

SENI JAYA CORPORATION BERHAD (“SJC” OR “COMPANY”)

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF SJC (EXCLUDING TREASURY SHARES, IF ANY), AT AN ISSUE PRICE TO BE DETERMINED LATER (“PROPOSED PRIVATE PLACEMENT”)

(For consistency, the abbreviations used throughout this announcement shall have the same meanings as defined in the announcement dated 18 October 2023 in relation to the Proposed Private Placement, where applicable, unless stated otherwise or defined herein.)

Reference is made to the announcement dated 18 October 2023 in relation to the Proposed Private Placement (“**Announcement**”).

On behalf of the Company, Kenanga IB wishes to announce the following additional information for Section 2.6 of the Announcement which has been underlined for ease of reference, as well as further information in relation to the Announcement under **Appendix I** in this announcement.

2.6 Use of proceeds

Based on the illustrative issue price of RM0.466 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM9.05 million under the Minimum Scenario and RM13.57 million under the Maximum Scenario respectively. The proceeds are intended to be used by SJC and its subsidiaries (“**SJC Group**” or “**Group**”) in the manner as set out below:

Details of use	Note	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected timeframe for use from the listing of the Placement Shares	
B-Star Verse exhibition project	(1)	3,642	5,925	Within 6 months	
Expenditures in relation to: <ul style="list-style-type: none">• LRT Ampang Line project• Upgrading of existing static billboards to digital billboards	(2)			Within 18 months	
	(i)	2,500	3,500		
	(ii)	2,300	3,200		
		4,800	6,700		
Working capital	(3)	215	415	Within 12 months	
Estimated expenses relating to the Proposed Private Placement	(4)	390	530	Within 1 month	
Total gross proceeds raised from the Proposed Private Placement		9,047	13,570		

Notes:

- (1) In December 2023, the Group is targeting to launch a B-Star Verse exhibition project in Malaysia whereby the Group will be holding an exhibition of the photos and video clips of South Korean boy band, Bangtan Boys (“BTS”) who appeared in The Fact Music Awards from year 2020 to 2022 (“B-Star Verse Exhibition”). The Fact Music Awards is a Korean awards ceremony hosted by The Fact and organised by Fan N Star that recognises major contributors to the Korean wave.

The B-Star Verse Exhibition is scheduled to be held in Pavilion Bukit Jalil, Kuala Lumpur from 1 December 2023 to 10 March 2024. The B-Star Verse Exhibition in Kuala Lumpur is part of a world tour scheduled to take place in various other countries including Singapore, Indonesia, Japan, the United States of America and the United Kingdom. Malaysia will be the first stop for the B-Star Verse Exhibition.

Visitors to the B-Star Verse Exhibition will be able to experience various features at the exhibition including a virtual reality room and immersive projection mapping to mimic an actual concert of BTS. The Group will also be selling limited-edition BTS-related merchandises during the B-Star Verse Exhibition.

The Group has the rights to hold the B-Star Verse Exhibition in Malaysia and Singapore which the Group secured on 25 May 2023. The rights originated from Apollon Studio Co., Ltd., a company incorporated in South Korea. As the rights holder for the B-Star Verse Exhibition, the Group will be involved in holding the B-Star Verse Exhibition in Malaysia while in Singapore, the Group will collaborate with a local business partner to hold the B-Star Verse Exhibition. While this will be the first time the Group is undertaking the B-Star Verse Exhibition, the Group is confident of a successful implementation, leveraging on its wide network in the advertising and media industry as well as its billboards located nationwide to promote the event.

As at the LPD, the Group incurred approximately RM4.9 million in securing the exhibition rights for the B-Star Verse Exhibition. The Group expects to derive a revenue of approximately RM20.0 million from the B-Star Verse Exhibition in Malaysia. However, the actual revenue generated from the exhibition may vary depending on, among others, the actual tickets and merchandise sold. As for the B-Star Verse Exhibition in Singapore, the Group has yet to finalise the plans and sales estimates at this juncture.

The Group estimates the total cost to be incurred by the Group for the B-Star Verse Exhibition to be approximately RM11.6 million in Malaysia. The cost for the B-Star Verse Exhibition in Malaysia includes among others, set-up cost, social media advertising and staff costs, venue rental cost as well as procurement cost for BTS-related merchandises. The Group intends to utilise up to approximately RM3.64 million and RM5.93 million of the total proceeds to be raised from the Proposed Private Placement under the Minimum Scenario and Maximum Scenario respectively to partially fund expenditures relating to the B-Star Verse Exhibition in Malaysia as follows:

	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Set-up cost for the B-Star Verse Exhibition including installation of sound systems, setting up of virtual reality room and construction of partitions	1,517	3,000
Social media advertising and staff costs for the B-Star Verse Exhibition	-	800
Rental cost for the B-Star Verse Exhibition venue	125	125
Procurement cost for BTS-related merchandises to be sold during the B-Star Verse Exhibition including clear files, post card, t-shirt and tote bag	2,000	2,000
Total	3,642	5,925

Any variation to the actual amount of expenditures for the B-Star Verse Exhibition in Malaysia set out above will be adjusted to / from the portion being earmarked for working capital purposes.

The balance of the estimated cost for the B-Star Verse Exhibition will be funded via internally generated funds and/or borrowings.

As at the LPD, the Group had already secured the venue for the B-Star Verse Exhibition in Malaysia and is in the midst of preparatory works for the B-Star Verse Exhibition and had, among others, appointed a main consultant to manage the setting up of the B-Star Verse Exhibition, commenced renovation and fabrication works at the exhibition venue, engaged partnership with social media agencies to promote the B-Star Verse Exhibition as well as having obtained the necessary approvals and licenses to organise the B-Star Verse Exhibition.

- (2) The Group intends to use up to approximately RM4.80 million and RM6.70 million of the total proceeds to be raised from the Proposed Private Placement under the Minimum Scenario and Maximum Scenario respectively for the Group's expenditure requirements for its LRT Ampang Line project and upgrading of existing static billboards to digital billboards.

(i) LRT Ampang Line project

On 17 April 2023, the Board had announced that Seni Jaya Sdn Bhd ("**SJSB**"), a wholly-owned subsidiary of the Company had accepted a letter of acceptance dated 12 April 2023 from Prasarana Integrated Development Sdn Bhd ("**PRIDE**") to award SJSB to perform sales, marketing, and business support for LRT Ampang Line's External Advertising for PRIDE ("**Services**"). SJSB shall provide and carry out the Services for a period of 5 years commencing from 1 July 2023 which, subject to PRIDE's sole discretion, may be extended for another 5 years.

As part of the Services, the Group provides Out-Of-Home ("**OOH**") or outdoor advertising for PRIDE along the LRT Ampang Line including digital billboards.

The Group intends to use up to approximately RM2.50 million and RM3.50 million of the total proceeds to be raised from the Proposed Private Placement under the Minimum Scenario and Maximum Scenario respectively for the construction of digital billboards along the LRT Ampang Line which involves, amongst others, procurement cost for the light emitting diode ("**LED**") displays as well as third party subcontractor cost for the installation, testing and commissioning of the LED displays.

(ii) Upgrading of existing static billboards to digital billboards

As at the LPD, the Group is operating 439 billboards, out of which 417 are static billboards. At this juncture, the Group intends to upgrade one of its static billboards in Klang Valley to digital billboard and expects to incur a total cost of approximately RM4.2 million for the upgrade.

The Group intends to use up to approximately RM2.30 million and RM3.2 million of the total proceeds to be raised from the Proposed Private Placement under the Minimum Scenario and Maximum Scenario respectively for upgrading of its existing static billboards to digital billboards which involves, amongst others, third party subcontractor cost for the installation of LED displays as well as electrical and wiring works.

Any variation to the actual amount of expenditures for the above will be adjusted to / from the portion being earmarked for working capital purposes.

- (3) The Group intends to use part of the proceeds raised from the Proposed Private Placement for general working capital purposes such as fees payable to local council/authority in relation to the setting up and operation of its billboards as well as operating expenses in respect of the Group's projects such as payment to collaboration partners whereby the Group works with collaboration partners to sell, market, maintain and operate billboards and/or advertising space owned by the collaboration partners. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating requirements of the Group at the relevant point of time.
- (4) The estimated expenses relating to the Proposed Private Placement include among others, professional fees, fees payable to authorities and placement fees. Any variation to the actual amount of expenses will be adjusted to / from the portion being earmarked for working capital purposes.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the issue price and actual number of Placement Shares to be issued. Any variation of the actual proceeds raised from the Proposed Private Placement will be adjusted from / to the amount allocated for the Group's working capital purposes.

Pending the use of the proceeds raised from the Proposed Private Placement for the abovementioned purposes, the proceeds raised will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits or gain arising from the short-term money market instruments will be used as additional working capital requirements for the Group.

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APPENDIX I – FURTHER INFORMATION (Cont'd)
1. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

A summary of the financial information of the Group for the financial year ended (“FYE”) 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022 as well as 6-month financial period ended (“FPE”) 30 June 2023 is as follows:

	Audited			Unaudited
	FYE 31 December 2020	FYE 31 December 2021	FYE 31 December 2022	6-month FPE 30 June 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	8,824	8,747	37,930	21,455
Gross profit (“GP”)	2,215	984	14,193	8,480
Profit/(Loss) before tax	(5,212)	(16,969)	7,469	9,847
Profit/(Loss) after tax	(5,250)	(17,208)	7,639	9,262
Profit/(Loss) after tax attributable to owners of the Company	(5,250)	(17,202)	7,293	9,262
GP margin (%)	25.10	11.25	37.42	39.52
Profit/(Loss) before tax margin (%)	(59.07)	(194.00)	19.69	45.90
Profit/(Loss) after tax margin (%)	(59.50)	(196.73)	20.14	43.17
Weighted average no. of shares outstanding ('000)	40,533	43,311	69,333	194,134
Weighted average no. of shares outstanding ('000) including exercise of Warrants A	40,533	67,578	166,400	203,884
Basic (loss)/earnings per share (sen)	(12.95)	(39.72)	10.52	4.77
Diluted (loss)/earnings per share (sen)	(12.95)	(25.46)	4.38	4.55
Shareholders' equity / NA	47,446	46,116	50,561	59,824
Total equity	47,446	46,410	51,931	61,193
NA per SJC Share (RM)	1.17	1.06	0.73	0.31
Current assets	21,643	27,190	26,922	28,249
Current liabilities	9,103	9,213	17,316	16,874
Current ratio (times)	2.38	2.95	1.55	1.67
Total borrowings	-	-	1,178	1,876
Gearing ratio (times)	-	-	0.02	0.03

FYE 31 December 2020

For the FYE 31 December 2020, the Group recorded revenue of RM8.82 million which represents a decrease of RM5.74 million or 39.42% as compared to the revenue of RM14.56 million for the FYE 31 December 2019. The decrease in revenue was mainly attributable to the COVID-19 pandemic and the subsequent implementation of the various movement control orders by the Malaysian government from 18 March 2020 onwards, which led to a substantial reduction in overall road traffic and a reduction in demand for outdoor advertising due to the loss of audience exposure. In addition, general business uncertainty arising from the COVID-19 pandemic had caused corporations to be more cautious in their advertising and media expenditure leading to reduced demand for advertising in 2020.

The Group recorded LBT of RM5.21 million for the FYE 31 December 2020 which represents an increase of RM5.11 million or more than 100% as compared to LBT of RM0.10 million for the FYE 31 December 2019. The increase in LBT was mainly attributable to the decrease in gross profit of RM3.72 million from RM5.94 million in the FYE 31 December 2019 to RM2.22 million in the FYE 31 December 2020, which was in tandem with the lower revenue for the financial year under review.

FYE 31 December 2021

For the FYE 31 December 2021, the Group recorded revenue of RM8.75 million, representing a decrease of RM0.08 million or 0.87% as compared to the preceding financial year of RM8.82 million.

The Group recorded LBT of RM16.97 million for the FYE 31 December 2021, representing an increase of RM11.77 million or 225.91% as compared to the preceding financial year of RM5.21 million. The increase in LBT record was mainly attributable to a one-off impairment loss amounting to RM11.45 million in relation to amount owing by an associate company, Big Tree Seni Jaya Sdn Bhd (“**BTSJ**”), a joint venture between Big Tree Outdoor Sdn Bhd and Seni Jaya Sdn Bhd.

FYE 31 December 2022

For the FYE 31 December 2022, the Group recorded revenue of RM37.93 million, representing an increase of RM29.18 million or 333.49% as compared to the preceding financial year of RM8.75 million. The increase in revenue was mainly due to demand recovery for OOH advertising on the back of increase in outdoor foot and car traffic post-pandemic. This was further boosted by the Group’s larger OOH portfolio following the inclusions of additional assets via acquisitions, collaborations as well as through construction of new billboards.

The Group recorded PBT of RM7.47 million for the FYE 31 December 2022 after recording a LBT of RM16.97 million in the preceding financial year. The increase was mainly attributable to the following:

- (i) increase in gross profit of RM13.21 million from RM0.98 million in the FYE 31 December 2021 to RM14.19 million in FYE 31 December 2022; and
- (ii) gain on disposal of investment properties amounting to RM7.30 million in the FYE 31 December 2022.

6-month FPE 30 June 2023

For the 6-month FPE 30 June 2023, the Group recorded revenue of RM21.46 million which represents an increase of RM4.24 million or 24.62% as compared to the revenue of RM17.22 million for the preceding financial period. The increase in revenue was mainly attributable to increase in revenue from the Group’s digital billboards arising from the Group’s continued investment in digital billboards since late 2022 coupled with higher demand for advertising via digital billboards.

The Group recorded PBT of RM9.85 million or an increase of 555.59% as compared to a PBT of RM1.50 million for the preceding financial period. The increase in PBT was mainly attributable to a gain on disposal of an investment property amounting to RM7.7 million during the financial period.

2. VALUE CREATION OF THE PROPOSED PRIVATE PLACEMENT TO THE COMPANY AND ITS SECURITIES HOLDERS

As set out in Section 2.6 of the Announcement, the Proposed Private Placement will facilitate the Group to raise funding for the following utilisation purposes:

- (i) expenditures relating to the B-Star Verse Exhibition in Malaysia including among others, set-up cost, social media advertising and staff costs, venue rental cost as well as procurement cost for BTS-related merchandises;
- (ii) expenditures relating to the LRT Ampang Line project which involves, amongst others, procurement cost for LED displays as well as third party subcontractor cost for the installation, testing and commissioning of the LED displays;
- (iii) expenditures relating to the upgrading of existing static billboards to digital billboards which involves, amongst others, third party subcontractor cost for the installation of LED displays as well as electrical and wiring works; and
- (iv) to finance working capital requirements such as fees payable to local council/authority in relation to the setting up and operation of its billboards as well as operating expenses in respect of the Group's projects such as payment to collaboration partners.

The Proposed Private Placement would also enable the Group to raise additional funds expeditiously without having to incur interest expenses or service principal repayments as compared to bank borrowings, thereby allowing the Group to preserve its cash flows.

Furthermore, the Proposed Private Placement will also strengthen the share capital base of the Company and the Group's NA while potentially improving the liquidity of the SJC Shares. While the Proposed Private Placement will allow the Company to increase its share capital base, the percentage shareholdings of the Company's shareholders and the Group's EPS will be diluted upon completion of the Proposed Private Placement.

Notwithstanding the above, the Group believes that the anticipated benefits from the proposed use of proceeds from the Proposed Private Placement coupled with the Group's ongoing transformation plan will enable the Group to further improve its financial performance moving forward and enhance the value to the securities holders of the Company.

3. IMPACT OF THE PROPOSED PRIVATE PLACEMENT TO THE COMPANY AND ITS SECURITIES HOLDERS

The effect of the Proposed Private Placement on the Group's issued share capital, NA, gearing level, earnings as well as substantial shareholding structure are disclosed in Section 5 of the Announcement.

The Proposed Private Placement which is expected to be completed by the 4th quarter of 2023, is not expected to have any material effect on the earnings and EPS of the Group for the financial year ending 30 June 2024. However, there will be a dilution in the EPS of the Group for the financial year ending 30 June 2024 due to the increase in the number of SJC Shares in issue arising from the Proposed Private Placement, as and when implemented.

While the Proposed Private Placement will have a dilutive effect on the Group's existing shareholders' shareholdings, the Proposed Private Placement will enlarge the Group's share capital and the Board envisages that the various initiatives deployed by the Group as part of its three-year business transformation plan will improve the Company's financial performance moving forward as mentioned in Section 4.3 of the Announcement, thus enhancing shareholders' value.

4. ADEQUACY OF THE PROPOSED PRIVATE PLACEMENT IN ADDRESSING THE COMPANY'S FINANCIAL CONCERNS

As set out in Section 1 of this announcement, the Group had returned to a profitable position in FYE 31 December 2022, recording a profit after tax of RM7.6 million for the FYE 31 December 2022, as compared to a RM17.2 million in the previous year, mainly due to among others, the Group's continuous efforts to deploy various initiatives as part of its three-year business transformation plan. For the 6-month FPE 30 June 2023, the Group continued recording profit, with a profit after tax of RM9.3 million (including a gain on disposal of an investment property of RM7.3 million). As at the LPD, the Group's cash and bank balances stood at RM4.9 million. Gearing ratio as at 30 June 2023 was 0.03 times.

The Proposed Private Placement will enable the Group to raise funds to continue with its transformation initiatives and growth trajectory. As set out above in the Section 2.6 of the Announcement, the Group intends to use the proceeds from the Proposed Private Placement for among others, the B-Star Verse Exhibition as well as expenditures in relation to the LRT Ampang Line project and upgrading of existing static billboards to digital billboards.

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