RM1.45 million, RM1.78 million and RM4.35 million, respectively, together with the equity component of RM48.55 million, RM59.56 million and RM145.65 million, respectively would be derecognised and recognised in equity as issued share capital.
- (4) Assuming conversion the Bonds at the illustrative Conversion Price of approximately RM0.4891.

[The remainder of this page has been intentionally left blank]

7.2 Net assets (“NA”) per Share and gearing

Based on the latest audited financial statements of the Group for the FYE 31 March 2022, the pro forma effects of the Proposed Share Consolidation and Proposed RCB on the NA per Share and gearing of the Group are set out as follows:

Scenario 1

| | Audited as at 31 March 2022 | Subsequent events up to the LPD⁽¹⁾ | Pro forma (I) After Proposed Share Consolidation | Pro forma (II) After (I) and issuance of Tranche 1 Bonds⁽³⁾ | Pro forma (III) After (II) and full conversion of Tranche 1 Bonds |
|--|--|--|---|---|--|
| | RM ‘000 | RM ‘000 | RM ‘000 | RM ‘000 | RM ‘000 |
| Share capital | 161,778 | 164,967 | 164,967 | 164,967 | 214,967 ⁽⁵⁾ |
| Treasury shares | (5,962) | (5,962) | (5,962) | (5,962) | (5,962) |
| Revaluation reserves | 66,374 | 66,374 | 66,374 | 66,374 | 66,374 |
| Warrant reserves | 51,467 | 51,467 | 51,467 | 51,467 | 51,467 |
| Estimated equity component of the Bonds | - | - | - | 48,551 ⁽⁴⁾ | - |
| Accumulated losses | (102,817) | (102,890) ⁽²⁾ | (102,890) | (102,890) | (107,330) ⁽⁶⁾ |
| Non-controlling interest | (11,694) | (11,694) | (11,694) | (11,694) | (11,694) |
| Total equity | 159,146 | 162,262 | 162,262 | 210,812 | 207,822 |
| Number of Shares in issue (excluding treasury shares) (‘000) | 557,681 | 613,381 | 153,345 | 153,345 | 396,148 |
| NA per Share (RM) | 0.29 | 0.26 | 1.06 | 1.37 | 0.52 |
| Total borrowings (RM) (‘000) | 438,723 | 438,723 | 438,723 | 438,723 | 438,723 |
| Gearing ratio (times) | 2.76 | 2.70 | 2.70 | 2.08 | 2.11 |

Notes:

- (1) After adjusting for the allotment and issuance of 25,000,000 and 30,700,000 new Shares at an issue price of RM0.06 and RM0.055 per Share on 29 March 2023 and 11 May 2023, respectively, pursuant to the Previous Private Placement.
- (2) After taking into consideration the expenses incurred for the Previous Private Placement of approximately RM73,000.
- (3) For illustration purposes only, assuming the Bondholder(s) converts the Bonds at MCP of RM0.20.

- (4) *Being the estimated equity component of the Bonds of RM48.55 million based on Malaysian Financial Reporting Standards (“MFRS”) 132. The Bonds consist of 2 components with regard to the recognition in the financial statements which are, as equity and as liability. The liability component of the Bonds is the present value of the future cash flows (interest payments), calculated by discounting the future cash flows of the Bonds at the interest rate. The equity component of the Bonds is the difference between the total proceeds received from the Bonds and the liability component.*
- (5) *On conversion of the Bonds at maturity, the liability component carried at the amortised cost-effective interest method of RM1.45 million together with the equity component of RM48.55 million would be derecognised and recognised in equity as issued share capital.*
- (6) *After deducting the estimated expenses in relation to the Proposals of RM4.44 million as set in Section 3 of this announcement.*

[The remainder of this page has been intentionally left blank]

Scenario 2

| | | | Pro forma (I) | Pro forma (II) | Pro forma (III) |
|--|--------------------------------|---|--|---|---|
| | Audited as at 31 March 2022 | Subsequent events up to the LPD ⁽¹⁾ | After Proposed Share Consolidation | After (I) and issuance of Tranche 1 and 2 Bonds ⁽³⁾ | After (II) and conversion of Tranche 1 and 2 Bonds |
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 |
| Share capital | 161,778 | 164,967 | 164,967 | 164,967 | 226,305 ⁽⁵⁾ |
| Treasury shares | (5,962) | (5,962) | (5,962) | (5,962) | (5,962) |
| Revaluation reserves | 66,374 | 66,374 | 66,374 | 66,374 | 66,374 |
| Warrant reserves | 51,467 | 51,467 | 51,467 | 51,467 | 51,467 |
| Estimated equity component of the Bonds | - | - | - | 59,560 ⁽⁴⁾ | - |
| Accumulated losses | (102,817) | (102,890) ⁽²⁾ | (102,890) | (102,890) | (107,940) ⁽⁶⁾ |
| Non-controlling interest | (11,694) | (11,694) | (11,694) | (11,694) | (11,694) |
| Total equity | 159,146 | 162,262 | 162,262 | 221,822 | 218,550 |
| Number of Shares in issue (excluding treasury shares) ('000) | 557,681 | 613,381 | 153,345 | 153,345 | 462,435 |
| NA per Share (RM) | 0.29 | 0.26 | 1.06 | 1.45 | 0.47 |
| Total borrowings (RM) (‘000) | 438,723 | 438,723 | 438,723 | 438,723 | 438,723 |
| Gearing ratio (times) | 2.76 | 2.70 | 2.70 | 1.98 | 2.01 |

Notes:

- (1) After adjusting for the allotment and issuance of 25,000,000 and 30,700,000 new Shares at an issue price of RM0.06 and RM0.055 per Share on 29 March 2023 and 11 May 2023, respectively, pursuant to the Previous Private Placement.
- (2) After taking into consideration the expenses incurred for the Previous Private Placement of approximately RM73,000.
- (3) For illustration purposes only, assuming the Bondholder(s) converts the Bonds at MCP of RM0.20.
- (4) Being the estimated equity component of the Bonds of RM59.56 million based on MFRS 132. The Bonds consist of 2 components with regard to the recognition in the financial statements which are, as equity and as liability. The liability component of the Bonds is the present value of the future cash flows (interest payments), calculated by discounting the future cash flows of the Bonds at the interest rate. The equity component of the Bonds is the difference between the total proceeds received from the Bonds and the liability component,

- (5) *On conversion of the Bonds at maturity, the liability component carried at the amortised cost-effective interest method of RM1.78 million together with the equity component of RM59.56 million would be derecognised and recognised in equity as issued share capital.*
- (6) *After deducting the estimated expenses in relation to the Proposals of RM5.05 million as set in Section 3 of this announcement.*

[The remainder of this page has been intentionally left blank]

Scenario 3

| | | | Pro forma (I) | Pro forma (II) | Pro forma (III) |
|--|--------------------------------|---|--|--|--|
| | Audited as at 31 March 2022 | Subsequent events up to the LPD ⁽¹⁾ | After Proposed Share Consolidation | After (I) and issuance of Tranche 1, 2 and 3 Bonds ⁽³⁾ | After (II) and full conversion of Tranche 1, 2 and 3 Bonds |
| | RM '000 | RM '000 | RM '000 | RM '000 | RM '000 |
| Share capital | 161,778 | 164,967 | 164,967 | 164,967 | 314,967 ⁽⁵⁾ |
| Treasury shares | (5,962) | (5,962) | (5,962) | (5,962) | (5,962) |
| Revaluation reserves | 66,374 | 66,374 | 66,374 | 66,374 | 66,374 |
| Warrant reserves | 51,467 | 51,467 | 51,467 | 51,467 | 51,467 |
| Estimated equity component of the Bonds | - | - | - | 145,653 ⁽⁴⁾ | - |
| Accumulated losses | (102,817) | (102,890) ⁽²⁾ | (102,890) | (102,890) | (112,780) ⁽⁶⁾ |
| Non-controlling interest | (11,694) | (11,694) | (11,694) | (11,694) | (11,694) |
| Total equity | 159,146 | 162,262 | 162,262 | 307,915 | 302,372 |
| Number of Shares in issue (excluding treasury shares) ('000) | 557,581 | 613,381 | 153,345 | 153,345 | 462,435 |
| NA per Share (RM) | 0.29 | 0.26 | 1.06 | 2.01 | 0.65 |
| Total borrowings (RM) (‘000) | 438,723 | 438,723 | 438,723 | 438,723 | 388,723 ⁽⁷⁾ |
| Gearing ratio (times) | 2.76 | 2.70 | 2.70 | 1.42 | 1.29 |

Notes:

- (1) After adjusting for the allotment and issuance of 25,000,000 and 30,700,000 new Shares at an issue price of RM0.06 and RM0.055 per Share on 29 March 2023 and 11 May 2023, respectively, pursuant to the Previous Private Placement.
- (2) After taking into consideration the expenses incurred for the Previous Private Placement of approximately RM73,000.
- (3) For illustration purposes only, assuming the Bondholder(s) converts the Bonds at illustrative Conversion Price of approximately RM0.4891.
- (4) Being the estimated equity component of the Bonds of RM145.65 million based on MFRS 132. The Bonds consist of 2 components with regard to the recognition in the financial statements which are, as equity and as liability. The liability component of the Bonds is the present value of the future cash flows (interest payments), calculated by discounting the future cash flows of the Bonds at the interest rate. The equity component of the Bonds is the difference between the total proceeds received from the Bonds and the liability component.

- (5) *On conversion of the Bonds at maturity, the liability component carried at the amortised cost-effective interest method of RM4.35 million together with the equity component of RM145.65 million would be derecognised and recognised in equity as issued share capital.*
- (6) *After deducting the estimated expenses in relation to the Proposals of RM9.88 million as set in Section 3 of this announcement.*
- (7) *After repayment of borrowings in the amount of RM50.0 million.*

[The remainder of this page has been intentionally left blank]

7.3 Substantial shareholders' shareholdings

For illustration purposes, the pro forma effects of the Proposed Share Consolidation and Proposed RCB on the shareholdings of the substantial shareholders of Sentoria are as follows:

Scenario 1

| Name | As at the LPD | | | | After Proposed Share Consolidation | | | | After full conversion of Tranche 1 Bonds | | | |
|--------------------------|---------------|------------------|----------------------------|------------------|------------------------------------|------------------|---------------|------------------|--|------------------|---------------|------------------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽²⁾ | No. of Shares | % ⁽²⁾ | No. of Shares | % ⁽³⁾ | No. of Shares | % ⁽³⁾ |
| Sentoria Capital Sdn Bhd | 219,560,428 | 35.80 | - | - | 54,890,107 | 35.80 | - | - | 54,890,107 | 13.61 | - | - |
| Dato' Chan Kong San | - | - | 219,560,428 ⁽⁴⁾ | 35.80 | - | - | 54,890,107 | 35.80 | - | - | 54,890,107 | 13.61 |
| Dato' Gan Kim Leong | - | - | 219,627,268 ⁽⁵⁾ | 35.81 | - | - | 54,906,817 | 35.81 | - | - | 54,906,817 | 13.61 |
| State Secretary, Pahang | 87,666,024 | 14.29 | - | - | 21,916,506 | 14.29 | - | - | 21,916,506 | 5.43 | - | - |

Notes:

- (1) Based on 613,381,091 Sentoria Shares in issue (excluding treasury shares) as at the LPD.
- (2) Based on 153,345,272 Sentoria Shares (excluding treasury shares) after the Proposed Share Consolidation.
- (3) Based on 403,345,272 Sentoria Shares (excluding treasury shares) after taking into consideration the 250,000,000 Sentoria Shares issued pursuant to the full conversion of Tranche 1 Bonds.
- (4) Deemed interested by virtue of his interest in Sentoria Capital Sdn Bhd pursuant to Section 8 of the CA2016.
- (5) Deemed interested by virtue of his interest in Sentoria Capital Sdn Bhd and Base Rock Sdn Bhd pursuant to Section 8 of the CA2016.

Scenario 2

| Name | As at the LPD | | | | After the Proposed Share Consolidation | | | | After conversion of Tranche 1 and 2 Bonds | | | |
|--------------------------|---------------|------------------|----------------------------|------------------|--|------------------|---------------|------------------|---|------------------|---------------|------------------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽²⁾ | No. of Shares | % ⁽²⁾ | No. of Shares | % ⁽³⁾ | No. of Shares | % ⁽³⁾ |
| Sentoria Capital Sdn Bhd | 219,560,428 | 35.80 | - | - | 54,890,107 | 35.80 | - | - | 54,890,107 | 11.93 | - | - |
| Dato' Chan Kong San | - | - | 219,560,428 ⁽⁴⁾ | 35.80 | - | - | 54,890,107 | 35.80 | - | - | 54,890,107 | 11.93 |
| Dato' Gan Kim Leong | - | - | 219,627,268 ⁽⁵⁾ | 35.81 | - | - | 54,906,817 | 35.81 | - | - | 54,906,817 | 11.94 |
| State Secretary, Pahang | 87,666,024 | 14.29 | - | - | 21,916,506 | 14.29 | - | - | 21,916,506 | 4.76 | - | - |

Notes:

- (1) Based on 613,381,091 Sentoria Shares in issue (excluding treasury shares) as at the LPD.
- (2) Based on 153,345,272 Sentoria Shares (excluding treasury shares) after the Proposed Share Consolidation.
- (3) Based on 460,035,816 Sentoria Shares (excluding treasury shares) after taking into consideration the 306,690,544 Sentoria Shares issued pursuant to the conversion of Tranche 1 and 2 Bonds.
- (4) Deemed interested by virtue of his interest in Sentoria Capital Sdn Bhd pursuant to Section 8 of the CA2016.
- (5) Deemed interested by virtue of his interest in Sentoria Capital Sdn Bhd and Base Rock Sdn Bhd pursuant to Section 8 of the CA2016.

Scenario 3

| Name | As at the LPD | | | | After the Proposed Share Consolidation | | | | After full conversion of Tranche 1, 2 and 3 Bonds | | | |
|--------------------------|---------------|------------------|----------------------------|------------------|--|------------------|---------------|------------------|---|------------------|---------------|------------------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽²⁾ | No. of Shares | % ⁽²⁾ | No. of Shares | % ⁽³⁾ | No. of Shares | % ⁽³⁾ |
| Sentoria Capital Sdn Bhd | 219,560,428 | 35.80 | - | - | 54,890,107 | 35.80 | - | - | 54,890,107 | 11.93 | - | - |
| Dato' Chan Kong San | - | - | 219,560,428 ⁽⁴⁾ | 35.80 | - | - | 54,890,107 | 35.80 | - | - | 54,890,107 | 11.93 |
| Dato' Gan Kim Leong | - | - | 219,627,268 ⁽⁵⁾ | 35.81 | - | - | 54,906,817 | 35.81 | - | - | 54,906,817 | 11.94 |
| State Secretary, Pahang | 87,666,024 | 14.29 | - | - | 21,916,506 | 14.29 | - | - | 21,916,506 | 4.76 | - | - |

Notes:

- (1) Based on 613,381,091 Sentoria Shares in issue (excluding treasury shares) as at the LPD.
- (2) Based on 153,345,272 Sentoria Shares (excluding treasury shares) after the Proposed Share Consolidation.
- (3) Based on 460,035,816 Sentoria Shares (excluding treasury shares) after taking into consideration the 306,690,544 Sentoria Shares issued pursuant to the full conversion of Tranche 1, 2 and 3 Bonds.
- (4) Deemed interested by virtue of his interest in Sentoria Capital Sdn Bhd pursuant to Section 8 of the CA2016.
- (5) Deemed interested by virtue of his interest in Sentoria Capital Sdn Bhd and Base Rock Sdn Bhd pursuant to Section 8 of the CA2016.

It is expected that there will be no changes in the Company's major shareholders pursuant to the Proposed RCB as there will be no conversion of the Bonds by the Subscriber to transfer a controlling interest in the Company such that the Subscriber becomes controlling shareholder of the Company without the prior approval of the Company's shareholders, nor to hold more than 10% interest in the total number of issued shares of the Company, at any time and from time to time, without the Company's prior approval. In addition, the Conversion Shares are expected to be sold down *via* the open market on a progressive basis, in tandem with the progressive subscription and conversion of the Bonds.

7.4 Earnings and earnings per Share (“EPS”)

The Proposals are not expected to have a material effect on the earnings of the Group for the FYE 30 September 2024.

However, pursuant to the Proposed Share Consolidation and all things being equal, there will be an increase in the Group’s EPS corresponding to the reduced number of Sentoria Shares in issue. The Conversion Shares to be issued pursuant to the Proposed RCB will result in an immediate dilution of the EPS of the Group due to the increased number of Sentoria Share in issue.

7.5 Convertible securities

Save for the 205,867,236 outstanding Warrants B, the Company does not have any outstanding convertible securities as at the LPD.

The Proposed Share Consolidation will give rise to adjustments to the exercise price and number of outstanding Warrants B held by Warrant B holders pursuant to the deed poll constituting the Warrants B (“**Deed Poll B**”). Such adjustments will only be finalised on the Entitlement Date and will be effective on the next market day after the said Entitlement Date. The details of such adjustments shall be notified to the holders of the Warrant B in accordance with the provisions of Deed Poll B.

The adjustments to the exercise price and number of outstanding Warrants B are set out in Section 2.1.2 of this announcement.

8. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the:
 - (a) Proposed Share Consolidation; and
 - (b) listing of and quotation for the Conversion Shares pursuant to the Proposed RCB on the Main Market of Bursa Securities.
- (ii) Sentoria’s shareholders at an extraordinary general meeting to convened; and
- (iii) any other relevant authorities or parties, if required.

The Proposed RCB is conditional on the Proposed Share Consolidation but not vice versa. The Proposals are not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

9. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, the Board is not aware of any outstanding corporate proposal which has been announced but pending implementation as at the LPD.

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

None of the Directors and/or major shareholders of Sentoria, chief executive and/or persons connected with them has any interest, whether direct or indirect, in the Proposals.

11. DIRECTORS' STATEMENT

After having considered all aspects of the Proposals, including, amongst others, the rationale and effects of the Proposals, the Board is of the opinion that the Proposals are in the best interest of Sentoria and its shareholders.

12. ESTIMATED TIMEFRAME FOR COMPLETION

The application to Bursa Securities in respect of the Proposals is expected to be submitted within 1 month from the date of this announcement.

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Share Consolidation is expected to be completed by 2nd quarter of 2024. Accordingly, the first sub-tranche of Tranche 1 Bonds is estimated to be available for issuance by the 2nd quarter of 2024 and the Proposed RCB is expected to be fully issued within 3 years from issuance of the first sub-tranche of Tranche 1 Bonds.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection at the registered office of the Company at 56 & 58 (2nd Floor), Jalan Dagang SB 4/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan during normal business hours on Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 18 January 2024.

ADDITIONAL INFORMATION

1. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

The summary of the historical financial information of the Group for the audited 18-months FPE 31 March 2020, FYE 31 March 2021 and FYE 31 March 2022 together with the unaudited 18-months FPE 30 September 2023 as well as the commentaries are as follows:

| | Audited | | | Unaudited |
|--|---|------------------------------------|----------------------|---|
| | 18-months FPE 31 March 2020 ⁽¹⁾ | FYE 31 March 2021 (Restated) | FYE 31 March 2022 | 18-months FPE 30 September 2023 ⁽²⁾ |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Revenue | 202,961 | 35,171 | 53,827 | 47,093 |
| Cost of sales | (181,085) | (75,919) | (73,502) | (43,683) |
| Gross profit/(loss) | 21,876 | (40,748) | (19,675) | 3,410 |
| Other income | 759 | 2,197 | 225 | 1,065 |
| Finance income | 618 | 220 | 11,154 | 1,263 |
| Fair value adjustments on investment properties | 4,658 | (8,770) | 2,790 | - |
| Impairment loss on financial assets | (2,318) | (11,297) | (396) | (67) |
| Impairment loss on contract assets | - | (3,279) | - | - |
| Distribution expenses | (2,056) | (115) | (33) | (41) |
| Administration expenses | (68,849) | (27,534) | (21,267) | (26,023) |
| Other expenses | (7,983) | (33,760) | (44,896) | (1,520) |
| Finance costs | (21,953) | (23,936) | (21,408) | (40,640) |
| Loss before tax ("LBT") | (75,248) | (147,022) | (93,506) | (62,553) |
| Tax expense | (13,378) | (23,168) | (3,611) | (153) |
| Net loss for the financial year/ period | (88,626) | (170,190) | (97,117) | (62,706) |
| Other comprehensive loss for the financial year/ period | 10,225 | (4,359) | (8,919) | - |
| Total comprehensive loss for the financial year/ period | (78,401) | (174,549) | (106,036) | (62,706) |
| Total comprehensive loss attributable to: | | | | |
| Owners of the Company | (77,382) | (165,008) | (103,951) | (60,865) |
| Non-controlling interest | (1,019) | (9,541) | (2,085) | (1,841) |
| | (78,401) | (174,549) | (106,036) | (62,706) |

ADDITIONAL INFORMATION (Cont'd)

| | Audited | | | Unaudited |
|---|--|---|---------------------------------|--|
| | 18-months FPE 31 March 2020 ⁽¹⁾ RM '000 | FYE 31 March 2021 (Restated) RM '000 | FYE 31 March 2022 RM '000 | 18-months FPE 30 September 2023 ⁽²⁾ RM '000 |
| Equity attributable to owners of the Company | 439,799 | 274,791 | 170,840 | 113,164 |
| Non-controlling interests | (68) | (9,609) | (11,694) | (13,535) |
| Total equity | 439,731 | 265,182 | 159,146 | 99,629 |
| Weighted average number of ordinary shares outstanding ('000) | 557,681 | 557,681 | 557,681 | 573,985 |
| NA per Share (RM) ⁽³⁾ | 0.78 | 0.48 | 0.29 | 0.17 |
| Borrowings (RM '000) | 441,295 | 462,671 | 438,723 | 440,796 |
| Gearing ratio (times) ⁽⁴⁾ | 1.00 | 1.74 | 2.76 | 4.42 |
| Loss per Share (sen) ⁽⁵⁾ | (13.88) | (29.59) | (18.64) | (10.60) |

Notes:

- (1) On 24 December 2019, the Company announced that the financial year end of the Group and of the Company had changed from 30 September 2019 to 31 March 2020. The comparative figures for the financial period ended 31 March 2020 are therefore for the 18-month period from 1 October 2018 to 31 March 2020.
- (2) On 25 April 2023, the Company announced that the Group had changed its financial year end from 31 March 2023 to 30 September 2023. As such, there will be no comparative financial information available for the preceding year's corresponding periods.
- (3) Calculated based on total equity as at year-end divided by the weighted average number of ordinary shares outstanding during the financial year/ period.
- (4) Calculated based on borrowings divided by shareholders' equity.
- (5) Calculated based on total comprehensive loss attributable to the owners of the Company over the weighted average number of ordinary shares outstanding during the financial year/ period.

Commentaries:**18-months FPE 31 March 2020 vs FYE 31 March 2021**

The Group's annualised revenue decreased by RM100.14 million or 74.01% from RM135.31 million in FPE 31 March 2020 to RM35.17 million in FYE 31 March 2021. The property development division ("PDD") continued to be the major contributor to the Group's revenue. The overall slow progress of construction works due to COVID-19 pandemic consequently led to lower revenue recognition.

ADDITIONAL INFORMATION (Cont'd)

The Group's annualised LBT increased by RM96.85 million or 193.04% from RM50.17 million in the FPE 31 March 2020 to RM147.02 million in the FYE 31 March 2021. This was mainly due to the PDD suffered margin compressions arising from rising construction and development costs, and associated costs from project delays in FYE 2021. The gross margin for the leisure and hospitality division ("LHD") had also taken a hit from the impact of COVID-19 pandemic as all leisure parks were closed during the various stage of Movement Control Order ("MCO") imposed by the government, resulted in high fixed or semi-fixed operating costs incurred without a commensurate level of revenue.

FYE 31 March 2021 vs FYE 31 March 2022

The Group's revenue increased by RM18.66 million or 53.06% from RM35.17 million in the FYE 31 March 2021 to RM53.83 million in the FYE 31 March 2022. Similar to the previous year, the PDD continued to be the major contributor to the Group's revenue with RM53.8 million for FYE 31 March 2022.

In correspond, the Group's net loss decreased by RM73.07 million or 42.93% from RM170.19 million in the FYE 31 March 2021 to RM97.12 million in the FYE 31 March 2022, mainly due to the PDD suffered bigger margin compressions in FYE 31 March 2021 arising from rising construction and development costs, and associated costs from project delays.

18-months FPE 30 September 2023

The Group recorded a revenue of RM47.09 million during the 18-months FPE 30 September 2023. A majority of the revenue, i.e. RM44.78 million or 95.09%, was contributed from the PDD, principally due to revenue contributions from the construction and development in Kuantan, Morib and Kuching.

2. VALUE CREATION AND IMPACT OF THE PROPOSALS TO THE COMPANY AND SHAREHOLDERS**(i) Proposed Share Consolidation**

The Proposed Share Consolidation is undertaken to improve the Company's capital structure as well as to facilitate the Proposed RCB.

As stated in Section 4.1 of the announcement, the potential dilutive effect arising from the conversion of Bonds would be mitigated or better managed through the Proposed Share Consolidation, as the consolidation of the existing Sentoria Shares will reduce the number of the Company shares available in the market. Further, consolidating the Shares would lead to a reduction in the total number of shares available in the market and could potentially reduce the volatility in the trading price for Sentoria Shares.

For the avoidance of doubt, the Proposed Share Consolidation will not affect the total market value of the Shares held by the shareholders and the Company's shareholding structure.

(ii) Proposed RCB

As stated in Section 3 of the announcement, the Proposed RCB is intended to raise funds for, amongst others, the development funding of the MBRC project and working capital requirement for existing businesses.

The Proposed RCB will enable the Company to tap into the equity market to raise funds without incurring additional interest cost associated with bank borrowings, thereby minimising any further cash outflow in respect of interest servicing costs and preserving the Group's cash flow and directly enhancing shareholders' value.

ADDITIONAL INFORMATION (Cont'd)

Further, the repayment of borrowings will also allow Sentoria to benefit from the interest savings of approximately RM3.98 million per annum. As illustrated in Section 7 of the announcement, the Proposed RCB is expected to enlarge the share capital of Sentoria and increase its shareholders' funds. The increase in the number of issued Sentoria Shares arising from the Proposed RCB may have a dilutive impact on the shareholdings of the Company's existing shareholders. It may also dilute the EPS of the Group if the earnings of the Group do not increase in tandem with the increase in the number of Sentoria Shares issued pursuant to the Proposed RCB.

Nevertheless, the Proposed RCB is expected to have a positive impact on future earnings of our Group by providing Sentoria with necessary funding to fund its current and future projects, working capital needs and to repay its borrowings and factoring facility, which is expected to preserve our Group's main source of income and to benefit from the interest savings respectively, which would then improve our Company's financial position.

3. ADEQUACY OF THE PROPOSED RCB IN ADDRESSING THE FINANCIAL CONCERNS OF THE GROUP

The Group has been in a loss-making position since FYE 31 March 2020 and premised on the Group's on-going efforts to improve the financial position, value creation and impact of the Proposed RCB and taking into consideration the prospects of the property development, construction and tourism industries in Malaysia (as set out in Section 6 of the announcement), the Board is of the view that the Proposed RCB is adequate to address the Group's financial requirements at this juncture.

As set out in Section 3 of this announcement, the proceeds from the Proposed RCB will be used to provide the Group with the necessary funds to funds for, amongst others, the development funding of the MBRC project and working capital requirement for existing businesses. Further, part of the proceeds to be raised from the Proposed RCB would be used to repay the Group's outstanding bank borrowings which will reduce the finance cost of the Group and preserve the cash flow for the Group's working capital requirements moving forward.

Premised on the above, the Group is of the view that the utilisation of proceeds pursuant to the Proposed RCB will improve the Group's financial performance and financial position as and when the benefit of the Proposed RCB is realised.

4. STEPS OR ACTIONS UNDERTAKEN OR TO BE UNDERTAKEN TO IMPROVE THE FINANCIAL CONDITION OF THE GROUP

In view of the Group's continuous loss-making position for the past 3 FYEs, The Group has undertaken or intends to undertake the following plans to improve the financial performance and strengthen the financial position:

- (i) Completed the Previous Private Placement on 12 May 2023, which utilised the RM3.19 million proceeds raised from the foregoing placement mainly for the Group's working capital. Further details are set out in Section 4 of the announcement;
- (ii) Seeking potential joint venture partner for the Group's LHD and PDD.

As at the LPD, the Company has entered into an outsourcing agreement for the operations of the Bukit Gambang waterpark, which re-commenced its operation during the 1st quarter of 2023, for a period of 3 years.

ADDITIONAL INFORMATION (Cont'd)

- (iii) The Company has taken other steps to improve the financial condition such as various cost control measures which include trimming operational costs, optimisation of manpower needs and suspend any intended or budgeted capital expenditures to keep the staff and operational costs at the minimal level and conserve the cash flows of the Group; and
- (iv) The Group has been continuously seeking for opportunities to grow its construction activities via engaging in open tenders.

As at the LPD, the Group has yet to engage in any open tenders for construction works.

Barring any unforeseen circumstances, the Proposed RCB is expected to place the Group to on a better financial footing and potentially generate positive returns to the Group, and in turn be adequate to turnaround the financial condition of the Group as well as to grow and further improve the financial performance of the Group moving forward.

Moreover, the repayment of the Group's bank borrowings is expected to reduce the Group's financial cost as well as preserving the Group's cash flow moving forward.

In the long term, the Board will continue to assess the Group's funding requirements which may include the need to carry out other corporate proposals, after taking into consideration the Group's capital structure and cost of funds.

[The remainder of this page has been intentionally left blank]