

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LEAP MARKET”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY LIM SEONG HAI CAPITAL BERHAD (“LSH CAPITAL” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

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

This Circular has been reviewed by AmInvestment Bank Berhad, being the Principal Adviser and Sponsor to the Company for the Proposed Transfer of Listing (as defined herein), as well as Astramina Advisory Sdn Bhd, being the Approved Adviser and Continuing Adviser to the Company.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



LIM SEONG HAI CAPITAL BERHAD

(Registration No.: 202001036664 (1392985-A))
(Incorporated in Malaysia under the Companies Act 2016)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

*Principal Adviser and Sponsor
to the Company for the Proposed Transfer of Listing*



AmInvestment Bank

AmInvestment Bank Berhad

(Registration No. 197501002220 (23742-V))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Approved Adviser and Continuing Adviser
to the Company*



ASTRAMINA
ADVISORY

Astramina Advisory Sdn Bhd

(Registration No. 200801009417 (810705-K))

(A licensed corporate finance advisory firm
by the Securities Commission Malaysia)

The resolutions pertaining to the Proposed Transfer of Listing will be tabled at the Extraordinary General Meeting (“EGM”) of LSH Capital which will be held physically at Level 7, Wisma Lim Seong Hai, No. 33, Jalan Gombak, 53000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Friday, 19 April 2024 at 10:00 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herein.

You are entitled to vote at the EGM. If you are unable to attend and vote at the EGM, you may appoint a proxy or proxies to do so on your behalf. In such event, you should complete and deposit the enclosed Form of Proxy in accordance with the instructions therein at the office of our Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the EGM or at any adjournment thereof either by hand, post or courier. The lodging of the Form of Proxy does not preclude a member from attending and voting in person at the EGM should the member subsequently wish to do so, and in such an event, the Form of Proxy of such member shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy : Wednesday, 17 April 2024 at 10:00 a.m.

Date and time of the EGM : Friday, 19 April 2024 at 10:00 a.m. or at any adjournment thereof

This Circular is dated 27 March 2024

DEFINITIONS

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

ACE LR	:	ACE Market Listing Requirements of Bursa Securities
ACE Market	:	ACE Market of Bursa Securities
Act	:	Companies Act 2016
AmInvestment Bank or Principal Adviser or Sponsor	:	AmInvestment Bank Berhad
Astramina Advisory	:	Astramina Advisory Sdn Bhd
Board	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular dated 27 March 2024 in relation to the Proposed Transfer of Listing
CMSA	:	Capital Markets and Services Act 2007
Directors	:	Directors of our Company
DLKG	:	Datuk Lim Keng Guan
EGM	:	Extraordinary general meeting
Eligible Persons	:	Collectively, the eligible Directors of our Company, eligible employees of our Group and other persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering through the Proposed Pink Form Offer
EPS	:	Earnings per Share
Exemption	:	Exemption from having to extend an Exit Offer (as defined in Section 2.1 of this Circular) and appoint an independent adviser for the Exit Offer pursuant to Rules 8.06(1)(c) and (d) of the LEAP LR respectively, in connection with the Proposed Withdrawal of LEAP Listing
FPE	:	Financial period ended
FYE	:	Financial year ended or ending, as the case may be
GDV	:	Gross development value
Institutional Offering	:	Offering of up to 161,657,400 Offering Shares at the Offering Price, subject to the clawback and reallocation provisions, to institutional and selected investors, including identified Bumiputera investors approved by the MITI
Issue Shares	:	New Shares to be issued by our Company under the Proposed Public Issue
Lake Side Homes Project	:	Project to construct five (5) blocks of residential units comprising 593 'Residensi Wilayah' affordable housing units, 593 Civil Servant Housing Malaysia (PPAM) affordable housing units and 1,183 condominium units in Sungai Besi, Kuala Lumpur
LEAP LR	:	LEAP Market Listing Requirements of Bursa Securities

DEFINITIONS (Cont'd)

LEAP Market	:	LEAP Market of Bursa Securities
LPD	:	29 February 2024, being the latest practicable date prior to the date of this Circular
LSH Capital or Company	:	Lim Seong Hai Capital Berhad
LSH Capital Group or Group	:	Collectively, LSH Capital and its subsidiaries
LSH Capital Share(s) or Share(s)	:	Ordinary share(s) in LSH Capital
LSH Holdings	:	Lim Seong Hai Holdings Sdn Bhd
LSH Resources	:	Lim Seong Hai Resources Sdn Bhd
LSH Segar Project	:	Project to construct two (2) blocks of residential units comprising 440 'Residensi Wilayah' affordable housing units and 435 condominium units in Cheras, Kuala Lumpur
M&E	:	Mechanical and electrical
Malaysian Public	:	Malaysian citizens, as well as companies, cooperatives, societies and institutions incorporated or organised under the laws of Malaysia
MITI	:	Ministry of Investment, Trade and Industry of Malaysia (<i>formerly known as Ministry of International Trade and Industry of Malaysia</i>)
NA	:	Net assets
Offer Shares	:	Existing Shares to be offered by the Selling Shareholders pursuant to the Proposed Offer for Sale
Offering Price	:	Issue/offer price for each Offering Share to be paid by investors under the Proposed Public Offering, which shall be determined and fixed at a later date after all relevant approvals for the Proposed Transfer of Listing have been obtained
Offering Shares	:	Collectively, the Issue Shares and Offer Shares
PATAMI	:	Profit after tax attributable to the owners of a company
PE Multiple	:	Price-to-earnings multiple, an earnings-based valuation methodology which compares the market value of a company to its net profit
Pre-Listing Investors	:	This refers to the 15 employees of our Group, 28 employees of companies outside of our Group in which the Promoters have direct or indirect interest and/or hold directorship, and two (2) business associates and acquaintances of the Promoters, who collectively subscribed to 35,859,575 Shares at the subscription price of RM0.13 each in May 2021 i.e. prior to our Company's listing on the LEAP Market on 30 July 2021
Promoters	:	Collectively, LSH Holdings, LSH Resources, Tan Sri KC Lim, DLKG, Lim Pak Lian and Lim Keng Hun
Proposal Letter	:	Letter dated 26 September 2023 from the Promoters to our Board requesting our Company to consider undertaking the Proposed Transfer of Listing

DEFINITIONS (Cont'd)

Proposed ACE Listing	: Proposed listing and quotation of the entire enlarged issued share capital of our Company on the ACE Market pursuant to Rules 3A.02(1) and 3A.02(2) of the ACE LR
Proposed Offer for Sale	: Proposed offer for sale of up to 59,000,000 Offer Shares at the Offering Price by the Selling Shareholders, subject to the terms and conditions of the Prospectus
Proposed Pink Form Offer	: Proposed offer of Issue Shares to the Eligible Persons pursuant to the Proposed Public Issue
Proposed Public Issue	: Proposed public issue of 132,000,000 Issue Shares at the Offering Price by our Company, subject to the terms and conditions of the Prospectus
Proposed Public Offering	: Proposed public offering of up to 191,000,000 Offering Shares, representing up to approximately 22.78% of the enlarged issued shares of our Company, comprising the Proposed Public Issue and Proposed Offer for Sale
Proposed Transfer of Listing	: Proposed transfer of listing and quotation of the entire issued share capital of our Company from the LEAP Market to the ACE Market which will involve the Proposed Withdrawal of LEAP Listing and Proposed ACE Listing
Proposed Withdrawal of LEAP Listing	: Proposed voluntary withdrawal of the listing and quotation of the entire issued share capital of our Company from the LEAP Market pursuant to Rules 8.06 and 8.08 of the LEAP LR
Proposing Directors	: Collectively, Tan Sri KC Lim, DLKG, Lim Pak Lian and Lim Keng Hun who proposed to our Company to consider undertaking the Proposed Transfer of Listing vide the Proposal Letter
Prospectus	: Prospectus to be issued by our Company pursuant to the Proposed ACE Listing
Providence	: Providence Strategic Partners Sdn Bhd
Public Spread Requirement	: Requirement under Rule 3.10(1) of the ACE LR which stipulates that an applicant must have at least 25% of the total number of shares for which listing is sought on the ACE Market in the hands of a minimum number of 200 public shareholders holding not less than 100 shares each
Retail Offering	: Offering of 29,342,600 Offering Shares at the Offering Price, subject to the clawback and reallocation provisions, to the Eligible Persons and Malaysian Public
RM and sen	: Ringgit Malaysia and sen, respectively
SC	: Securities Commission Malaysia
Selling Shareholders	: Collectively, LSH Resources, Tan Sri KC Lim, DLKG, Lim Pak Lian and Lim Keng Hun
Sentul Ria Project	: Project to construct a 29-storey and one (1) mezzanine floor mixed development project comprising 268 residential suites, recreational facilities, commercial space and carpark in Sentul, Kuala Lumpur
Tan Sri KC Lim	: Tan Sri Datuk Seri Lim Keng Cheng
VWAP	: Volume weighted average market price

DEFINITIONS (Cont'd)

Subsidiaries and associated company of our Company

ASES	:	Astana Setia & Euro Saga Sdn Bhd
ASSB	:	Astana Setia Sdn Bhd
Knight Auto	:	Knight Auto Sdn Bhd
Kran World	:	Kran World Sdn Bhd
LSH Development	:	Lim Seong Hai Development Sdn Bhd
LSH Infra	:	LSH Infra Sdn Bhd
LSH Lighting	:	Lim Seong Hai Lighting Sdn Bhd
LSH Ventures	:	Lim Seong Hai Ventures Sdn Bhd
LSHBB	:	LSH BEST Builders Sdn Bhd

References to “**our Company**” in this Circular are to LSH Capital and references to “**our Group**” are to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to “**you**” in this Circular are to our shareholders.

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

Any reference in this Circular to the provisions of any statute, rule, regulation, enactment or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rule, regulation, enactment or rules of stock exchange (as the case may be) currently in force or may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time of day and date respectively, unless otherwise specified.

Certain amounts and percentage figures included in this Circular have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the half-yearly results or annual audited financial statements of our Company (as the case may be), is due to rounding.

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

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	vi
LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED TRANSFER OF LISTING CONTAINING:	
1. INTRODUCTION.....	1
2. DETAILS OF THE PROPOSED TRANSFER OF LISTING	2
3. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSFER OF LISTING	18
4. OUTLOOK AND PROSPECTS.....	20
5. DETAILS AND STATUS OF THE BUSINESS PLANS OF OUR GROUP AS DISCLOSED IN THE INFORMATION MEMORANDUM OF OUR COMPANY DATED 18 JUNE 2021 IN RELATION TO OUR LISTING ON THE LEAP MARKET	26
6. RISK FACTORS IN RELATION TO THE PROPOSED TRANSFER OF LISTING	30
7. EFFECTS OF THE PROPOSED TRANSFER OF LISTING	33
8. IMPACT OF THE PROPOSED TRANSFER OF LISTING AND PRICE DISCOVERY MECHANISM	36
9. HISTORICAL SHARE PRICES.....	37
10. APPROVALS REQUIRED AND CONDITIONALITY	38
11. CORPORATE EXERCISES/SCHEMES ANNOUNCED BUT PENDING COMPLETION.....	40
12. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	40
13. DIRECTORS' STATEMENT AND RECOMMENDATION	42
14. APPLICATION TO THE RELEVANT AUTHORITIES.....	42
15. ESTIMATED TIMEFRAME FOR COMPLETION.....	43
16. EGM	43
17. FURTHER INFORMATION.....	44
 APPENDICES	
I. INFORMATION ON OUR COMPANY.....	45
II. FURTHER INFORMATION.....	50
 NOTICE OF EGM	ENCLOSED
 FORM OF PROXY	ENCLOSED

EXECUTIVE SUMMARY

This Executive Summary highlights the salient information of the Proposed Transfer of Listing as set out in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein before voting on the resolutions pertaining to the Proposed Transfer of Listing to be tabled at our forthcoming EGM.

Salient information	Description	Reference to the Circular
Details of the Proposed Transfer of Listing	<p>Our Company intends to undertake the proposed transfer of the listing and quotation of the entire issued share capital of our Company from the LEAP Market to the ACE Market, which will involve the Proposed Withdrawal of LEAP Listing and Proposed ACE Listing.</p> <p>In conjunction with the Proposed ACE Listing, our Company also proposes to undertake a public offering of up to 191,000,000 Shares, representing up to approximately 22.78% of the enlarged issued shares of our Company, which will comprise the following:</p> <ul style="list-style-type: none">(i) a public issue of 132,000,000 Issue Shares; and(ii) an offer for sale of up to 59,000,000 Offer Shares by the Selling Shareholders.	Section 2
Use of proceeds raised from the Proposed Public Issue	<p>Based on the illustrative Offering Price of RM0.88 per Issue Share (as detailed in Section 2.2.5 of this Circular), our Company will raise gross proceeds of RM116.16 million from the Proposed Public Issue. The gross proceeds raised from the Proposed Public Issue are expected to be used in the following manner:</p>	Section 2.2.8

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

For the avoidance of doubt, our Company will not receive any proceeds from the Proposed Offer for Sale. Based on the Illustrative Offering Price of RM0.88 per Offer Share, the Proposed Offer for Sale will raise gross proceeds of up to RM51.92 million which will accrue entirely to the Selling Shareholders.

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to the Circular
Rationale for and benefits of the Proposed Transfer of Listing	<p>The Proposed Transfer of Listing is expected to:</p> <ul style="list-style-type: none">(i) enhance our Company's credibility, prestige and reputation, and accord us with greater recognition amongst investors, while reflecting the current scale of operations of our Group, which in turn is expected to enhance the attractiveness and marketability of our Shares;(ii) enhance the confidence of our customers, suppliers, subcontractors, business associates, bankers, employees and shareholders through our profile as a company listed on the ACE Market; and(iii) enable our Company to access a wider pool and mix of investors in the capital markets (i.e. retail and institutional investors) in the event our Company wishes to carry out any fund-raising exercises in the future.	Section 3
Risk factors in relation to the Proposed Transfer of Listing	<p>The Proposed Transfer of Listing is subject to the following risk factors:</p> <ul style="list-style-type: none">(i) no prior established market for our Shares and there is no certainty for an active liquid market to be established for our Shares after the Proposed Transfer of Listing;(ii) our Share price and trading volume may be volatile following the Proposed Transfer of Listing as a result of market vagaries;(iii) our existing shareholders may experience an immediate paper loss on the value of the Shares held by them if the final Offering Price is lower than the last trading price of our Shares on the LEAP Market prior to the Proposed Transfer of Listing;(iv) our existing shareholders will face the risk of dilution to their shareholdings in our Company;(v) there may be a delay in or termination of the Proposed Transfer of Listing. In such event, the potential benefits expected to arise from the Proposed Transfer of Listing as set out in Section 3 of this Circular may not materialise;(vi) we are unable to recover the cost incurred for the Proposed Transfer of Listing in the event the Proposed Transfer of Listing is terminated; and(vii) we are unable to raise proceeds from the Proposed Public Issue to fulfill our Group's funding requirements in the event the Proposed Transfer of Listing is not implemented.	Section 6

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to the Circular
Approvals required and conditionality	<p>The Proposed Withdrawal of LEAP Listing and Proposed ACE Listing which are integral parts of the Proposed Transfer of Listing, are inter-conditional upon each other.</p> <p>In addition, the Proposed Public Offering is undertaken by our Company in conjunction with the Proposed Transfer of Listing in accordance with Rule 3A.02(1)(d) of the ACE LR. As such, the implementation of the Proposed Transfer of Listing is conditional upon the completion of the Proposed Public Offering.</p> <p>The Proposed Transfer of Listing is subject to and conditional upon the following being obtained:</p> <ul style="list-style-type: none">(i) approval of the shareholders of our Company for the Proposed Withdrawal of LEAP Listing and Proposed ACE Listing at our forthcoming EGM;(ii) approval from Bursa Securities for the Exemption which was obtained vide its letter dated 29 February 2024, subject to the condition as set out in Section 10(ii)(a) of this Circular;(iii) approval from Bursa Securities for the Proposed Withdrawal of LEAP Listing and the Proposed ACE Listing;(iv) approval from the Equity Compliance Unit of the SC for the resultant equity structure of our Company pursuant to the Proposed Public Offering under the Bumiputera equity requirement for public listed companies;(v) approval from the MITI for the allocation of Offering Shares to Bumiputera investors to be identified and approved by the MITI; and(vi) approval, waiver and/or consent of any other relevant authority and/or party, if required. <p>The proposed allocations of Issue Shares to our eligible Directors, namely Lim Ding Shyong, Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob, Lee Swee Kheng and Dato' Wang Sze Yao @ Wang Ming Way, as well as to the eligible employees of our Group who are also persons connected with the relevant Directors and/or major shareholders of our Company ("Eligible Connected Employees") (as further detailed in Sections 2.2.1(ii) and 12 of this Circular) under the Proposed Pink Form Offer are also subject to the approval of the shareholders of our Company at our forthcoming EGM.</p> <p>For the avoidance of doubt, the Proposed Pink Form Offer is conditional upon the Proposed Transfer of Listing. However, the Proposed Transfer of Listing is not conditional upon the Proposed Pink Form Offer (including the allocations of Issue Shares to our eligible Directors and Eligible Connected Employees). The Proposed Pink Form Offer to each respective eligible Director and Eligible Connected Employee are not inter-conditional upon each other.</p>	Section 10

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to the Circular
Interests of Directors, major shareholders, chief executive and/or persons connected with them	<p>Save as disclosed below, none of the Directors, major shareholders and/or chief executive of our Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Transfer of Listing:</p> <ul style="list-style-type: none">• the Proposing Directors (also the Selling Shareholders) and Lim Ding Shyong (being an Executive Director of our Company and the son of Tan Sri KC Lim) in respect of the Proposed Withdrawal of LEAP Listing, Proposed ACE Listing, Proposed Public Offering and proposed allocations of Issue Shares to persons connected with them under the Proposed Pink Form Offer at the Board's level;• the Proposing Directors (also the Selling Shareholders) and persons connected with them in respect of the Proposed ACE Listing, Proposed Public Offering and proposed allocations of Issue Shares to persons connected with them under the Proposed Pink Form Offer at the shareholders' level; and• Lim Ding Shyong, Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob, Lee Swee Kheng and Dato' Wang Sze Yao @ Wang Ming Way as well as persons connected with them in respect of their respective proposed allocation and their eligibility to the Issue Shares and/or the proposed allocations to persons connected with them (where relevant) at both the Board and shareholders' levels.	Section 12
Directors' statement and recommendation	<p>Our Board (save for the Proposing Directors who are also the Selling Shareholders and Lim Ding Shyong), after having considered all aspects of the Proposed Transfer of Listing and the Proposed Public Offering including the rationale, effects and impact thereto of the Proposed Transfer of Listing and the Proposed Public Offering, is of the opinion that the Proposed Transfer of Listing and the Proposed Public Offering are in the best interest of our Company. Accordingly, our Board (save for the Proposing Directors and Lim Ding Shyong) recommends you to vote in favour of the resolutions pertaining to the Proposed Transfer of Listing (including the Proposed Public Offering) to be tabled at our forthcoming EGM.</p> <p>For the avoidance of doubt, as some of our Directors and/or persons connected with our Directors and/or major shareholders are eligible to participate in the Proposed Public Offering via the Proposed Pink Form Offer, these Directors have abstained and will continue to abstain from forming an opinion and making any recommendation on the Issue Shares to be allocated to them and/or any person connected with them (where relevant) pursuant to the Proposed Pink Form Offer.</p>	Section 13



LIM SEONG HAI CAPITAL BERHAD

(Registration No. 202001036664 (1392985-A))
(Incorporated in Malaysia under the Companies Act 2016)

Registered Office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

27 March 2024

Board of Directors:

Tan Sri Datuk Seri Lim Keng Cheng (*Non-Executive Chairman*)
Datuk Lim Keng Guan (*Executive Vice Chairman*)
Lim Pak Lian (*Group Managing Director*)
Lim Keng Hun (*Managing Director – Machinery, Hardware and Tools Division*)
Lim Ding Shyong (*Executive Director*)
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob (*Independent and Non-Executive Director*)
Lee Swee Kheng (*Independent and Non-Executive Director*)
Dato' Wang Sze Yao @ Wang Ming Way (*Independent and Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED TRANSFER OF LISTING

1. INTRODUCTION

On 26 September 2023, our Board had announced that our Company had on the same day received the Proposal Letter from the Promoters requesting our Company to consider undertaking the Proposed Transfer of Listing.

On 12 October 2023, AmInvestment Bank and Astramina Advisory had, on behalf of our Board, announced that our Board (save for the Proposing Directors) had deliberated on the content of the Proposal Letter and resolved to proceed with the Proposed Transfer of Listing based on the terms of the Proposal Letter and to procure the relevant approvals for the Proposed Transfer of Listing.

On 29 February 2024, AmInvestment Bank and Astramina Advisory had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 29 February 2024, approved the Exemption subject to the condition as set out in Section 10(ii)(a) of this Circular.

Subsequently on 6 March 2024, AmInvestment Bank had, on behalf of our Board, announced that in conjunction with the Proposed Transfer of Listing, our Company proposed to undertake the Proposed Public Offering.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED TRANSFER OF LISTING AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED TRANSFER OF LISTING TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED HEREIN.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED TRANSFER OF LISTING TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED TRANSFER OF LISTING

The Proposed Transfer of Listing which entails the transfer of the listing and quotation of the entire issued share capital of LSH Capital from the LEAP Market to the ACE Market, will involve the Proposed Withdrawal of LEAP Listing and Proposed ACE Listing.

For information purpose, our Company has met some of the requirements and will meet the remaining requirements for a transfer of listing from the LEAP Market to the ACE Market as set out in Rule 3A.02(1) of the ACE LR as follows:

No.	Requirements	Status of compliance
(a)	A transfer applicant must have been listed for at least two (2) years on the LEAP Market at the time of application for transfer of listing;	Complied. Our Company has been listed on the LEAP Market for more than two (2) years, i.e. since 30 July 2021.
(b)	A transfer applicant must be considered as suitable for listing after the assessment by a Sponsor or both the Sponsor and Recognised Approved Adviser as Joint Transfer Sponsor pursuant to Rule 4.07 of the ACE LR;	Complied. AmlInvestment Bank being our Principal Adviser and Sponsor for the Proposed Transfer of Listing, after having assessed, among others, our Group's business prospects, corporate governance record, internal control and risk management systems, is of the view that our Company is suitable for listing on the ACE Market and that the admission of our Company to the Official List of the ACE Market is not detrimental to the interest of investors nor does it undermine public interest.
(c)	A transfer applicant must comply with Chapters 3 and 3A of the ACE LR, as the case may be, subject to the additional requirements, modifications or exceptions set out in Chapter 3A of the ACE LR;	To be complied.
(d)	A transfer applicant must undertake an issue of shares to the general public as part of its transfer of listing; and	To be complied. In conjunction with the Proposed Transfer of Listing, our Company will undertake the Proposed Public Offering, details of which are set out in Section 2.2 of this Circular.
(e)	A transfer applicant must comply with the relevant admission procedures and requirements as may be prescribed by Bursa Securities.	To be complied.

2.1 Proposed Withdrawal of LEAP Listing

Pursuant to Paragraph 2.1 of Guidance Note 15A of the ACE LR, a transfer applicant must, as part of the transfer of listing to the ACE Market, request for a withdrawal of listing from the LEAP Market in accordance with Rules 8.06 and 8.08 of the LEAP LR with modifications where the transfer applicant must offer its shareholders and holders of any other class of listed securities, if applicable, the following:

- (a) an exit offer in accordance with Rule 8.06(1)(c) of the LEAP LR, in which case the transfer applicant must ensure full compliance with Rule 8.06 of the LEAP LR, including Rules 8.06(1)(d) and 8.06(2) of the LEAP LR in respect of the exit offer only; or
- (b) any other exit mechanism that is equitable for its shareholders and holders of any other class of securities, if applicable, subject to the transfer applicant consulting Bursa Securities and submitting the proposed exit mechanism to Bursa Securities for its perusal.

According to Rule 8.06(1) of the LEAP LR, a listed corporation may not request to withdraw its listing from the LEAP Market, unless:

- (a) the listed corporation convenes a general meeting to obtain its shareholders' approval and a separate meeting for the approval of the holders of any other class of listed securities, if applicable, and sends a circular to the shareholders and the holders of any other class of listed securities, if applicable, which shall include the information set out in Appendix 8B of the LEAP LR;
- (b) the passing of the resolution for the withdrawal of listing meets the following conditions:
 - (i) the resolution is approved by a majority of shareholders and holders of any other class of listed securities, if applicable, in number, representing 75% of the total number of issued securities held by the shareholders and other securities holders respectively, present and voting either in person or by proxy at each meeting; and
 - (ii) the number of votes cast against the resolution, if any, by each class of listed securities respectively, if applicable, is not more than 10% of the total number of issued securities held by the shareholders and other securities holders respectively, present and voting either in person or by proxy at each meeting;
- (c) the shareholders and holders of any other class of listed securities, if applicable, are offered a reasonable cash alternative or other reasonable alternative ("**Exit Offer**"); and
- (d) the listed corporation appoints an independent adviser ("**IA**") to advise and make recommendations for the consideration of the shareholders and holders of any other class of listed securities, if applicable, in connection with the withdrawal of its listing as well as the fairness and reasonableness of the Exit Offer.

Compliance with the abovementioned requirements

In consideration of the abovementioned requirements, our Company will comply with the requirements under Rules 8.06(1)(a) and (b) of the LEAP LR. However, as it is not the intention of the Promoters to extend the Exit Offer to all the other shareholders of our Company ("**Minority Shareholders**") pursuant to the Proposed Withdrawal of LEAP Listing and appoint an IA for the Proposed Withdrawal of LEAP Listing, the Promoters had vide the Proposal Letter, requested our Board to consider procuring irrevocable written undertakings from all Minority Shareholders to, among others, waive their entitlement to an Exit Offer and the appointment of an IA under Rules 8.06(1)(c) and (d) of the LEAP LR respectively.

Accordingly, following the receipt of the written undertakings from the Minority Shareholders to waive their entitlement to an Exit Offer and the appointment of an IA, our Company had on 28 December 2023, sought the approval of Bursa Securities for the Exemption. The Exemption was approved by Bursa Securities vide its letter dated 29 February 2024.

For information purpose, all the shareholders of our Company had vide their respective written undertakings, also irrevocably and unconditionally agreed and undertaken to:

- (i) continue to hold and not dispose of, transfer or reduce their entire shareholdings in our Company from the date of such written undertakings until the completion or termination (as the case may be) of the Proposed Withdrawal of LEAP Listing⁽¹⁾; and
- (ii) if permissible, vote in favour of the resolution(s) pertaining to the Proposed Transfer of Listing (including the Proposed Withdrawal of LEAP Listing) to be tabled at our forthcoming EGM.

Note:

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

Upon fulfilment of the requirements under Rules 8.06(1)(a) and (b) of the LEAP LR, an application will be made by our Company to Bursa Securities for the Proposed Withdrawal of LEAP Listing in accordance with Rule 8.08 of the LEAP LR.

2.2 Proposed ACE Listing

The Proposed ACE Listing entails the listing and quotation of the entire issued share capital of our Company on the ACE Market pursuant to Rules 3A.02(1) and 3A.02(2) of the ACE LR.

In conjunction with the Proposed ACE Listing, our Company proposes to undertake a public offering of up to 191,000,000 Shares, representing up to approximately 22.78% of the enlarged issued shares of our Company, which will comprise the following:

- (i) a public issue of 132,000,000 Issue Shares; and
- (ii) an offer for sale of up to 59,000,000 Offer Shares by the Selling Shareholders.

The Offering Shares will be allocated in the manner set out below, subject to the clawback and reallocation provisions as set out in Section 2.2.3 of this Circular.

2.2.1 Proposed Public Issue

The Proposed Public Issue will involve the offering of 132,000,000 Issue Shares, representing approximately 15.74% of the enlarged issued shares of our Company, at the Offering Price and will be allocated in the following manner:

- (i) **Malaysian Public**

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

(ii) **Eligible Persons**

12,575,400 Issue Shares, representing approximately 1.50% of the enlarged issued shares of our Company, will be reserved for application by the Eligible Persons as follows:

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

Notes:

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

In this regard, our Company intends to allocate up to 500,000 Issue Shares to each of our existing Directors, namely Lim Ding Shyong (being an Executive Director of our Company) as well as Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob, Lee Swee Kheng and Dato' Wang Sze Yao @ Wang Ming Way (all being Independent and Non-Executive Directors of our Company), subject to the approval of the shareholders of our Company being obtained for their respective allocation at our forthcoming EGM. In the event the approval of the shareholders of our Company for the allocation of such number of Issue Shares to any of these Directors is not obtained, the allocation to such Director(s) will be reallocated for application by the eligible employees of our Group and other persons who have contributed to the success of our Group.

For the avoidance of doubt, no Issue Shares will be allocated to the Proposing Directors as they are offering their Shares for sale vide the Proposed Offer for Sale.

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

For information purpose, the breakdown of the number of Issue Shares to be allocated to eligible employees of our Group and other persons who have contributed to the success of our Group can only be determined closer to the submission of the registrable Prospectus to Bursa Securities alongside the application for the Proposed Transfer of Listing, and such breakdown will be set out in the Prospectus.

Notwithstanding the above, our Company intends to allocate the following number of Issue Shares to the following eligible employees of our Group who are also persons connected with the following Directors and/or major shareholders of our Company:

Name	Designation	No. of Issue Shares allocated
Lor Kar Mun	Chief Legal Officer	100,000
Lim Wei Xin	Manager, Purchasing	25,000
Lor Khang Chee	Manager, Contract and Project	25,000
Lim Wei Ling	Executive, Sales and Marketing	10,000
Lim Zhuo Tuong	Executive, Finance	10,000
	Total	170,000

For further information on the relationship between the aforesaid eligible employees with the Directors and/or major shareholders of our Company, please refer to Section 12 of this Circular.

(iii) Bumiputera investors approved by the MITI

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

2.2.2 Proposed Offer for Sale

The Selling Shareholders intend to offer up to 59,000,000 Offer Shares, representing up to approximately 8.35% of our existing total number of Shares as at LPD and approximately 7.04% of the enlarged issued shares of our Company at the Offering Price, by way of private placement in the following manner:

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

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

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

Notes:

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

In summary, the Shares to be offered under the Retail Offering and Institutional Offering will be allocated and allotted (subject to the clawback and reallocation provisions as set out in Section 2.2.3 below) in the following manner:

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

Note:

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

While the Institutional Offering will not be underwritten, all 29,342,600 Issue Shares under the Retail Offering, representing approximately 22.23% of the total number of Issue Shares made available for application under the Proposed Public Issue and approximately 15.36% of the total number of Offering Shares made available for application under the Proposed Public Offering, will be fully underwritten based on the terms of an underwriting agreement to be entered into at a later date. In accordance with Rule 3.18(2) of the ACE LR, AmInvestment Bank being the Sponsor to our Company for the Proposed Transfer of Listing will participate in the underwriting of the Retail Offering. The underwriting commission in respect of the Retail Offering shall be borne by our Company. Further details of the underwriting arrangement, including the identity of any other underwriter, will be disclosed in the Prospectus.

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

2.2.3 Clawback and reallocation

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

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

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

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

- (a) firstly, to the Malaysian Public; and

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

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

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

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

- (b) secondly, to minimise odd lots.

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

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

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

The Offering Shares will be allocated in a fair and equitable manner and the basis of allocation for such Offering Shares shall take into account the desirability of distributing such Offering Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the Public Spread Requirement and to establish a liquid market for our Shares.

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

2.2.4 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised by our Company and the Selling Shareholders from the Proposed Public Offering. However, our Company is required to achieve a minimum subscription level such that the resulting shareholder base of our Company after the Proposed Public Offering complies with the Public Spread Requirement.

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

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

2.2.5 Price discovery mechanism for our Shares

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

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

- (i) the operating history and financial performance of our Group;
- (ii) the competitive strengths as well as the future plans and strategies of our Group;
- (iii) the overview and future outlook of the construction and property development industries in Malaysia;

- (iv) the trading multiples of comparable companies that are principally involved in businesses similar to our Group; and
- (v) the prevailing market conditions which include market performance of key global indices, as well as investors' sentiments.

Solely for illustrative purpose throughout this Circular, we have assumed the Offering Price to be RM0.88 per LSH Capital Share ("**Illustrative Offering Price**"), after having considered the last transacted price of our Shares on 5 February 2024 (being the last transacted day of our Shares prior to LPD and our announcement of the Proposed Public Offering on 6 March 2024) of RM0.88 per LSH Capital Share and the range of trading multiples of selected comparable companies.

For information purpose, the criteria for selection of comparable companies are as follows:

- (a) the company, including through its subsidiary(ies), is principally involved in the provision of main construction services for residential, commercial and/or infrastructure projects in Malaysia and has recorded positive earnings for the last audited financial year/period;
- (b) the company, including through its subsidiary(ies), holds a G7 registration grade from the Construction Industry Development Board ("**CIDB**"). For information purpose, CIDB is responsible for regulating, developing and facilitating the construction industry in Malaysia. Contractors registered with CIDB are awarded grades of registration from G1 to G7, and G7 contractors have the highest grade with no limit to tendering capacity; and
- (c) lastly, the company is listed on the construction sector of the ACE Market or Main Market of Bursa Securities with market capitalisation not exceeding RM1 billion.

(The rest of this page has been intentionally left blank)

Based on the abovementioned criteria, the comparable companies that were considered are as follows:

Comparable companies	Description	Listed on	Latest audited FYE/FPE	PATAMI ⁽¹⁾ (RM mil)	Market capitalisation ⁽²⁾ (RM mil)	PE Multiple ⁽³⁾ (times)
Southern Score Builders Berhad	Southern Score Builders Berhad operates as a construction management company. Southern Score Builders Berhad specialises in the real estate construction market as well as civil works such as road and drainage, water reticulation works, and the sewerage works market.	ACE Market	Six (6)-month FPE 30 June 2023	⁽⁴⁾ 25.31	511.33	⁽⁴⁾ 10.10
MGB Berhad	MGB Berhad operates as a construction company offering design and build services, value engineering services, project management and geotechnical construction services. It is also involved in property development.	Main Market	FYE 31 December 2022	15.10	494.03	32.73
Kumpulan Kitacon Berhad	Kumpulan Kitacon Berhad operates as a construction services company. Kumpulan Kitacon Berhad offers design, renovation and construction services for residential, commercial, institutional and specialty buildings.	Main Market	FYE 31 December 2022	40.31	300.00	7.44
Mudajaya Group Berhad	Mudajaya Group Berhad, through its subsidiaries, provides civil engineering and building construction works, leases plant and machinery, and operates property management and development. Mudajaya Group Berhad also manufactures concrete products, precast concrete and building materials.	Main Market	FYE 31 December 2022	17.59	262.63	14.93
GDB Holdings Berhad	GDB Holdings Berhad, through its subsidiaries, provides building construction services. GDB Holdings Berhad constructs and develops residential, commercial, infrastructure and mixed development projects.	Main Market	FYE 31 December 2022	17.20	187.50	10.90
Inta Bina Group Berhad	Inta Bina Group Berhad provides construction and engineering services. The company constructs residential, commercial, industrial and leisure properties.	Main Market	FYE 31 December 2022	9.55	158.90	16.64
LSH Capital			FYE 30 September 2023	58.89	⁽⁵⁾ 737.76	12.53
					High	32.73
					Low	7.44
					Simple average	15.46

(Sources: Bloomberg, CIB's website and the latest available audited financial statements and annual reports of the respective comparable companies and our Company as at LPD)

Notes:

- (1) *Based on the latest published audited financial statements of the respective comparable companies as at LPD.*
- (2) *Computed based on the closing price multiplied by the number of outstanding shares of the respective comparable companies as at LPD.*
- (3) *Computed based on the market capitalisation as at LPD divided by the latest published audited PATAMI as at LPD.*
- (4) *For information purpose, the audited consolidated PATAMI of Southern Score Builders Berhad for the six (6)-month FPE 30 June 2023 of approximately RM25.31 million has been annualised to arrive at the PE Multiple for Southern Score Builders Berhad for comparison purpose.*
- (5) *Computed based on the Illustrative Offering Price of RM0.88 per Share and the enlarged total number of 838,360,208 Shares after the Proposed Public Offering.*

It should be noted that the list of comparable companies above are not exhaustive and there are no public companies listed on Bursa Securities which are exactly identical to our Group in terms of, among others, the composition of business activities, risk profile, historical performance, customer profile and future prospects. Nevertheless, we are of the view that the identified companies are reasonable to be adopted for the assessment of the relevant valuation multiple.

Based on our Group's pro forma EPS of approximately 7.02 sen computed based on the audited consolidated PATAMI of our Company for the FYE 30 September 2023 of approximately RM58.89 million and the enlarged total number of 838,360,208 Shares after the Proposed Public Offering, the Illustrative Offering Price translates into an illustrative PE Multiple of approximately 12.53 times ("**Illustrative PE Multiple**").

In comparing the PE Multiples of the selected comparable companies above, the Illustrative PE Multiple of approximately 12.53 times falls within the range of the PE Multiples of the selected comparable companies above of between approximately 7.44 times and 32.73 times, and is below the average PE Multiple of the selected comparable companies of approximately 15.46 times.

For information purpose, the Illustrative Offering Price is also equivalent to the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of LSH Capital Shares up to and including 5 February 2024 (being the last transacted day of our Shares prior to LPD and our announcement of the Proposed Public Offering on 6 March 2024). In addition, the Illustrative Offering Price represents a premium of approximately 1.04% over the 12-month VWAP of LSH Capital Shares up to and including 5 February 2024 of approximately RM0.8709.

(Source: Bloomberg)

For further information on the risk and impact of the price discovery mechanism for our Shares and the corresponding unrealised loss to the value of the Shares held by our existing shareholders in the event the final Offering Price is lower than the last trading price of LSH Capital Shares on the LEAP Market prior to the Proposed Transfer of Listing, please refer to Sections 6.3 and 8.3 of this Circular respectively.

2.2.6 Ranking of the Offering Shares

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

The Offer Shares rank equally in all respects with the other existing LSH Capital Shares.

2.2.7 Listing and quotation for the Offering Shares

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

2.2.8 Use of proceeds raised from the Proposed Public Issue

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

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

Notes:

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

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

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

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

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

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

Name	Lake Side Homes Project	Sentul Ria Project	LSH Segar Project
Land owner	ASES	LSH Holdings	ASSB
Location	Sungai Besi, Kuala Lumpur	Sentul, Kuala Lumpur	Cheras, Kuala Lumpur
Description	Construction of five (5) blocks of residential units comprising 593 'Residensi Wilayah' affordable housing units, 593 Civil Servant Housing Malaysia (PPAM) affordable housing units and 1,183 condominium units	Construction of a 29-storey and one (1) mezzanine floor mixed development project comprising 268 residential suites, recreational facilities, commercial space and carpark	Construction of two (2) blocks of residential units comprising 440 'Residensi Wilayah' affordable housing units and 435 condominium units
Total estimated construction costs	RM779.89 million	RM103.89 million	RM260.57 million
Construction status as at 1 March 2024	Construction work is expected to commence in the third quarter of 2024, with full completion expected by the fourth quarter of 2028	Commenced preliminary construction works (such as site clearing, hoarding and paving) in October 2023 and full completion is targeted by the first quarter of 2027	Commenced construction works in October 2021, with completion at approximately 54.16% as at 1 March 2024 and full completion is targeted by the third quarter of 2026

The exact allocation of such gross proceeds across the abovementioned three (3) residential and mixed development construction projects of our Group cannot be ascertained at this juncture as it is dependent on the timing of receipt of the proceeds raised from the Proposed Public Issue as well as the status of the construction project and the actual funding requirement of these projects at the point of utilisation.

Our Group will also fund the remaining construction costs (including any shortfall) for the abovementioned three (3) residential and mixed development construction projects principally using internal funds derived from, among others, progress claims and/or bank borrowings. However, the exact breakdown on the source of funding of these projects cannot be determined at this juncture as they are subject to the status of the work progress and timeliness of receipt of payment from progress claims for these (3) projects, as well as the status of the work progress and funding needs of the other construction projects of our Group.

Notwithstanding the above, if our Group is unable to fully utilise the proceeds allocated for the abovementioned projects, any excess in the proceeds allocated for these purposes will be reallocated to other ongoing and/or future construction projects (including any infrastructure construction and civil engineering work projects) to be identified by our Group.

(b) As at LPD, our Group has nine (9) ongoing infrastructure construction and civil engineering work projects with total outstanding orderbook of approximately RM489.45 million, all of which are with external clients as follows:

No.	Project description	Location	Contract value	Outstanding orderbook as at LPD	Commencement date	Targeted completion date
1.	Upgrading of flood retention and structure works – flood wall, bund, bridges, syphon, leaf gates and regulator works	Pendang, Kedah	RM78.45 million	RM53.00 million	September 2021	July 2026
2.	Construction of road works – geotechnical, earthworks, structures, drainage and pavement works	Jerantut, Pahang	RM201.00 million	RM190.08 million	November 2021	April 2027
3.	Construction of road works – geotechnical, earthworks, structures, drainage and pavement works	Sembrong, Johor	RM23.10 million	RM10.76 million	December 2021	May 2025
4.	Construction of bridge works – foundation, sub-structure and super-structure works	Nibong Tebal, Penang	RM95.65 million	RM31.92 million	February 2022	August 2025
5.	Upgrading road works – geotechnical, earthworks, structures, drainage and pavement works	Tangkak, Johor	RM128.10 million	RM121.28 million	February 2022	July 2026
6.	Upgrading road works – geotechnical, earthworks, structures, drainage and pavement works	Kota Belud, Sabah	RM44.44 million	RM19.23 million	April 2022	April 2025
7.	Construction of army family homes – supply, delivery, installation, testing and commissioning of cold water and sanitary plumbing services	Gemas, Negeri Sembilan	RM20.26 million	RM15.24 million	October 2022	May 2026
8.	Construction of army family homes – supply, delivery, installation, testing and commissioning of electrical and extra low voltage box	Gemas, Negeri Sembilan	RM38.43 million	RM36.35 million	December 2022	May 2026
9.	Construction of army family homes – supply of materials, labour, equipment and tools for construction and completion of reinforced concrete works	Gemas, Negeri Sembilan	RM35.99 million	RM11.59 million	February 2023	May 2026

Our Company intends to allocate RM20.00 million of the gross proceeds to fund the working capital requirements of these infrastructure construction and civil engineering work projects in the following manner:

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

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

The exact allocation of such gross proceeds across the abovementioned nine (9) ongoing infrastructure and civil engineering work projects of our Group cannot be ascertained at this juncture as it is dependent on the timing of receipt of the proceeds raised from the Proposed Public Issue as well as the status of the construction project and the actual funding requirement of these projects at the point of utilisation.

Our Group will also fund the remaining construction costs (including any shortfall) for the abovementioned nine (9) infrastructure construction and civil engineering work projects principally using internal funds derived from, among others, progress claims and/or bank borrowings. However, the exact breakdown on the source of funding of these projects cannot be determined at this juncture as they are also subject to the status of the work progress and timeliness of receipt of payment from progress claims for these nine (9) projects, as well as the status of the work progress and funding needs of the other construction projects of our Group.

Notwithstanding the above, if our Group is unable to fully utilise the proceeds allocated for the abovementioned projects, any excess in the proceeds allocated for these purposes will be reallocated to other ongoing and/or future construction projects (including any residential and/or mixed development construction projects) to be identified by our Group.

- (c) Our Company also intends to allocate RM10.00 million of the gross proceeds to fund any future construction projects which our Group may secure over the 24-month period subsequent to the completion of the Proposed Transfer of Listing. These may include payment of performance bonds for tender jobs and funding working capital requirements which may include payment for subcontractor services, purchase of building and/or construction materials as well as payments for construction workers' salaries and wages. As this relates to potential projects which have yet to be secured, the exact breakdown for the use of such proceeds between these components of expenditures cannot be determined at this juncture.

If our Group is unable to secure any new construction projects over the 24-month period subsequent to the completion of the Proposed Transfer of Listing or fully utilise the proceeds allocated for this purpose, any excess in the proceeds allocated for this purpose will first be reallocated to fund the working capital for our Group's existing residential and mixed development construction projects stated in Note (i)(a) above, followed by our Group's existing infrastructure construction and civil engineering work projects stated in Note (i)(b) above.

- (ii) As at LPD, our Group's total borrowings amounted to approximately RM29.11 million which include trade line, hire purchases, term loans and overdraft facilities granted by financial institutions and licensed moneylender, namely LSH Holdings. Our Company intends to use RM11.00 million of the gross proceeds raised from the Proposed Public Issue to part-settle a RM12.00 million five (5)-year financing obtained by ASES from LSH Holdings which bears an interest rate of 3.00% per annum pursuant to a moneylending agreement dated 9 November 2023 ("**ASES Borrowing**").

For information purpose, the ASES Borrowing was obtained by ASES to facilitate the payment of the development charges stipulated in the development order for the Lake Side Homes Project to Dewan Bandaraya Kuala Lumpur (DBKL). As it was ASES' intention to settle the development charges for the Lake Side Homes Project immediately to allow for the development of the said project to progress expeditiously, ASES had obtained the ASES Borrowing given that it was the quickest available source of funding at that juncture. Unlike the other external borrowings of our Group which are either project financing or trade-related financing with specific income streams earmarked as the source of repayment, our Company has yet to earmark any immediate source of repayment for the ASES Borrowing. As such, our Company has decided to utilise RM11.00 million of the gross proceeds raised from the Proposed Public Issue to part-settle the ASES Borrowing over the other existing external borrowings of our Group.

As at LPD, the outstanding principal amount for the ASES Borrowing stood at approximately RM11.48 million. The partial repayment of the ASES Borrowing of RM11.00 million will result in an annual gross interest savings of approximately RM0.33 million, while our Company intends to repay the remaining outstanding amount for the ASES Borrowing using internal funds.

In the event the actual amount outstanding to be repaid for the ASES Borrowing is lesser than the amount allocated for the aforementioned repayment, such surplus proceeds will first be reallocated to fund the working capital for our Group's existing residential and mixed development construction projects stated in Note (i)(a) above, followed by our Group's existing infrastructure construction and civil engineering work projects stated in Note (i)(b) above, and thereafter our Group's future construction projects stated in Note (i)(c) above.

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

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

Any variation in the actual amount of expenses will be adjusted to or from the gross proceeds allocated for the working capital for our Group's future construction projects stated in Note (i)(c) above.

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

Pending the use of the proceeds to be raised from the Proposed Public Issue for the purposes as set out above, our Company intends to place such proceeds in interest-bearing accounts with licensed financial institution(s) and/or money market instrument(s), as our Board may deem fit. Any interest/profit derived from such deposit(s) and/or any gain arising from such market instrument(s) will first be used to fund the working capital for our Group's existing residential and mixed development construction projects stated in Note (i)(a) above, followed by our Group's existing infrastructure construction and civil engineering work projects stated in Note (i)(b) above, and thereafter our Group's future construction projects stated in Note (i)(c) above.

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

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSFER OF LISTING

The Proposed Transfer of Listing, if approved by our shareholders as well as Bursa Securities, will mark another major milestone for our Company's journey thus far as a listed corporation following our listing on the LEAP Market on 30 July 2021.

Our Board believes that the Proposed Transfer of Listing is expected to:

- (i) enhance our Company's credibility, prestige and reputation, and accord us with greater recognition amongst investors, in particular institutional investors, while reflecting the current scale of operations of our Group. This in turn is expected to enhance the attractiveness and marketability of our Shares;
- (ii) enhance the confidence of our customers, suppliers, subcontractors, business associates, bankers, employees and shareholders through our profile as a company listed on the ACE Market; and
- (iii) enable our Company to access a wider pool and mix of investors in the capital markets (i.e. retail and institutional investors) in the event our Company wishes to carry out any fund-raising exercises in the future.

Our Board also considers the Proposed Transfer of Listing to be timely and beneficial to our Company's future growth and our ability to raise funds from the capital markets for further expansion.

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

As at LPD, our Group's cash and bank balance stood at approximately RM12.61 million. The Proposed Public Offering will enable our Company to raise an estimated RM116.16 million of gross proceeds, which has been principally earmarked to fund the working capital for our Group's residential and mixed development construction projects, namely the Lake Side Homes Project, Sentul Ria Project and LSH Segar Project, as well as our Group's existing infrastructure construction and civil engineering work projects stated in Note (i)(b) of Section 2.2.8 of this Circular. The Lake Side Homes Project, Sentul Ria Project and LSH Segar Project each carries an estimated GDV of approximately RM1.15 billion, RM152.68 million and RM395.86 million, with construction targeted to be fully completed by the fourth quarter of 2028, first quarter of 2027 and third quarter of 2026 respectively. As for our Group's infrastructure construction and civil engineering work projects, our Group has a total outstanding orderbook of approximately RM489.45 million across nine (9) projects as at LPD, which contribute to our Group's project pipeline for this segment until 2027. In this regard, the deployment of proceeds raised from the Proposed Public Issue towards our Group's construction projects will ease our Group's cash flow when carrying out our construction activities.

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

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

Our Company also did not raise any proceeds during its listing on the LEAP Market on 30 July 2021. However, our Company had on 6 May 2021, raised RM4,661,744.75 from the Pre-Listing Investors via the issuance of 35,859,575 Shares at a subscription price of RM0.13 each. The details and status of the use of such proceeds raised as at LPD are as follows:

Purpose	Proposed utilisation	Actual utilisation as at LPD	Unutilised balance as at LPD	Estimated timeframe for the use of proceeds ⁽¹⁾
	(RM'000)	(RM'000)	(RM'000)	
Setting up new retail stores	3,662	2,667	995	Within 36 months
Estimated listing costs	1,000	1,000	-	Within two (2) months
Total	4,662	3,667	995	

Note:

(1) From the date of our Company's listing on the LEAP Market on 31 July 2021.

As at LPD, our Group has utilised approximately RM2.67 million of the proceeds allocated for the setting up of new retail stores for LSH Lighting and Knight Auto. The remaining unutilised proceeds of approximately RM0.99 million will be allocated for the setting up of the remaining retail stores at Wisma Lim Seong Hai and the mixed development project known as "Laman Seri Harmoni 33" ("LSH 33") for LSH Lighting and Knight Auto. For further details and status of the setting up of the new retail stores for LSH Lighting and Knight Auto, please refer to Section 5 of this Circular.

As at LPD, the proceeds of RM1.00 million allocated for defraying the expenses in relation to our Company's listing on the LEAP Market (including professional fees and other miscellaneous costs such as printing) has been fully utilised for the aforementioned purpose.

4. OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

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

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

For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans. Budget 2024 measures will also provide additional support to economic activity. In summary, the Malaysian Government is confident of achieving stronger gross domestic product ("**GDP**") growth of between 4% and 5% in 2024 on the back of strong fundamentals and reforms mapped out in the MADANI Economy and Budget 2024, an increase over the GDP growth recorded by the Malaysian economy of 3.7% in 2023.

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

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

(Source: Quarterly Bulletin Vol. 38, No. 4, Fourth Quarter of 2023, Bank Negara Malaysia and press citation dated 16 February 2024, Ministry of Finance Malaysia)

4.2 Overview and outlook of the Malaysian construction industry

The construction industry is crucial for a country's development and as such, economic growth is typically reflected by a growing construction industry. Between 2017 and 2019, the GDP for the construction industry in Malaysia increased from RM63.5 billion to RM66.5 billion, recording a compound annual growth rate ("**CAGR**") of 2.3%. Following the COVID-19 pandemic, Malaysia's construction GDP saw a year-on-year decline by 19.4% to RM53.6 billion in 2020 and a further year-on-year decline by 5.0% to RM50.9 billion in 2021. Thereafter, the Malaysian construction industry recovered, whereby the construction GDP increased to RM53.4 billion in 2022 and RM56.7 billion in 2023. Between 2020 and 2023, the construction industry in Malaysia recovered, albeit at a slower rate, recording a CAGR of 1.9%.

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

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

Following the various initiatives and economic stimulus packages implemented in 2021, the number of infrastructure and social amenities construction projects experienced a slight decline in 2022, from 5,795 projects in 2021 to 5,195 projects in 2022. Nevertheless, the number of commercial and residential construction projects increased from 7,809 projects in 2021 to 8,098 projects in 2022. During the same period, the value of the awarded construction projects across all sectors (i.e. infrastructure, social amenities, commercial and residential) grew from RM132.7 billion in 2021 to RM163.2 billion in 2022. In 2023, the total value of the awarded construction projects in Malaysia decreased by 12.1% to RM143.5 billion, due to lesser number of infrastructure projects announced and residential projects launched as well as cost cutting measures undertaken for the Mass Rapid Transit Line 3 project. Nevertheless, the total number of awarded construction projects increased from 13,293 projects in 2022 to 14,822 projects in 2023.

Moving forward, Providence forecasts that the construction industry, in terms of the value of awarded construction projects, will recover at a CAGR of 5.7%, growing from an estimated RM151.2 billion in 2024 to reach RM168.8 billion in 2026. Meanwhile, Providence also forecasts that the volume of awarded construction projects will grow at a CAGR of 5.6%, from an estimated 15,622 projects to 17,437 projects over the same period.

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

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

(Source: Providence)

4.3 Overview and outlook of the Malaysian property development industry

The performance of the property development industry in Malaysia, in terms of value of property transactions for all types of properties, grew at a CAGR of 7.0% between 2018 and 2023, from RM140.3 billion to RM196.8 billion. The industry size encompasses transactions for residential, commercial, industrial and other property segments. Moving forward, Providence forecasts that the value of property transactions will continue to grow at a CAGR of 7.5%, from an estimated RM206.5 billion in 2024 to reach RM238.6 billion in 2026.

Meanwhile, the property development industry in Malaysia, in terms of volume of property transactions, grew from 313,710 transactions in 2018 to 399,008 transactions in 2023, registering a CAGR of 4.9% over the period. Providence also forecasts that the volume of property transactions will grow at a CAGR of 4.9%, increasing from an estimated 414,210 transactions in 2024 to reach 455,736 transactions in 2026.

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

The property development industry in Malaysia is driven by long-term economic growth, whereby a growing or stable economy indicates higher disposable income and affluence of the population. This signifies growth opportunities, especially for residential property. Between 2018 and 2023, the gross national income (“GNI”) per capita grew from RM43,316 to RM52,955, registering a CAGR of 4.1%. The rise in GNI per capita signifies growing disposable income and improving standard of living of the population, leading to a more affluent population with greater spending power. The increasing disposable income of the Malaysian population has a positive correlation on the demand for residential properties, as the total value of residential property transactions increased in tandem from RM68.8 billion in 2018 to RM100.9 billion in 2023, recording a CAGR of 8.0%.

In addition, population growth signifies growth opportunities for the property development market. The population of Malaysia grew from 32.4 million to 33.4 million between 2018 and 2023. This indicates a potential growth in demand for all types of property including residential, commercial and industrial, to support the needs of the growing population.

Residential property has the largest share of the property development market, contributing RM100.9 billion (or 51.3%) in 2023 to the total property transaction value in Malaysia. Meanwhile, the Malaysian Government has announced various initiatives to increase home ownership in Malaysia. These include:

- (i) **Budget 2023** – Under Budget 2023, the Malaysian Government had declared full stamp duty exemption for first home of up to RM500,000 in value until the end of 2025;
- (ii) **Budget 2024** – Under Budget 2024, the Malaysian Government declared several benefits in relation to the property development segment such as:
 - (a) an allocation of RM10 billion under the Housing Credit Guarantee Scheme, a scheme established to help individuals without a steady income to achieve home ownership;
 - (b) an allocation of RM2.47 billion for public housing projects; and
 - (c) a fixed stamp duty fee of RM10 will be introduced to replace the current variable rate for property transfer documents among family members;
- (iii) **‘Rumah Selangorku’** – An initiative introduced by the Selangor State Government to provide low-cost, low-medium and medium-cost housing for the people. In January 2014, the ‘Pekeliling Dasar Rumah Selangorku Bil 1 Tahun 2013’ took effect which resulted in all development of affordable homes in Selangor being included under the ‘Rumah Selangorku’ scheme. The scheme was established with the intention to provide information on affordable homes to qualifying citizens earning low-income and middle-income within the state. The pricing for these homes range between RM42,000 and RM250,000, and applicants are limited to one (1) purchase. This scheme is expected to encourage the development of affordable homes within Selangor and assist qualifying citizens of low-income and middle-income groups with a maximum household income of RM10,000 to purchase their first homes;
- (iv) **‘Residensi Wilayah’ (previously known as ‘Rumah Mampu Milik Wilayah Persekutuan’ (RUMAWIP))** – An initiative by the Ministry of Federal Territories which was put in motion in 2019. The scheme aims to provide affordable housing to the middle-income group in the federal territories, namely Kuala Lumpur, Putrajaya and Labuan. Additionally, this scheme is also intended to inform the people of property ownership and help them in taking the first step into owning a residential property. Under the ‘Residensi Wilayah’ initiative, 80,000 houses will be built throughout the span of a decade (i.e. 2019-2028). These houses are set to have a maximum price cap of RM300,000. This initiative is open to applicants born, residing or working in the federal territories who earn less than RM10,000 per month (for single applicants) or in total less than RM15,000 per month (for married couples). Additionally, every household is limited to one (1) application towards any project under the ‘Residensi Wilayah’ initiative; and
- (v) **Mesra Rakyat Housing programme** – This programme was introduced in 2002 with the aim to assist the lower income group in owning a house. The Malaysian Government has raised the monthly household income eligibility from RM3,000 to RM5,000. In addition, the monthly instalment period has been extended from 16 to 25 years with a fixed rate of RM300. This will allow a larger segment of the population to benefit from this housing programme. The Malaysian Government has also allocated RM358 million to construct 3,500 housing units in 2024.

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

(Source: Providence)

4.4 Prospects of our Group

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

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

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

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

As at LPD, our Group has completed 34 construction projects (including those that were completed by LSHBB and ASSB prior to the acquisition of LSHBB and ASSB by our Company in October 2021 and April 2023 respectively) with a total combined value of approximately RM862.51 million, of which approximately RM547.47 million were awarded by companies in which the Promoters and/or person connected with them have interest in. Some of the notable construction projects completed include various scope of work done for the Duta-Ulu Kelang Expressway (DUKE) project, the EkoCheras mixed development project and the Setiawangsa-Pantai Expressway (SPE) project. As at LPD, the total outstanding orderbook for construction works stood at approximately RM1.61 billion of which approximately RM610.10 million are from external clients.

In addition, our Group also provides construction-related services and solutions under our collaboration framework known as the BEST Collaboration Framework for construction projects secured and property development projects undertaken by our clients. Under the BEST Collaboration Framework, we provide and recommend alternative designs, layouts, construction methodology and/or building materials to our clients in order to optimise their construction cost and enhance construction efficiency, as well as provide technical inputs to our clients for their tendering jobs. By providing these value-enhancing services and solutions, our Group will be entitled to fees based on the value of our client's construction and property development projects. As at LPD, the total construction and property projects value of our clients stood at approximately RM2.78 billion of which approximately RM1.25 billion are from external clients. Furthermore, our Group also undertakes property development activities, with projects carrying a total estimated GDV of around RM1.55 billion as at LPD. Our Group's property development activities are also expected to benefit other divisions within our Group.

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

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

(Source: Management of our Company)

(The rest of this page has been intentionally left blank)

5. DETAILS AND STATUS OF THE BUSINESS PLANS OF OUR GROUP AS DISCLOSED IN THE INFORMATION MEMORANDUM OF OUR COMPANY DATED 18 JUNE 2021 IN RELATION TO OUR LISTING ON THE LEAP MARKET (“INFO MEMO”)

The details and status of the business plans of our Group as disclosed in the Info Memo as at LPD are set out below:

Reference to the Info Memo	Disclosures in the Info Memo	Status as at LPD						
<p><u>Section 2.11(i)</u></p> <p>We intend to set up new retail stores to strengthen our presence in Klang Valley</p>	<p>We intend to set up 2 additional “Lim Seong Hai Lighting” retail stores and 3 additional “Knight Auto” retail stores in Kuala Lumpur. In particular, a “Lim Seong Hai Lighting” retail store and a “Knight Auto” will be set up in the same building as our current head office, i.e. Wisma Lim Seong Hai.</p> <p>We will also set up a “Lim Seong Hai Lighting” retail store and a “Knight Auto” in a new premise, namely LSH 33, at Sentul, Kuala Lumpur, adjacent to DUKE Expressway. LSH33 is developed by Besteel Engtech Sdn Bhd and constructed by our affiliated company, namely Lim Seong Hai Construction (M) Sdn Bhd. Our retail stores will be rented from our related company, i.e. Lim Seong Hai Property Sdn Bhd. The construction of LSH 33 is expected to be completed by 2024.</p> <p>An additional “Knight Auto” retail store will also be set up in a premise at Titiwangsa, Kuala Lumpur. This premise will be constructed and owned by our related company, LSH Holdings. The construction of this premise is expected to be completed by 2022.</p> <p>The total estimated cost of setting up these 5 additional retail stores will be approximately RM12.7 million. The cost will mainly cover renovation and interior fittings, racking systems, electrical and telecommunication wiring, office furniture, IT related hardware, and purchase of inventory. This will be partially funded by the proceeds generated from the Pre-Listing Investors and our internally generated funds.</p>	<p>The status of setting up the five (5) additional retail stores as at LPD are as follows:</p> <table border="1" data-bbox="432 219 1281 1043"> <thead> <tr> <th data-bbox="432 853 525 1043">Location</th> <th data-bbox="432 219 525 853">Status as at LPD</th> </tr> </thead> <tbody> <tr> <td data-bbox="525 853 1011 1043"> <p><u>LSH Lighting</u></p> <p>Wisma Lim Seong Hai</p> </td> <td data-bbox="525 219 1011 853"> <p>The retail store will be set up after the construction of the annex to the existing building of Wisma Lim Seong Hai is completed. For information purpose, the amended development order for the development of the annex building was granted on 26 May 2023 and the building owner, LSH Holdings had on 20 November 2023 obtained the approval for the amended building plan from Dewan Bandaraya Kuala Lumpur (DBKL). Construction work for the said annex commenced in March 2024, and is targeted to be completed by the fourth quarter of 2024. Once completed, LSH Lighting will set up a retail store with an estimated built-up area of 5,400 square feet (“sq ft”) at the annex to Wisma Lim Seong Hai which will be rented from LSH Holdings. Barring any unforeseen circumstances, LSH Lighting targets to commence business operations of this retail store in the first quarter of 2025.</p> </td> </tr> <tr> <td data-bbox="1011 853 1281 1043"> <p>LSH 33</p> </td> <td data-bbox="1011 219 1281 853"> <p>The retail store with an estimated built-up area of 15,000 sq ft will be set up after the construction of LSH 33 is completed. For information purpose, construction of LSH 33 commenced in July 2020 and is currently on track for completion in the second quarter of 2024. Barring any unforeseen circumstances, LSH Lighting targets to complete the setting up of its retail store at LSH 33 and commence business operations of this retail store in the third quarter of 2024.</p> </td> </tr> </tbody> </table>	Location	Status as at LPD	<p><u>LSH Lighting</u></p> <p>Wisma Lim Seong Hai</p>	<p>The retail store will be set up after the construction of the annex to the existing building of Wisma Lim Seong Hai is completed. For information purpose, the amended development order for the development of the annex building was granted on 26 May 2023 and the building owner, LSH Holdings had on 20 November 2023 obtained the approval for the amended building plan from Dewan Bandaraya Kuala Lumpur (DBKL). Construction work for the said annex commenced in March 2024, and is targeted to be completed by the fourth quarter of 2024. Once completed, LSH Lighting will set up a retail store with an estimated built-up area of 5,400 square feet (“sq ft”) at the annex to Wisma Lim Seong Hai which will be rented from LSH Holdings. Barring any unforeseen circumstances, LSH Lighting targets to commence business operations of this retail store in the first quarter of 2025.</p>	<p>LSH 33</p>	<p>The retail store with an estimated built-up area of 15,000 sq ft will be set up after the construction of LSH 33 is completed. For information purpose, construction of LSH 33 commenced in July 2020 and is currently on track for completion in the second quarter of 2024. Barring any unforeseen circumstances, LSH Lighting targets to complete the setting up of its retail store at LSH 33 and commence business operations of this retail store in the third quarter of 2024.</p>
Location	Status as at LPD							
<p><u>LSH Lighting</u></p> <p>Wisma Lim Seong Hai</p>	<p>The retail store will be set up after the construction of the annex to the existing building of Wisma Lim Seong Hai is completed. For information purpose, the amended development order for the development of the annex building was granted on 26 May 2023 and the building owner, LSH Holdings had on 20 November 2023 obtained the approval for the amended building plan from Dewan Bandaraya Kuala Lumpur (DBKL). Construction work for the said annex commenced in March 2024, and is targeted to be completed by the fourth quarter of 2024. Once completed, LSH Lighting will set up a retail store with an estimated built-up area of 5,400 square feet (“sq ft”) at the annex to Wisma Lim Seong Hai which will be rented from LSH Holdings. Barring any unforeseen circumstances, LSH Lighting targets to commence business operations of this retail store in the first quarter of 2025.</p>							
<p>LSH 33</p>	<p>The retail store with an estimated built-up area of 15,000 sq ft will be set up after the construction of LSH 33 is completed. For information purpose, construction of LSH 33 commenced in July 2020 and is currently on track for completion in the second quarter of 2024. Barring any unforeseen circumstances, LSH Lighting targets to complete the setting up of its retail store at LSH 33 and commence business operations of this retail store in the third quarter of 2024.</p>							

Reference to the Info Memo	Disclosures in the Info Memo	Status as at LPD								
		<table border="1"> <thead> <tr> <th data-bbox="199 848 252 1046">Location</th> <th data-bbox="199 217 252 848">Status as at LPD</th> </tr> </thead> <tbody> <tr> <td data-bbox="252 848 480 1046"> <u>Knight Auto</u> Wisma Lim Seong Hai </td> <td data-bbox="252 217 480 848"> Completed the setting up of the retail store with built-up area of approximately 2,602 sq ft at the ground floor of the building, and commenced business operations on 23 September 2021. The space at Wisma Lim Seong Hai currently used by Knight Auto as its retail store is rented from LSH Holdings⁽¹⁾. </td> </tr> <tr> <td data-bbox="480 848 746 1046">LSH 33</td> <td data-bbox="480 217 746 848"> The retail store with an estimated built-up area of 6,200 sq ft will be set up after the construction of LSH 33 is completed. For information purpose, construction of LSH 33 commenced in July 2020 and is currently on track for completion in the second quarter of 2024. Barring any unforeseen circumstances, Knight Auto targets to complete the setting up of its retail store at LSH 33 and commence business operations of this retail store in the third quarter of 2024. </td> </tr> <tr> <td data-bbox="746 848 903 1046">Titiwangsa, Kuala Lumpur</td> <td data-bbox="746 217 903 848"> Completed the construction of a three (3)-storey building with built-up area of approximately 11,925 sq ft bearing postal address of 111A-D, Jalan Pahang, Setapak 53000 Kuala Lumpur by LSH Holdings⁽²⁾, and commenced business operations on 1 August 2023. </td> </tr> </tbody> </table>	Location	Status as at LPD	<u>Knight Auto</u> Wisma Lim Seong Hai	Completed the setting up of the retail store with built-up area of approximately 2,602 sq ft at the ground floor of the building, and commenced business operations on 23 September 2021. The space at Wisma Lim Seong Hai currently used by Knight Auto as its retail store is rented from LSH Holdings ⁽¹⁾ .	LSH 33	The retail store with an estimated built-up area of 6,200 sq ft will be set up after the construction of LSH 33 is completed. For information purpose, construction of LSH 33 commenced in July 2020 and is currently on track for completion in the second quarter of 2024. Barring any unforeseen circumstances, Knight Auto targets to complete the setting up of its retail store at LSH 33 and commence business operations of this retail store in the third quarter of 2024.	Titiwangsa, Kuala Lumpur	Completed the construction of a three (3)-storey building with built-up area of approximately 11,925 sq ft bearing postal address of 111A-D, Jalan Pahang, Setapak 53000 Kuala Lumpur by LSH Holdings ⁽²⁾ , and commenced business operations on 1 August 2023.
Location	Status as at LPD									
<u>Knight Auto</u> Wisma Lim Seong Hai	Completed the setting up of the retail store with built-up area of approximately 2,602 sq ft at the ground floor of the building, and commenced business operations on 23 September 2021. The space at Wisma Lim Seong Hai currently used by Knight Auto as its retail store is rented from LSH Holdings ⁽¹⁾ .									
LSH 33	The retail store with an estimated built-up area of 6,200 sq ft will be set up after the construction of LSH 33 is completed. For information purpose, construction of LSH 33 commenced in July 2020 and is currently on track for completion in the second quarter of 2024. Barring any unforeseen circumstances, Knight Auto targets to complete the setting up of its retail store at LSH 33 and commence business operations of this retail store in the third quarter of 2024.									
Titiwangsa, Kuala Lumpur	Completed the construction of a three (3)-storey building with built-up area of approximately 11,925 sq ft bearing postal address of 111A-D, Jalan Pahang, Setapak 53000 Kuala Lumpur by LSH Holdings ⁽²⁾ , and commenced business operations on 1 August 2023.									
		Notes: (1) Knight Auto had on 28 July 2023 renewed its tenancy with LSH Holdings over the said premises (including an office space at Wisma Lim Seong Hai) for a two (2)-year period commencing from 1 October 2023 until 30 September 2025 for a monthly rental rate of RM22,000.00. (2) Knight Auto had on 1 August 2023 entered into a two (2)-year tenancy agreement with LSH Holdings commencing from 1 August 2023 until 31 July 2025 over the said premises for a monthly rental rate of RM6,000.00.								

Reference to the Info Memo	Disclosures in the Info Memo	Status as at LPD
<p><u>Section 2.11(ii)</u></p> <p>We intend to further digitise our retailing of lighting products, and hardware and tools</p>	<p>At present, apart from our physical retail stores, we have been retailing our lighting products, hardware and tools through our own online store and third-party e-commerce platforms such as Lazada and Shopee.</p> <p>We plan to increase our sales from the retailing of lighting products, hardware and tools and further expand the reach to outside Klang Valley area through the following methods:</p> <ul style="list-style-type: none"> • We intend to engage a multi-channel e-commerce service provider which will allow us to increase the number of our online channels. The multi-channels e-commerce service provider will not only allow us to increase our product visibility through multiple e-commerce platforms, but also allow us to reach out to customers through social media platforms (such as Facebook and Instagram) and online messaging platforms such as WhatsApp. We will be able to automate the dissemination of product information and marketing promotions through various channels. • Implementing a real-time inventory system so that we can better monitor our stocks. The available number of stocks displayed on the various online channels can also be updated on a real-time basis. We believe this will improve our efficiency and enhance customer satisfaction. 	<p>The total actual costs incurred for setting up the additional retail stores at Wisma Lim Seong Hai and Titwangsa, Kuala Lumpur as at LPD amounted to approximately RM2.67 million. Such costs were funded entirely using the proceeds raised from the Pre-Listing Investors. As our Company has earmarked approximately RM3.66 million of the proceeds raised from the Pre-Listing Investors for this purpose, approximately RM0.99 million of the total balance cost to be incurred for setting up the remaining retail stores will be funded through proceeds raised from the Pre-Listing Investors, whilst the estimated balance cost to be incurred of RM9.04 million will be funded through internal funds.</p> <p>In January 2022, our Group engaged a multi-channel e-commerce service provider to advise LSH Lighting's in-house sales and marketing team (which had been in place prior to our Company's listing on the LEAP Market in July 2021) on its e-commerce and marketing strategy. LSH Lighting now manages its e-commerce and marketing activities entirely through its own in-house team. Among the enhancements done by LSH Lighting's in-house sales and marketing team include stepping up its digital advertising activities by increasing the frequency of paid advertisement for its lighting products on various social media platforms such as Instagram, TikTok and Xiaohongshu to increase its brand presence and engagement with its target customers on e-commerce platforms, as well as collaborations with content creators on social media platforms such as TikTok and Xiaohongshu to promote our Group's products and reach out to a wider audience base as part of our Group's strategy to increase our brand awareness and sales.</p> <p>Our Group had also in September 2023 implemented a real-time inventory management system that is accustomed to our Group's business operation to enhance our Group's inventory monitoring and control system. Such system allows real-time tracking of inventory movement of the goods sold across all retail branches which improves stocktaking, stock transfer and storeroom management processes, which in turn, maximises the efficiency and effectiveness of our Group's business process.</p> <p>For information purpose, the actual total costs spent on marketing activities during the two (2) FYEs 30 September 2022 and 30 September 2023 is approximately RM100,000. Such costs were funded entirely using our Group's internal funds.</p>

<p>Reference to the Info Memo</p>		<p>Disclosures in the Info Memo</p> <ul style="list-style-type: none"> As at 15 June 2021, we have already invested in digital advertising on social media platforms (such as Facebook and Instagram). We will intensify our investments in digital advertising on these social media platforms and the online video sharing platforms (such as YouTube). <p>The estimated cost for marketing activities over the span of 1 year is approximately RM100,000 which will be funded via our internally generated funds.</p>	<p>Status as at LPD</p>	<p>Our Group will continue to carry on with our existing digital advertising strategy as detailed above with an annual marketing budget of approximately RM100,000 which will be funded via our internal funds, and will continue to develop new marketing strategies as and when new trends emerge.</p>
--	--	--	--------------------------------	--

(The rest of this page has been intentionally left blank)

6. RISK FACTORS IN RELATION TO THE PROPOSED TRANSFER OF LISTING

The Proposed Transfer of Listing is not expected to expose our Group to any new or additional risks inherent to the industry that our Group is currently operating in as there is no change in our corporate structure nor our principal business activities. However, you should carefully consider the following risk factors (which may not be exhaustive) that are relevant to our Group in relation to the Proposed Transfer of Listing, in addition to the other information contained in this Circular, before voting on the resolutions pertaining to the Proposed Transfer of Listing as set out in the Notice of EGM enclosed in this Circular:

6.1 No prior established market for our Shares and there is no certainty for an active liquid market to be established for our Shares after the Proposed Transfer of Listing

The trading of our Shares on the LEAP Market is restricted to sophisticated investors as specified under Part I of Schedules 6 and 7 of the CMSA. After the completion of the Proposed Transfer of Listing, our Shares will be traded on the ACE Market which is accessible by a significantly wider pool of investors. However, this does not guarantee that an active market for our Shares will develop after the completion of the Proposed Transfer of Listing, or if developed, that such market can be sustained.

Furthermore, as we are seeking a transfer listing to the ACE Market which is an alternative market designed primarily for emerging corporations that may carry higher investment risk when compared with larger or more established corporations listed on the Main Market of Bursa Securities, there is also no assurance for any of the following to be achieved after the completion of the Proposed Transfer of Listing:

- (i) a liquid market being developed for our Shares; or
- (ii) ability for our shareholders to sell our Shares at prices which they desire or at all.

6.2 Our Share price and trading volume may be volatile following the Proposed Transfer of Listing as a result of market vagaries

The performance of our Shares on the ACE Market is very much dependent on external factors such as the performance of regional and global stock exchanges and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volume on Bursa Securities, thus adding risks to the market price of our Shares once they are traded on the ACE Market.

In addition, the market price of our Shares may fluctuate significantly and rapidly in response to, among others, the following factors:

- (i) general operational and business risks of our Group;
- (ii) variations in our financial results and operations;
- (iii) success or failure of our key senior management in implementing our business and growth strategies;
- (iv) additions or departures of our key senior management;
- (v) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (vi) changes in market valuations of listed shares in general or shares of companies comparable to ours;
- (vii) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;

- (viii) fluctuation in stock market prices and volume;
- (ix) involvement in claims, litigation, arbitration or other form of dispute resolution; and/or
- (x) changes in government policy, legislation or regulation.

Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated as price of shares tends to be more volatile when trading volume is low. Accordingly, there is no assurance that the market price of our Shares will not be subject to volatility or trade at prices below the Offering Price after the completion of the Proposed Transfer of Listing. Should our Shares trade at prices below the final Offering Price after the completion of the Proposed Transfer of Listing, our existing shareholders and successful applicants for the Offering Shares under the Proposed Public Offering will experience an immediate unrealised loss to the value of the Shares held or subscribed by them.

6.3 Our existing shareholders may experience an immediate paper loss on the value of the Shares held by them if the final Offering Price is lower than the last trading price of our Shares on the LEAP Market prior to the Proposed Transfer of Listing

Our Offering Price will be determined after taking into consideration a number of factors including but not limited to our operating history and financial performance, our competitive strengths, our future plans and strategies as well as the trading multiples of comparable companies that are principally involved in businesses similar to our Group as further detailed in and supported by the price discovery mechanism for our Shares set out in Section 2.2.5 of this Circular. However, there is no assurance that the final Offering Price will correspond to the last trading price of our Shares on the LEAP Market prior to the Proposed Transfer of Listing.

If the final Offering Price is lower than the last trading price of our Shares on the LEAP Market prior to the Proposed Transfer of Listing, our existing shareholders will experience an immediate paper loss on the value of the Shares held by them upon the transfer of our Shares from the LEAP Market to the ACE Market.

Notwithstanding the above, even if the final Offering Price corresponds to the last trading price of our Shares on the LEAP Market prior to the Proposed Transfer of Listing, there is no guarantee that our Shares upon listing on the ACE Market will continue to trade at or above the final Offering Price.

6.4 Our existing shareholders will face the risk of dilution to their shareholdings in our Company

The issuance and allotment of Issue Shares under the Proposed Public Issue will result in an immediate dilution to the shareholdings of our existing shareholders in our Company. For further details of the extent of dilution to our existing shareholders' shareholdings in our Company, please refer to Section 8.1 of this Circular.

6.5 There may be a delay in or termination of the Proposed Transfer of Listing

The Proposed Transfer of Listing could be delayed or terminated due to the possible occurrences of certain events, which include the following:

- (i) Bursa Securities and/or any other relevant authorities do not grant their approvals for the Proposed Transfer of Listing or any subsequent revocation of the said approvals for any reason whatsoever;
- (ii) identified investors fail to subscribe for the portion of Offering Shares allocated to them and the Issue Shares are not being underwritten for any reason whatsoever;

- (iii) our Company is unable to meet the Public Spread Requirement; or
- (iv) the occurrence of any event or circumstance beyond the control of our Group.

There is no assurance that the Proposed Transfer of Listing can be completed in a timely manner. If the Proposed Transfer of Listing is not implemented, our Company will remain listed on the LEAP Market. In this regard, our Company will not be able to introduce new classes of shareholders (comprising both retail and institutional investors) into our existing shareholders mix but shall remain accessible by sophisticated investors specified under Part I of Schedules 6 and 7 of the CMSA. In addition, in the event the Proposed Transfer of Listing is terminated, the potential benefits expected to arise from the Proposed Transfer of Listing as set out in Section 3 of this Circular may not materialise.

6.6 We are unable to recover the cost incurred for the Proposed Transfer of Listing in the event the Proposed Transfer of Listing is terminated

The total expenses to be incurred by our Company in relation to the Proposed Transfer of Listing is estimated to be about RM7.30 million as detailed in Note (iii) of Section 2.2.8 of this Circular. As the expenses paid to the relevant parties for the Proposed Transfer of Listing on a milestone basis are not refundable, we are unable to recover the cost paid for the Proposed Transfer of Listing in the event the Proposed Transfer of Listing is terminated. For information purpose, we have incurred and paid approximately RM0.85 million of expenses related to the Proposed Transfer of Listing as at LPD. In addition, our Company may also incur abortive fees for any early termination of the Proposed Transfer of Listing.

As at LPD, our Group's cash and bank balances including fixed deposits stood at approximately RM12.61 million. In the event the Proposed Transfer of Listing is terminated, our Group's cash and bank balances will reduce to the extent of the total expenses incurred (including abortive fees) until the point of termination of the Proposed Transfer of Listing, and will be charged to the retained profits of our Company accordingly. This will also reduce the availability of funds for the working capital requirements of our Group.

6.7 We are unable to raise proceeds from the Proposed Public Issue to fulfill our Group's funding requirements in the event the Proposed Transfer of Listing is not implemented

As set out in Section 2.2.8 of this Circular, our Company intends to use RM116.16 million from the gross proceeds to be raised from the Proposed Public Issue to fund the working capital for our Group's existing and future construction projects, repay part of our borrowing as well as defray the expenses in relation to the Proposed Transfer of Listing. In the event the Proposed Transfer of Listing is not implemented, our Group will have to fund such construction costs, repay our borrowing and defray the expenses in relation to the Proposed Transfer of Listing using our internal funds, which may constrain our Group's cash flow and, in turn, affect our Group's ability to undertake more construction projects in the future. In this regard, our Group may be required to increase our borrowings to fund our working capital requirements and incur additional financing cost.

Nevertheless, our Group will continue to carry on with our existing business and execute our business plan while seeking increased amount of funding from existing sources and/or other sources of funding (if required) if the Proposed Transfer of Listing is not implemented. Our Group will also continue searching for other business opportunities for our Group's long-term growth, albeit more selectively to ensure the continued sustainability of our Group's activities within our Group's level of internal funds.

7. EFFECTS OF THE PROPOSED TRANSFER OF LISTING

The Proposed Transfer of Listing will not have any effect on the issued share capital of our Company, the substantial shareholders' shareholdings in our Company, as well as the consolidated NA, gearing and EPS of our Company.

Nevertheless, the effects of the Proposed Public Offering, which is undertaken by our Company in conjunction with the Proposed Transfer of Listing, are set out below:

7.1 Issued share capital

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

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

Note:

- (1) Calculated based on the Illustrative Offering Price of RM0.88 per Issue Share and after deducting estimated expenses of approximately RM3.42 million which is assumed to be directly attributable to the issuance of new Shares under the Proposed Public Issue and will be set off against the share capital of our Company. For the avoidance of doubt, the remaining RM3.88 million of the estimated expenses for the Proposed Transfer of Listing (including the Proposed Public Issue) will be charged to the retained profits of our Company.

7.2 Substantial shareholders' shareholdings

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

	As at LPD				After the Proposed Public Offering			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
LSH Resources	543,501,717	76.94	-	-	542,019,809	64.65	-	-
LSH Holdings	-	-	⁽³⁾ 543,501,717	76.94	-	-	⁽³⁾ 542,019,809	64.65
Tan Sri KC Lim	29,290,029	4.15	⁽⁴⁾ 543,501,717	76.94	14,955,281	1.78	⁽⁴⁾ 542,054,809	64.66
DLKG	29,349,729	4.16	⁽⁴⁾ 543,501,717	76.94	14,955,281	1.78	⁽⁴⁾ 542,029,809	64.65
Lim Pak Lian	29,349,729	4.16	⁽⁴⁾ 543,501,717	76.94	14,955,281	1.78	⁽⁴⁾ 542,144,809	64.67
Lim Keng Hun	29,349,729	4.16	⁽⁴⁾ 543,501,717	76.94	14,955,281	1.78	⁽⁴⁾ 542,019,809	64.65

Notes:

- (1) Based on the total number of 706,360,208 Shares as at LPD.
- (2) Based on the enlarged total number of 838,360,208 Shares after the Proposed Public Offering.
- (3) Deemed interested by virtue of its interest in LSH Resources pursuant to Section 8 of the Act.

- (4) Deemed interested by virtue of his/her indirect shareholding in LSH Resources via his/her direct interest in LSH Holdings pursuant to Section 8 of the Act, as well as indirect interest by virtue of his/her children's interests in our Company pursuant to Section 59(11)(c) of the Act (where relevant).

7.3 NA per Share and gearing

The Proposed Offer for Sale will not have any effect on the consolidated NA per Share and gearing of our Company. However, for illustrative purpose only, based on the latest audited consolidated statement of financial position of our Company as at 30 September 2023 and on the assumption that the Proposed Public Issue (including the use of proceeds as set out in Section 2.2.8 of this Circular) had been effected on that date, the pro forma effects of the Proposed Public Issue on the consolidated NA per Share and gearing of our Company are as follows:

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

Notes:

- (1) Calculated based on NA over number of Shares in issue.
- (2) Total borrowings include interest-bearing borrowings and lease liabilities.
- (3) Computed based on total borrowings over NA.
- (4) After taking into consideration the following material events which occurred post 30 September 2023 up to LPD:
- (i) second interim single-tier dividend of 1.59 sen per Share amounting to approximately RM11.23 million in respect of the FYE 30 September 2023 which was paid on 20 December 2023 to our shareholders; and
- (ii) drawdown of the ASES Borrowing (as detailed in Note (ii) of Section 2.2.8 of this Circular) of RM12.00 million.
- (5) Calculated based on the Illustrative Offering Price of RM0.88 per Issue Share and after deducting estimated expenses to be incurred in relation to the Proposed Transfer of Listing (including the Proposed Public Issue) of RM7.30 million of which approximately RM3.42 million (which is assumed to be directly attributable to the issuance of new Shares under the Proposed Public Issue) will be set off against the share capital of our Company and the remaining RM3.88 million will be charged to the retained profits of our Company.
- (6) After taking into consideration the proposed repayment of the ASES Borrowing amounting to RM11.00 million using the gross proceeds to be raised from the Proposed Public Issue.

7.4 EPS

The Proposed Offer for Sale will not have any effect on the consolidated EPS of our Company. However, for illustrative purpose only, based on the latest audited consolidated statement of profit or loss and other comprehensive income of our Company for the FYE 30 September 2023 and on the assumption that the Proposed Public Issue (including the use of proceeds as set out in Section 2.2.8 of this Circular) had been effected at the beginning of the said financial year, the pro forma effects of the Proposed Public Issue on the consolidated EPS of our Company are as follows:

	RM
Audited consolidated PATAMI of our Company	58,887,797
Add : Expected net annual interest savings arising from the proposed repayment of the ASES Borrowing using the gross proceeds to be raised from the Proposed Public Issue ⁽¹⁾	250,800
Less : Estimated expenses in relation to the Proposed Public Offering ⁽²⁾	(3,877,120)
Pro forma consolidated PATAMI after the Proposed Public Offering	55,261,477
Weighted average number of Shares in issue during the FYE 30 September 2023	514,406,830
Pro forma weighted average number of Shares in issue after the Proposed Public Offering	646,406,830
<u>EPS⁽³⁾</u>	
• Based on the audited consolidated PATAMI of our Company (sen)	11.45
• Based on the pro forma consolidated PATAMI of our Company after the Proposed Public Offering (sen)	8.55

Notes:

- (1) Represents the estimated annual interest savings arising from the proposed repayment of the ASES Borrowing amounting to RM11.00 million using the gross proceeds to be raised from the Proposed Public Issue, calculated based on its interest rate of 3.00% per annum (less tax of 24%).
- (2) Represents the estimated expenses to be incurred in relation to the Proposed Transfer of Listing (including the Proposed Public Issue) of approximately RM3.88 million which will be charged to the retained profits of our Company. For the avoidance of doubt, the remaining RM3.42 million (which is assumed to be directly attributable to the issuance of new Shares under the Proposed Public Issue) will be set off against the share capital of our Company.
- (3) Calculated based on the relevant PATAMI divided by the relevant weighted average number of Shares in issue.

Although the EPS will be diluted as a result of the increase in the number of Shares and after taking into consideration the estimated expenses to be incurred in relation to the Proposed Transfer of Listing, the Proposed Public Issue is expected to contribute positively to the future earnings of our Group as and when the benefits arising from the proposed use of proceeds as detailed in Sections 2.2.8 and 3 of this Circular are realised.

7.5 Convertible securities

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

8. IMPACT OF THE PROPOSED TRANSFER OF LISTING AND PRICE DISCOVERY MECHANISM

8.1 Impact to our existing shareholders

The Proposed Transfer of Listing will allow our existing shareholders to enjoy the benefits that are expected to accrue to our Group as a public company listed on the ACE Market as described in Section 3 of this Circular. Such benefits include the expected increase in liquidity and marketability of our Shares as a result of the wider pool of investors that may engage in the trading of our Shares upon the transfer of listing of our Shares to the ACE Market.

Notwithstanding this, the Proposed Public Offering will result in a dilution to the shareholdings of our existing shareholders in our Company. Solely for illustrative purpose only, assuming none of our existing shareholders subscribe to the Offering Shares, the extent of the dilution to the shareholdings of our existing shareholders in our Company is illustrated as follows:

	As at LPD		After the Proposed Public Offering	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Promoters	660,840,933	93.56	601,840,933	71.79
Other existing shareholders	45,519,275	6.44	45,519,275	5.43
New shareholders				
• Malaysian Public	-	-	16,767,200	2.00
• Eligible Persons	-	-	12,575,400	1.50
• Bumiputera investors approved by the MITI	-	-	104,795,000	12.50
• Other institutional and selected investors	-	-	56,862,400	6.78

Notes:

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

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

8.2 Impact on our Company's public shareholding spread

Based on the Record of Depositors of our Company as at LPD, the public shareholding spread of our Company is approximately 5.80%, held by a total number of 57 public shareholders.

In order to meet the Public Spread Requirement upon our listing on the ACE Market, our Company will undertake the Proposed Public Offering and ensure that the Offering Shares are allocated to the public such that the resulting shareholder base of our Company after the Proposed Public Offering complies with the said requirement. In this regard, on the assumption that 178,424,600 Offering Shares under the Proposed Public Offering (i.e. excluding the allocation to the Eligible Persons under the Retail Offering) are allocated to public shareholders, the public shareholding spread of our Company is expected to increase to approximately 26.17% to be held by at least 200 public shareholders holding not less than 100 Shares each at the time of our listing on the ACE Market. For information purpose, the exact public shareholding spread and number of public shareholders of our Company after the completion of the Proposed Transfer of Listing can only be determined upon completion of the Proposed Public Offering.

8.3 Impact of the price discovery mechanism for our Shares

The price discovery mechanism for our Shares, through the price determination of the Offering Shares made available for application by investors under the Proposed Public Offering, will better reflect our Company's valuation before the transfer of our listing status to the ACE Market. Such price determination takes into consideration the various factors as set out in Section 2.2.5 of this Circular, which includes the benchmarking of the market performance of comparable companies that are principally involved in businesses similar to our Group.

For information purpose, the Illustrative Offering Price of RM0.88 per LSH Capital Share is equivalent to the last transacted price of our Shares on 5 February 2024 (being the last transacted day of our Shares prior to LPD and our announcement of the Proposed Public Offering on 6 March 2024) as well as the five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of LSH Capital Shares up to and including 5 February 2024. In addition, the Illustrative Offering Price represents a premium of approximately 1.04% over the 12-month VWAP of LSH Capital Shares up to and including 5 February 2024 of approximately RM0.8709.

Based on the Illustrative Offering Price of RM0.88 per LSH Capital Share, the price discovery mechanism is not expected to have any impact to the value of the Shares held by our existing shareholders. However, should the final Offering Price or the opening price of our Shares upon completion of the Proposed Transfer of Listing be lower than the Illustrative Offering Price of RM0.88 per LSH Capital Share or last trading price of our Shares on the LEAP Market prior to the Proposed Transfer of Listing, our existing shareholders will experience an immediate unrealised loss to the value of the Shares held by them. Conversely, should the final Offering Price or the opening price of our Shares upon completion of the Proposed Transfer of Listing be higher than the Illustrative Offering Price of RM0.88 per LSH Capital Share or last trading price of our Shares on the LEAP Market prior to the Proposed Transfer of Listing, our existing shareholders will experience an immediate unrealised gain to the value of the Shares held by them.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of our Shares traded on the LEAP Market for the past 12 months from March 2023 until February 2024 (after adjusting for the effects of any dividend and corporate exercise throughout the period) are as follows:

	High	Low
	(RM)	(RM)
<u>2023</u>		
March	0.7900	0.6420
April	0.8910	0.7410
May	0.8710	0.8710
June	0.8800	0.8600
July	0.8800	0.8800
August	0.8800	0.8800
September	*_	*_
October	0.8800	0.8800
November	0.8800	0.8800
December	0.8800	0.8800
<u>2024</u>		
January	*_	*_
February	0.8800	0.8800

	RM
Last transacted market price of our Shares on 30 August 2023 (<i>being the last transacted day of our Shares prior to the announcement made pursuant to our Board's deliberation on the Proposed Transfer of Listing on 12 October 2023</i>)	0.8800
Last transacted market price of our Shares on 5 February 2024 (<i>being the last transacted day of our Shares prior to the announcement made pursuant to the Proposed Public Offering on 6 March 2024</i>)	0.8800
Last transacted market price of our Shares as at LPD	^

(Source: Bloomberg)

Notes:

* There was no trade in our Shares during September 2023 and January 2024.

^ There was no trade in our Shares from 5 February 2024 up to LPD.

10. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Withdrawal of LEAP Listing and Proposed ACE Listing which are integral parts of the Proposed Transfer of Listing, are inter-conditional upon each other.

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

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

- (i) approval of the shareholders of our Company for the following:
 - (a) Proposed Withdrawal of LEAP Listing; and
 - (b) Proposed ACE Listing,

at our forthcoming EGM;
- (ii) approval from Bursa Securities for the following:
 - (a) Exemption which was obtained vide the letter dated 29 February 2024 from Bursa Securities subject to the condition that the undertakings set out in the Undertaking Letters provided by all shareholders of our Company (as detailed in Section 2.1 of this Circular) remain valid and binding until the completion of the Proposed Withdrawal of LEAP Listing;
 - (b) Proposed Withdrawal of LEAP Listing; and
 - (c) Proposed ACE Listing;
- (iii) approval from the Equity Compliance Unit of the SC for the resultant equity structure of our Company pursuant to the Proposed Public Offering under the Bumiputera equity requirement for public listed companies;
- (iv) approval from the MITI for the allocation of Offering Shares to Bumiputera investors to be identified and approved by the MITI; and
- (v) approval, waiver and/or consent of any other relevant authority and/or party, if required.

The proposed allocations of Issue Shares to our eligible Directors, namely Lim Ding Shyong, Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob, Lee Swee Kheng and Dato' Wang Sze Yao @ Wang Ming Way, as well as to the Eligible Connected Employees (as further detailed in Sections 2.2.1(ii) and 12 of this Circular) under the Proposed Pink Form Offer are also subject to the approval of the shareholders of our Company at our forthcoming EGM.

For the avoidance of doubt, the Proposed Pink Form Offer is conditional upon the Proposed Transfer of Listing. However, the Proposed Transfer of Listing is not conditional upon the Proposed Pink Form Offer (including the allocations of Issue Shares to our eligible Directors and Eligible Connected Employees). The Proposed Pink Form Offer to each respective eligible Director and Eligible Connected Employee are not inter-conditional upon each other.

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

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

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

85. Pre-emptive rights to new shares

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

Clause 67 of our Constitution further provides as follows:

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

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

Accordingly, with regards to item (i) above, our Company wishes to seek the shareholders' approval for a waiver of their Pre-emptive Rights in conjunction with the Proposed Transfer of Listing. Such waiver has been incorporated into the ordinary resolution pertaining to the Proposed ACE Listing and Proposed Public Offering to be tabled at our forthcoming EGM and set out in the Notice of EGM which is enclosed in this Circular. Essentially, this means that if the ordinary resolution pertaining to the Proposed ACE Listing and Proposed Public Offering is approved by the shareholders of our Company at our forthcoming EGM, such approval is also tantamount to the shareholders of our Company agreeing to waive their Pre-emptive Rights in respect of the Issue Shares to be issued and allotted by our Company pursuant to the Proposed Public Offering which is undertaken by our Company in conjunction with the Proposed Transfer of Listing. In this regard, our Company will be allowed to issue and allot the Issue Shares pursuant to the Proposed Public Issue and this will consequently result in a dilution to our existing shareholders' shareholdings in our Company upon completion of the Proposed Public Offering as detailed in Section 8.1 of this Circular.

11. CORPORATE EXERCISES/SCHEMES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Transfer of Listing (including the Proposed Public Offering), there is no other corporate exercise/scheme which has been announced by our Company but pending completion as at the date of this Circular.

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

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

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

Nevertheless, as the Proposed Public Offering is undertaken in conjunction with the Proposed ACE Listing and comprises the Proposed Offer for Sale which entails an offer for sale of the existing Shares by certain Promoters (namely LSH Resources, Tan Sri KC Lim, DLKG, Lim Pak Lian and Lim Keng Hun) and part of the gross proceeds raised from the Proposed Public Issue will be used to pare down part of the financing obtained from LSH Holdings (as detailed in Note (ii) of Section 2.2.8 of this Circular), the Promoters are deemed interested in the Proposed ACE Listing and Proposed Public Offering. In this regard, the Promoters will abstain and have undertaken that they will ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company (if any) on the ordinary resolution pertaining to the Proposed ACE Listing and Proposed Public Offering to be tabled at our forthcoming EGM.

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

Furthermore, the following employees of our Group who are also persons connected with the following Directors and/or major shareholders of our Company, are eligible for allocations of Issue Shares under the Proposed Pink Form Offer in the following manner:

Name	Designation	Relationship with the Directors and/or major shareholder of our Company	No. of Issue Shares allocated
Lor Kar Mun	Chief Legal Officer	Daughter of Lim Pak Lian	100,000
Lim Wei Xin	Manager, Purchasing	Daughter of Tan Sri KC Lim and sister of Lim Ding Shyong	25,000
Lor Khang Chee	Manager, Contract and Project	Son of Lim Pak Lian	25,000
Lim Wei Ling	Executive, Sales and Marketing	Daughter of Tan Sri KC Lim and sister of Lim Ding Shyong	10,000
Lim Zhuo Tuong	Executive, Finance	Daughter of DLKG	10,000
Total			170,000

As such, the relevant Directors for which the abovementioned eligible employees are persons connected with them, are also deemed interested in the Proposed Public Offering to the extent of the respective proposed allocations to such eligible employees who are persons connected with them, and their eligibility to apply for any excess Issue Shares not taken up by the other Eligible Persons under the Proposed Pink Form Offer.

Accordingly, each of these Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocations and their eligibility to the Issue Shares, and/or the proposed allocations to persons connected with them (where relevant). These Directors will also abstain and have undertaken that they will ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company (if any), on the ordinary resolution pertaining to their respective proposed allocations and/or the proposed allocations to persons connected with them (where relevant) of Issue Shares under the Proposed Pink Form Offer, to be tabled at our forthcoming EGM.

For information purpose, the respective interests of the Directors and interested major shareholders of our Company as well as the abovementioned persons connected with the Directors and/or major shareholders in our Company as at LPD are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Major shareholders</u>				
• LSH Resources	543,501,717	76.94	-	-
• LSH Holdings	-	-	⁽¹⁾ 543,501,717	76.94
<u>Major shareholders and Directors</u>				
• Tan Sri KC Lim	29,290,029	4.15	⁽²⁾ 543,501,717	76.94
• DLKG	29,349,729	4.16	⁽²⁾ 543,501,717	76.94
• Lim Pak Lian	29,349,729	4.16	⁽²⁾ 543,501,717	76.94
• Lim Keng Hun	29,349,729	4.16	⁽²⁾ 543,501,717	76.94

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Directors				
• Lim Ding Shyong	-	-	-	-
• Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	2,000,000	0.28	-	-
• Lee Swee Kheng	-	-	-	-
• Dato' Wang Sze Yao @ Wang Ming Way	-	-	-	-
Persons connected with the Directors and major shareholders				
• Lor Kar Mun	-	-	-	-
• Lim Wei Xin	-	-	-	-
• Lor Khang Chee	-	-	-	-
• Lim Wei Ling	-	-	-	-
• Lim Zhuo Tuong	-	-	-	-

Notes:

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

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

13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for the Proposing Directors who are also the Selling Shareholders and Lim Ding Shyong), after having considered all aspects of the Proposed Transfer of Listing and the Proposed Public Offering including the rationale, effects and impact thereto of the Proposed Transfer of Listing and the Proposed Public Offering, is of the opinion that the Proposed Transfer of Listing and the Proposed Public Offering are in the best interest of our Company. Accordingly, our Board (save for the Proposing Directors and Lim Ding Shyong) recommends you to vote in favour of the resolutions pertaining to the Proposed Transfer of Listing (including the Proposed Public Offering) to be tabled at our forthcoming EGM.

For the avoidance of doubt, as some of our Directors and/or persons connected with our Directors and/or major shareholders are eligible to participate in the Proposed Public Offering via the Proposed Pink Form Offer, these Directors have abstained and will continue to abstain from forming an opinion and making any recommendation on the Issue Shares to be allocated to them and/or any person connected with them (where relevant) pursuant to the Proposed Pink Form Offer.

14. APPLICATION TO THE RELEVANT AUTHORITIES

Subject to completion of, among others, the due diligence review and preparation of the relevant documents, the applications to the relevant authorities in relation to the Proposed Transfer of Listing (including the Prospectus) are expected to be made within three (3) months from our Company's receipt of the approval of our shareholders for the Proposed Transfer of Listing at our forthcoming EGM.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposed Transfer of Listing is expected to be completed in the first quarter of 2025.

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

Date	Event
19 April 2024	<ul style="list-style-type: none">• EGM to approve the Proposed Transfer of Listing
Second quarter of 2024	<ul style="list-style-type: none">• Submission of the pre-admission consultation pack to Bursa Securities• Submission of the applications for the Proposed Transfer of Listing (including Prospectus) to the relevant authorities
Fourth quarter of 2024	<ul style="list-style-type: none">• Approval from the relevant authorities for the Proposed Transfer of Listing expected to be obtained
First quarter of 2025	<ul style="list-style-type: none">• Registration of Prospectus• Issuance of Prospectus and commencement of the Proposed Public Offering period• Closing of the Proposed Public Offering period and announcement on level of subscription and basis of allotment for the Offering Shares• Issuance and/or transfer of the Offering Shares and issuance of notices of allotment*• Withdrawal of our Company's listing from the LEAP Market*• Listing and quotation of the entire issued share capital of our Company on the ACE Market*

Note:

* *The trading of our Shares on the LEAP Market will be suspended from the date of issuance and allotment of the Issue Shares (which will be determined and announced later) until the date our entire enlarged issued Shares are listed and quoted on the ACE Market.*

16. EGM

Our forthcoming EGM, the notice of which is enclosed in this Circular, will be held at Level 7, Wisma Lim Seong Hai, No. 33, Jalan Gombak, 53000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Friday, 19 April 2024 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions to give effect to the Proposed Transfer of Listing.

If you decide to appoint a proxy or proxies to attend and vote on your behalf at our forthcoming EGM, please complete and deposit the enclosed Form of Proxy in accordance with the instructions therein, so as to arrive at Boardroom Share Registrars Sdn Bhd's ("**Share Registrar**") office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the EGM or at any adjournment thereof either by hand, post or courier. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. In such event, you are requested to revoke your earlier appointment of proxy or proxies by notifying our Share Registrar in writing, no later than Wednesday, 17 April 2024 at 10:00 a.m..

17. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board
LIM SEONG HAI CAPITAL BERHAD

DATO' SERI IR. HJ. MOHD NOOR BIN YAACOB
Independent and Non-Executive Director

INFORMATION ON OUR COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia under the Act as a private limited company on 11 November 2020 under the name of Lim Seong Hai Capital Sdn Bhd. On 21 May 2021, our Company was converted into a public limited company to facilitate our listing on the LEAP Market. The principal activity of our Company is that of investment holding, while the principal activities of our subsidiaries and associated company are set out in the table below.

Our Group's history can be traced back to the incorporation of LSH Lighting and Knight Auto in 1995 and 1999 respectively. For information purpose, LSH Lighting, which commenced operations in August 1995, is principally involved in the provision of building materials, lighting products and related M&E products and services. Other the other hand, Knight Auto, which commenced operations in March 1999, is principally involved in the provision of hardware and tools, and rental of machinery for the construction industry. To-date, our Group has 10 physical retail stores across the central region in Klang Valley and has also established our online presence vide our own online store and third-party e-commerce platforms.

Given the long-established and resilient businesses of LSH Lighting and Knight Auto, the Promoters selected these two (2) entities as the primary anchor for the beginning of our Company's journey towards becoming a public listed company, which successfully took place following our listing on the LEAP Market on 30 July 2021.

Following our listing on the LEAP Market, our Company completed the acquisition of 100% equity interest in LSHBB from the Promoters on 15 October 2021, after which our shareholders had subsequently on 9 September 2022, approved the diversification of our then principal activities to include businesses in construction and provision of construction-related services and solutions ("**Construction Business**").

Subsequent to the approval of our shareholders on 28 March 2023 for us to further diversify our then principal activities to include property development activities, our Company completed the acquisitions of 100% equity interest in ASSB and LSH Ventures from our related parties (i.e. including some of the Promoters) on 19 April 2023.

To-date, our subsidiaries and associated company, all of which are incorporated in Malaysia, are as follows:

Name	Date of incorporation	Our effective equity interest	Principal activities
Subsidiaries			
LSH Lighting	24 June 1995	100%	Provision of building materials as well as lighting products and related M&E products and services
Knight Auto	29 January 1999	100%	Provision of hardware and tools and rental of machinery
LSHBB	12 November 2001	100%	Business of construction and provision of construction and business-related services and solutions
ASSB	10 October 2010	100%	Business of building construction contractor, property development and investment holdings
LSH Ventures	30 April 2005	100%	Business of investment holding
ASES	11 October 2002	93.75%	Property development
LSH Development	23 February 2002	100%	Dormant
LSH Infra	10 January 2022	100%	Dormant
Associated company			
Kran World	15 May 2015	50.00%	Dormant ⁽¹⁾

INFORMATION ON OUR COMPANY (Cont'd)

Note:

- (1) *Kran World commenced its business operations in July 2015 as a provider of rental service for crane, machinery and equipment, as well as a construction contractor. Owing to similarities with Knight Auto's principal activities, Kran World ceased its business operations in September 2020 to allow for its business activities to be carried out under Knight Auto instead, in conjunction with our Company's listing on the LEAP Market in July 2021. The management of Kran World intends to commence winding-up proceedings in the second half of 2024, upon collecting the remaining amount owed by its trade debtors for services rendered which amounted to approximately RM0.33 million as at LPD. The winding-up of Kran World is not expected to have a material impact on the financial position of our Group.*

2. SHARE CAPITAL

As at LPD, the issued share capital of our Company is RM334,768,002 comprising 706,360,208 Shares.

As at LPD, our Company does not have any convertible security in issue.

3. FINANCIAL INFORMATION OF OUR GROUP

A summary of the financial information of our Group for the last three (3) FYEs 30 September 2021 to 2023 are as follows:

	Audited		
	FYE 30 September		
	2021	2022	2023
	(RM'000)	(RM'000)	(RM'000)
Revenue	67,416	165,866	357,754
Cost of sales	(49,881)	(98,346)	(254,282)
Gross profit ("GP")	17,535	67,520	103,472
Other income	229	1,823	1,295
Selling and marketing expenses	(326)	(399)	(307)
Administrative expenses	(5,037)	(9,682)	(19,897)
Other expenses	(1,335)	(1,906)	(3,124)
Finance costs	(201)	(277)	(1,102)
Net loss allowance on financial assets and contract assets	-	(2,013)	(4,605)
Share of loss of equity accounted associate	-	-	(9)
Profit before tax ("PBT")	10,865	55,066	75,723
Income tax expense	(2,935)	(13,254)	(16,840)
Profit after tax ("PAT")	7,930	41,812	58,883
Profit attributable to:			
- Owners of our Company	7,930	41,812	58,888
- Non-controlling interests	-	-	(5)
Profit for the year	7,930	41,812	58,883

INFORMATION ON OUR COMPANY (Cont'd)

	Audited		
	FYE 30 September		
	2021	2022	2023
	(RM'000)	(RM'000)	(RM'000)
Earnings before interest, tax, depreciation and amortisation ("EBITDA") ⁽¹⁾	12,525	57,901	82,023
Weighted average number of Shares in issue (000's)	333,726	355,393	514,407
Basic/Diluted EPS ⁽²⁾ (sen)	2.38	11.76	11.45
Number of Shares	355,045	356,045	706,360
Dividend declared (RM'000)	2,343	12,568	17,730
Dividend per Share (sen)	0.66	3.53	2.51
GP margin (%)	26.01	40.71	28.92
PBT margin (%)	16.12	33.20	21.17
PAT margin (%)	11.76	25.21	16.46

Notes:

(1) EBITDA is computed as follows:

	Audited		
	FYE 30 September		
	2021	2022	2023
	(RM'000)	(RM'000)	(RM'000)
Profit for the year	7,930	41,812	58,883
Add: Income tax expense	2,935	13,254	16,840
PBT	10,865	55,066	75,723
Less: Interest income	(165)	(266)	(493)
Add: Interest costs	201	277	1,102
Add: Depreciation and amortisation	1,624	2,824	5,691
EBITDA	12,525	57,901	82,023

(2) Our Company does not have any convertible security in issue throughout the abovementioned financial years under review.

(i) Commentary of the financial performance for the FYE 30 September 2022

For the FYE 30 September 2022, our Group recorded revenue of approximately RM165.87 million, representing an increase of approximately RM98.45 million or 146.03% from the preceding financial year's revenue of approximately RM67.42 million. The significant improvement in revenue was mainly attributable to our newly acquired subsidiary, namely LSHBB, which is principally involved in the Construction Business (as defined in Section 1 of this Appendix). For information purpose, our Company completed the acquisition of 100% equity interest in LSHBB on 15 October 2021 and LSHBB had contributed approximately RM109.15 million, representing approximately 65.80% of the total revenue of our Group for the FYE 30 September 2022.

INFORMATION ON OUR COMPANY (Cont'd)

The revenue contributed by LSHBB to our Group during the said financial year was mainly derived from the design and build for the LSH 33 project as well as for the LSH Segar Project, construction of bridge works in Nibong Tebal, Penang, direct access from DUKE Highway Taman Bamboo, Kuala Lumpur and other expressway and road works, as well as fees received from the provision of construction-related services and solutions (“**Construction Solutions**”).

For information purpose, in addition to the provision of construction works, LSHBB also provides Construction Solutions through the BEST Collaboration Framework for construction projects secured by its clients and property development projects undertaken by its clients. In consideration of LSHBB’s provision of the Construction Solutions to its clients, LSHBB is entitled to fees calculated based on certain percentage of the clients’ project value or GP of its clients’ projects. The provision of Construction Solutions to its clients under the BEST Collaboration Framework uses in-house expertise without incurring substantial costs. Hence, this has further contributed to the increased GP margin of our Group as compared to the preceding financial year.

As such, our Group recorded higher GP of approximately RM67.52 million for the FYE 30 September 2022 as compared to GP of approximately RM17.54 million in the preceding financial year, representing an increase in our Group’s GP of approximately RM49.98 million or 285.06%. The substantial increase in GP was mainly attributable to the GP contributed by the newly-acquired LSHBB of approximately RM48.63 million, representing 72.02% of the total GP of our Group for the FYE 30 September 2022. The higher GP margin was further driven by higher contract revenue and fees being recognised by LSHBB from billable milestones under the BEST Collaboration Framework as compared to the cost of sales recognised during the same financial year as a result of a one-off value enhancement exercise carried out by LSHBB for the LSH 33 project during the said financial year. This translates to GP margin of approximately 40.71% for our Group, an increase of 14.70 percentage points over the previous financial year’s GP margin of approximately 26.01%.

As a result of the above, our Group recorded higher PBT of approximately RM55.07 million for the FYE 30 September 2022, representing an increase of approximately RM44.20 million or 406.82% over the preceding financial year’s PBT of approximately RM10.87 million. In tandem with the rise in PBT, our Group recorded higher PAT of approximately RM41.81 million for the FYE 30 September 2022, representing an increase of approximately RM33.88 million or 427.26% over the preceding financial year’s PAT of approximately RM7.93 million. The increase in our PBT and PAT are in line with the significant improvement in our GP. Furthermore, our Group recorded higher other income of approximately RM1.82 million during the same year (2021: RM0.23 million) which was mainly attributable to the gain on acquisition of LSHBB of approximately RM1.02 million as the purchase consideration payable by our Company for the acquisition of LSHBB (i.e. amounted to RM3.50 million) was less than the net identifiable assets of LSHBB (i.e. amounted to RM4.52 million).

(ii) Commentary of the financial performance for the FYE 30 September 2023

For the FYE 30 September 2023, our Group recorded higher revenue of approximately RM357.75 million, representing a further increase of approximately RM191.88 million or 115.69% from the preceding financial year’s revenue of approximately RM165.87 million. The significant improvement in revenue was mainly attributable to the Construction Business which was carried out by LSHBB and ASSB (a subsidiary of our Company which was newly acquired on 19 April 2023). The Construction Business remained the main revenue contributor for the financial year, contributed approximately RM263.21 million, representing approximately 73.57% of the total revenue of our Group for the FYE 30 September 2023.

INFORMATION ON OUR COMPANY (Cont'd)

The increase in revenue from the Construction Business was mainly due to higher revenue recognised from our Group's ongoing construction projects, namely the design and build for the LSH 33 project and LSH Segar Project, construction of bridge works in Nibong Tebal, Penang and upgrading road works in Kota Belud, Sabah, as well as from its new project for the construction of army family homes in Gemas, Negeri Sembilan, Malaysia.

As such, our Group recorded higher GP of approximately RM103.47 million for the FYE 30 September 2023 as compared to GP of approximately RM67.52 million in the preceding financial year, representing an increase in our Group's GP of approximately RM35.95 million or 53.25%. In line with the revenue contribution, the substantial increase in GP was mainly attributable to higher GP contributed by the Construction Business of approximately RM76.54 million for the FYE 30 September 2023 (2022: RM48.63 million). However, despite our Group recording higher GP during the said financial year, our GP margin for the FYE 30 September 2023 was 28.92%, representing a decrease of 11.79 percentage points from the previous financial year's GP margin of approximately 40.71%. The decrease in our Group's GP margin was mainly due to the regularisation of the ratio of contract revenue and fees to cost of sales recognised by LSHBB under the BEST Collaboration Framework for the LSH 33 project during the said financial year in comparison with the preceding financial year as detailed in item (i) above.

In view of the above, our Group recorded higher PBT of approximately RM75.72 million for the FYE 30 September 2023, representing an increase of approximately RM20.65 million or 37.51% over the preceding financial year's PBT of approximately RM55.07 million, and lower PBT margin of approximately 21.17%, representing a decrease of 12.03 percentage points from the previous financial year's PBT margin of approximately 33.20%. Our Group also recorded higher PAT of approximately RM58.88 million for the FYE 30 September 2023, representing an increase of approximately RM17.07 million or 40.83% over the preceding financial year's PAT of approximately RM41.81 million. Our Group's PAT margin was also lower at approximately 16.46%, representing a decrease of 8.75 percentage points from the previous financial year's PAT margin of approximately 25.21%.

(The rest of this page has been intentionally left blank)

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. Our Board hereby confirms that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

2. CONSENTS AND DECLARATIONS OF CONFLICT OF INTEREST**2.1 AmInvestment Bank**

AmInvestment Bank, being the Principal Adviser and Sponsor to our Company for the Proposed Transfer of Listing, has given and has not subsequently withdrawn its written consent for the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad ("**AMMB**"). AMMB and its group of companies (collectively, "**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to, among others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management as well as credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of the AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its existing or future clients, may have interests or take actions that may conflict with the interests of our Group.

As at 25 March 2024, AmBank Group has extended credit facilities with an aggregate credit limit of approximately RM90.24 million (with an outstanding amount of approximately RM34.31 million) to our Group.

Notwithstanding the above, AmInvestment Bank is of the opinion that no conflict of interest exists or is likely to exist in its roles as the Principal Adviser and Sponsor to our Company for the Proposed Transfer of Listing in view of the following:

- (i) the credit facilities were provided by AmBank Group in its ordinary course of business, and the said credit facilities, which represents approximately 0.50% of the audited NA of AmBank Group as at 31 March 2023 of approximately RM18.14 billion, are not material;
- (ii) AmBank Group forms a diversified financial group and is engaged in a wide range of transactions as highlighted above. In addition, AmInvestment Bank is a licensed investment bank and its appointment as the Principal Adviser and Sponsor for the Proposed Transfer of Listing is in the ordinary course of business;
- (iii) the credit facilities were not determined in contemplation of and are not conditional upon AmInvestment Bank being appointed as the Principal Adviser and Sponsor for the Proposed Transfer of Listing; and

FURTHER INFORMATION (Cont'd)

- (iv) each of the entities and departments of the AmBank Group are also subject to internal controls and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entities within AmBank Group has separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is regulated by Bank Negara Malaysia.

2.2 Astramina Advisory

Astramina Advisory, being the Approved Adviser and Continuing Adviser to our Company, has given and has not subsequently withdrawn its written consent for the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

For information purpose, Astramina Advisory was the appointed Approved Adviser and Continuing Adviser to our Company for our listing on the LEAP Market on 30 July 2021. Subsequently, Astramina Advisory was also appointed as the Adviser to our Company for the various corporate proposals undertaken by our Company prior to our Company embarking on the Proposed Transfer of Listing.

As part of the agreed success fees for the listing of our Company on the LEAP Market and the various corporate exercises undertaken by our Company for which Astramina Advisory was appointed as Adviser, LSH Resources (being the major shareholder and one of the Promoters of our Company) and Astramina Advisory had agreed for a success fee amounting to RM1,800,000 to be paid to Astramina Advisory via the transfer of 2,045,555 Shares at RM0.88 each ("**Success Fee Shares**") by LSH Resources upon completion of the Proposed Transfer of Listing and subject to any moratorium requirement which LSH Resources is required to observe pursuant to the Proposed Transfer of Listing. The Success Fee Shares represent approximately 0.29% of the existing total number of Shares as at LPD and approximately 0.24% of the enlarged total number of Shares upon completion of the Proposed Transfer of Listing.

In addition to the above, as at LPD, Datin Wong Muh Rong (the Managing Director and shareholder of Astramina Advisory) also holds 32,000 Shares, representing approximately 0.005% of the total number of Shares as at LPD.

Notwithstanding the above, Astramina Advisory is of the opinion that no conflict of interest exists or is likely to exist in its capacity as the Approved Adviser and Continuing Adviser to our Company in view of the following:

- (i) Astramina Advisory is a corporate finance advisory firm licensed by the SC and Approved Adviser and Continuing Adviser licensed by Bursa Securities for the LEAP Market. Its appointment as the Approved Adviser and Continuing Adviser to our Company is in its ordinary course of business. Moreover, the conduct of Astramina Advisory is strictly regulated by the CMSA and its internal control policies and procedures; and
- (ii) our Company has appointed various other professional advisers, including the Principal Adviser and Sponsor, solicitors etc, to advise our Company on the Proposed Transfer of Listing.

For information purpose, Astramina Advisory is not appointed as the Joint Transfer Sponsor to our Company for the Proposed Transfer of Listing.

FURTHER INFORMATION (Cont'd)

2.3 Providence

Providence, being the independent market researcher to our Company for the Proposed Transfer of Listing, has given and has not subsequently withdrawn its written consent for the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Providence confirms that there is no conflict of interest situation that exists or is likely to exist in relation to its role as the independent market researcher to our Company for the Proposed Transfer of Listing.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

Save as disclosed below, as at LPD, there is no other material commitment contracted or known to be contracted by our Group which may have a material impact on the profits or NA of our Group:

	RM'000
Capital expenditure:	
• Contracted but not provided for	2,416
• Approved but not contracted for	-
Total	2,416

3.2 Contingent liabilities

Save as disclosed below, as at LPD, there is no other contingent liability incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group:

	RM'000
Corporate and bank guarantees given to financial institutions for credit facilities granted to the following companies:	
• Infinity Crane & Engineering Sdn Bhd by ASSB for the purchase of cranes with specific technical requirement that is required to complete the projects that have been secured by ASSB	3,285
• Other third parties for our construction projects such as for performance and payment bonds for the construction contracts secured and tender bids submitted, as well as for the opening of housing development account	25,770
Total	29,055

FURTHER INFORMATION (Cont'd)

4. MATERIAL LITIGATION**High Court of Kuala Lumpur (WA-24NCvC-898-03/2023) brought by ASES (“Plaintiff”) against Pritam Singh A/L Harchand Singh & Ors**

The Plaintiff has commenced the above legal proceedings against 36 defendants who are squatters residing on the parcel of land owned by the Plaintiff which is held under Lot 103675 Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan (“**Jalan Pinggiran Tasik Land**”) (“**Defendants**”) by way of an Originating Summons dated 13 March 2023, for, inter alia, the recovery of vacant possession of the Jalan Pinggiran Tasik Land from the Defendants.

The Originating Summons was heard by the High Court of Kuala Lumpur on 18 October 2023 and a decision was delivered by the High Court of Kuala Lumpur on 5 December 2023 in favour of the Plaintiff. The High Court of Kuala Lumpur has, among others, ordered that:

- (i) the Plaintiff is granted possession of the Jalan Pinggiran Tasik Land; and
- (ii) the Defendants are to vacate the Jalan Pinggiran Tasik Land and deliver the vacant possession of the Jalan Pinggiran Tasik Land to the Plaintiff within three (3) months from the date of judgement, i.e. on 5 December 2023.

On 5 January 2024, the Defendants have filed a notice of appeal to the Court of Appeal of Malaysia against the decision of the High Court of Kuala Lumpur. The Defendants have filed their records of appeal on 5 March 2024. The first case management for the appeal has been fixed on 4 April 2024. However, the Directors, based on their solicitors' opinion, are of the view that the Plaintiff has a good arguable case to resist the appeal.

Save as disclosed above, as at LPD, our Group is not involved in any other material litigation, claim and/or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceeding, pending or threatened, against our Group, or of any fact which is likely to give rise to any proceeding which might materially affect the business or financial position of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) our Constitution;
- (ii) the audited consolidated financial statements of our Company for the last two (2) FYEs 30 September 2022 and 30 September 2023;
- (iii) the Proposal Letter;
- (iv) written undertakings from all shareholders of our Company referred to in Section 2.1 of this Circular;
- (v) the letters of consent and declaration of conflict of interest referred to in Section 2 of Appendix II of this Circular; and
- (vi) the relevant cause papers in respect of the material litigation referred to in Section 4 of Appendix II of this Circular.



LIM SEONG HAI CAPITAL BERHAD

(Registration No.: 202001036664 (1392985-A))
(Incorporated in Malaysia under the Companies Act 2016)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Lim Seong Hai Capital Berhad (“**LSH Capital**” or “**Company**”) will be held at Level 7, Wisma Lim Seong Hai, No. 33 Jalan Gombak, 53000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Friday, 19 April 2024 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

SPECIAL RESOLUTION

PROPOSED VOLUNTARY WITHDRAWAL OF THE LISTING AND QUOTATION OF THE ENTIRE ISSUED SHARE CAPITAL OF LSH CAPITAL FROM THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) PURSUANT TO RULES 8.05 AND 8.06 OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“PROPOSED WITHDRAWAL OF LEAP LISTING”)

“**THAT** subject to the passing of Ordinary Resolution 1 below, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to withdraw the listing and quotation of the entire issued share capital of the Company from the LEAP Market of Bursa Securities pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements of Bursa Securities in the manner as set out in Section 2.1 of the circular to the shareholders of the Company dated 27 March 2024 (“**Circular**”);

AND THAT the Directors of the Company be and are hereby empowered and authorised to do the following:

- (i) to take all steps and to do all acts, deeds and things as they may consider necessary, expedient and/or appropriate and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents, applications and/or arrangements (including without limitation, the affixing of the Company’s common seal) to implement, finalise, complete and give full effect to the Proposed Withdrawal of LEAP Listing; and
- (ii) to assent to any condition, modification, variation and/or amendment to the terms of the Proposed Withdrawal of LEAP Listing as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 1

PROPOSED LISTING AND QUOTATION OF THE ENTIRE ISSUED SHARE CAPITAL OF LSH CAPITAL ON THE ACE MARKET OF BURSA SECURITIES PURSUANT TO RULES 3A.02(1) AND 3A.02(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“PROPOSED ACE LISTING”) AND PROPOSED PUBLIC OFFERING OF UP TO 191,000,000 ORDINARY SHARES IN LSH CAPITAL (“LSH CAPITAL SHARES”), REPRESENTING UP TO APPROXIMATELY 22.78% OF THE ENLARGED ISSUED SHARES OF THE COMPANY (“PROPOSED PUBLIC OFFERING”)

“**THAT** subject to the passing of the Special Resolution above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to list the entire issued share capital of the Company on the ACE Market of Bursa Securities pursuant to Rules 3A.02(1) and 3A.02(2) of the ACE Market Listing Requirements of Bursa Securities in the manner as set out in Section 2.2 of the Circular;

THAT approval be and is hereby given for the Board of Directors of the Company (“**Board**”) to issue 132,000,000 new LSH Capital Shares (“**Issue Shares**”), representing approximately 15.74% of the enlarged issued shares of the Company, at an issue price to be determined and fixed at a later date (“**Proposed Public Issue**”) after all approvals of the relevant authorities for the Proposed Transfer of Listing (as defined in the Circular) have been obtained, and to be allocated to the following parties:

- (i) the Malaysian public through a balloting process;
- (ii) eligible persons which include the eligible Directors of the Company, the eligible employees of the Company and its subsidiaries (“**Group**”) as well as persons who have contributed to the success of the Group (“**Eligible Persons**”); and
- (iii) institutional and selected investors, including identified Bumiputera investors approved by the Ministry of Investment, Trade and Industry of Malaysia (*formerly known as Ministry of International Trade and Industry of Malaysia*), via private placement;

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

THAT for purposes of and pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 67 of the Constitution of the Company, the general pre-emptive rights of the existing shareholders of the Company under those provisions for the issuance of any new LSH Capital Shares which rank equally to the existing LSH Capital Shares arising from the issuance of the Issue Shares, is hereby fully waived and shall not be applicable. Subsequent to the passing of this resolution, if this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect;

THAT the Board be and is hereby authorised to utilise the proceeds to be raised from the Proposed Public Issue for such purposes and in such manner as set out in Section 2.2.8 of the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds in the manner as the Board may deem fit, necessary and/or expedient, subject to the approvals of the relevant authorities (where required) and in the best interest of the Company;

THAT approval be and is hereby given for the Company to include the proposed offer for sale of up to 59,000,000 existing LSH Capital Shares by Lim Seong Hai Resources Sdn Bhd, Tan Sri Datuk Seri Lim Keng Cheng, Datuk Lim Keng Guan, Lim Pak Lian and Lim Keng Hun (“**Proposed Offer for Sale**”) as part of the offering scheme for the Proposed Public Offering to be undertaken in conjunction with the Proposed Transfer of Listing;

AND THAT the Directors of the Company be and are hereby empowered and authorised to do the following:

- (i) to determine and fix the offering price of the Issue Shares;
- (ii) to take all steps and to do all acts, deeds and things as they may consider necessary, expedient and/or appropriate and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents, applications and/or arrangements (including without limitation, the affixing of the Company's common seal) to implement, finalise, complete and give full effect to the Proposed ACE Listing and Proposed Public Offering; and
- (iii) to assent to any condition, modification, variation and/or amendment to the terms of the Proposed ACE Listing and Proposed Public Offering as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION OF UP TO 500,000 ISSUE SHARES TO LIM DING SHYONG

"THAT subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 500,000 Issue Shares to Lim Ding Shyong, an Executive Director of the Company, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 500,000 Issue Shares to Lim Ding Shyong with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company."

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION OF UP TO 500,000 ISSUE SHARES TO DATO' SERI IR. HJ. MOHD NOOR BIN YAACOB

"THAT subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 500,000 Issue Shares to Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob, an Independent and Non-Executive Director of the Company, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 500,000 Issue Shares to Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company."

ORDINARY RESOLUTION 4

PROPOSED ALLOCATION OF UP TO 500,000 ISSUE SHARES TO LEE SWEE KHENG

“**THAT** subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 500,000 Issue Shares to Lee Swee Kheng, an Independent and Non-Executive Director of the Company, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 500,000 Issue Shares to Lee Swee Kheng with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION OF UP TO 500,000 ISSUE SHARES TO DATO' WANG SZE YAO @ WANG MING WAY

“**THAT** subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 500,000 Issue Shares to Dato' Wang Sze Yao @ Wang Ming Way, an Independent and Non-Executive Director of the Company, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 500,000 Issue Shares to Dato' Wang Sze Yao @ Wang Ming Way with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 6

PROPOSED ALLOCATION OF UP TO 100,000 ISSUE SHARES TO LOR KAR MUN

“**THAT** subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 100,000 Issue Shares to Lor Kar Mun, an Eligible Person who holds the position of Chief Legal Officer in the Group as at the date of this notice, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 100,000 Issue Shares to Lor Kar Mun with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 7

PROPOSED ALLOCATION OF UP TO 25,000 ISSUE SHARES TO LIM WEI XIN

“THAT subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 25,000 Issue Shares to Lim Wei Xin, an Eligible Person who holds the position of Manager, Purchasing in the Group as at the date of this notice, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 25,000 Issue Shares to Lim Wei Xin with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 8

PROPOSED ALLOCATION OF UP TO 25,000 ISSUE SHARES TO LOR KHANG CHEE

“THAT subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 25,000 Issue Shares to Lor Khang Chee, an Eligible Person who holds the position of Manager, Contract and Project in the Group as at the date of this notice, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 25,000 Issue Shares to Lor Khang Chee with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 9

PROPOSED ALLOCATION OF UP TO 10,000 ISSUE SHARES TO LIM WEI LING

“THAT subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 10,000 Issue Shares to Lim Wei Ling, an Eligible Person who holds the position of Executive, Sales and Marketing in the Group as at the date of this notice, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 10,000 Issue Shares to Lim Wei Ling with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company.”

ORDINARY RESOLUTION 10

PROPOSED ALLOCATION OF UP TO 10,000 ISSUE SHARES TO LIM ZHUO TUONG

“**THAT** subject to the passing of the Special Resolution and Ordinary Resolution 1 above, the approvals of the relevant authorities being obtained and any condition as may be imposed by the relevant authorities being complied with, approval be and is hereby given for the Company to allocate up to 10,000 Issue Shares to Lim Zhuo Tuong, an Eligible Person who holds the position of Executive, Finance in the Group as at the date of this notice, under the Proposed Public Offering;

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the proposed allocation of up to 10,000 Issue Shares to Lim Zhuo Tuong with full powers to assent to any condition, modification, variation and/or amendment as may be required by Bursa Securities or any other relevant authorities or in such manner as the Directors may in their absolute discretion deem necessary or expedient in the best interest of the Company.”

By Order of the Board
LIM SEONG HAI CAPITAL BERHAD

TAI YIT CHAN (MAICSA 7009143)
(SSM PC No. 202008001023)
Company Secretary

Selangor Darul Ehsan

Date: 27 March 2024

Notes:

1. *A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) who is entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same right as a member to speak at the meeting.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The Form of Proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
5. *The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Share Registrar’s office at Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.*
6. *For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 8 April 2024 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at the EGM and entitled to appoint proxy or proxies.*
7. *Pursuant to Clause 89 of the Constitution of the Company, all the resolutions set out in the Notice of EGM will be put to vote by way of poll.*

FORM OF PROXY



CDS ACCOUNT NUMBER

NO. OF SHARES HELD

LIM SEONG HAI CAPITAL BERHAD
(Registration No.: 202001036664 (1392985-A))
(Incorporated in Malaysia under the Companies Act 2016)

I/We, _____ (BLOCK LETTERS) NRIC No./Passport No./Company No. _____
_____ of _____
_____ and telephone no. _____
email address _____

being a member/members of LIM SEONG HAI CAPITAL BERHAD (the "Company"), hereby appoint:

Full Name (BLOCK LETTERS):	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No.:			
Email Address:			
*And/or (delete as appropriate)			
Full Name (BLOCK LETTERS):	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No.:			
Email Address:			
*And/or (delete as appropriate)			

*failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be held at Level 7, Wisma Lim Seong Hai, No. 33 Jalan Gombak, 53000 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia on Friday, 19 April 2024 at 10:00 a.m. or at any adjournment thereof, to vote as indicated below:

Description of Resolution	Resolution	For	Against
PROPOSED WITHDRAWAL OF LEAP LISTING	SPECIAL RESOLUTION		
PROPOSED ACE LISTING AND PROPOSED PUBLIC OFFERING	ORDINARY RESOLUTION 1		
PROPOSED ALLOCATION OF UP TO 500,000 ISSUE SHARES TO LIM DING SHYONG	ORDINARY RESOLUTION 2		
PROPOSED ALLOCATION OF UP TO 500,000 ISSUE SHARES TO DATO' SERI IR. HJ. MOHD NOOR BIN YAACOB	ORDINARY RESOLUTION 3		
PROPOSED ALLOCATION OF UP TO 500,000 ISSUE SHARES TO LEE SWEE KHENG	ORDINARY RESOLUTION 4		
PROPOSED ALLOCATION OF UP TO 500,000 ISSUE SHARES TO DATO' WANG SZE YAO @ WANG MING WAY	ORDINARY RESOLUTION 5		
PROPOSED ALLOCATION OF UP TO 100,000 ISSUE SHARES TO LOR KAR MUN	ORDINARY RESOLUTION 6		



Description of Resolution	Resolution	For	Against
PROPOSED ALLOCATION OF UP TO 25,000 ISSUE SHARES TO LIM WEI XIN	ORDINARY RESOLUTION 7		
PROPOSED ALLOCATION OF UP TO 25,000 ISSUE SHARES TO LOR KHANG CHEE	ORDINARY RESOLUTION 8		
PROPOSED ALLOCATION OF UP TO 10,000 ISSUE SHARES TO LIM WEI LING	ORDINARY RESOLUTION 9		
PROPOSED ALLOCATION OF UP TO 10,000 ISSUE SHARES TO LIM ZHUO TUONG	ORDINARY RESOLUTION 10		

Please indicate with an "X" in the spaces provided, how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Signed this day _____ of _____

Signature* of Member

*** Manner of execution:**

- (a) *If you are an individual member, please sign where indicated.*
- (b) *If you are a corporate member which has a common seal, this form of proxy should be executed under seal in accordance with the Constitution of your corporation.*
- (c) *If you are a corporate member which does not have a common seal, this form of proxy should be affixed with the rubber stamp of your company (if any) and executed by:*
 - (i) *at least two (2) authorised officers, of whom one (1) shall be a director; or*
 - (ii) *any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

Notes:

1. *A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) who is entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same right as a member to speak at the meeting.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The Form of Proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
5. *The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Share Registrar's office at Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.*
6. *For the purpose of determining who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 8 April 2024 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at the EGM and entitled to appoint proxy or proxies.*
7. *Pursuant to Clause 89 of the Constitution of the Company, all the resolutions set out in the Notice of EGM will be put to vote by way of poll.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

LIM SEONG HAI CAPITAL BERHAD
(Registration No.: 202001036664 (1392985-A))

c/o The Registrar
Boardroom Share Registrars Sdn Bhd
(Registration No. 199601006647 (378993-D))
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

1st fold here

