K. SENG SENG CORPORATION BERHAD ("KSSC" OR THE "COMPANY")

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF KSSC PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED PRIVATE PLACEMENT")

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1. INTRODUCTION

On behalf of the Board of Directors of KSSC ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that the Company proposes to undertake a proposed private placement of up to 22,079,978 new ordinary shares in KSSC ("**KSSC Share(s)**" or "**Share(s)**") ("**Placement Share(s)**"), representing up to approximately 10% of the total number of issued KSSC Shares to independent third-party investor(s) to be identified, at an issue price to be determined and announced at a later date after the receipt of all relevant approvals for the Proposed Private Placement.

Further details on the Proposed Private Placement are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

The Company had obtained the approval from its shareholders at the Company's 39th annual general meeting ("**AGM**") convened on 29 May 2024, whereby pursuant to Sections 75 and 76 of the Act, the Board had been authorised to issue and allot new KSSC Shares, in their absolute discretion, provided that the aggregate number of new KSSC Shares to be issued does not exceed 10% of the total number of issued shares in the Company at the time of the issue (excluding treasury shares, if any) ("**General Mandate**"). Such authority for the General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company.

2.1 Placement size

The Proposed Private Placement entails an issuance of up to 22,079,978 Placement Shares, representing up to approximately 10% of the Company's total number of issued shares, after taking into consideration the following:-

(i) the Company's total number of issued shares of 185,279,255 as at 21 April 2025, being the latest practicable date prior to this announcement ("**LPD**"); and

(ii) assuming all of the 35,520,529 outstanding warrants 2022/2029 constituted by the deed poll dated 19 September 2022 ("**Deed Poll**") ("**Warrant(s)**") are exercised prior to the implementation of the Proposed Private Placement.

For avoidance of doubt, the Company does not have any treasury shares as at the LPD.

For information purposes, the Company had, on 8 September 2022, implemented an employees' share option scheme ("**ESOS**") of up to 15% of the total number of issued KSSC Shares (excluding treasury shares, if any), which may be granted to eligible directors and employees of KSSC and its subsidiaries ("**Eligible Person(s)**") ("**KSSC Group**" or the "**Group**") at any point in time throughout the duration of the ESOS. As at the LPD, there were no options granted to any Eligible Persons under the ESOS.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the total number of issued shares of the Company at the relevant point of time.

2.2 Placement arrangement

The Placement Shares will be placed out to third party investor(s) who qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007 ("**Placee(s)**"), which will be identified at a later date.

In accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Placement Shares will not be placed to the following parties:-

(i) the interested director, interested major shareholder or interested chief executive of KSSC or a holding company of the Company ("**Interested Person(s)**");

(ii) a person connected with an Interested Person; and

(iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The details of Placees and the number of Placement Shares to be placed to each Placee in accordance with Paragraph 6.15 of the Listing Requirements will be submitted to Bursa Securities before the listing of and quotation for the Placement Shares pursuant to the Proposed Private Placement.

Subject to market conditions and the timing of identification of the Placees, the Proposed Private Placement may be implemented in one or multiple tranches within 6 months from the date of approval from Bursa Securities for the listing of and quotation for the Placement Shares or any extended period as may be approved by Bursa Securities. The implementation of the Proposed Private Placement in multiple tranches would provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares within the period as approved by Bursa Securities.

2.3 Basis of determining and justification for the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares to be issued will be determined and fixed by the Board at a later date after the receipt of all relevant approvals for the Proposed Private Placement and after taking into consideration the prevailing market conditions. In any event, the issue price shall not be priced at a discount of more than 10.0% to the 5-day volume weighted average market price ("**VWAP**") of KSSC Shares up to and including the last trading day immediately prior to the price-fixing date for each tranche.

For illustrative purposes, the illustrative issue price for the Placement Shares is assumed to be RM0.72, which represents a discount of approximately 7.63% to the 5-day VWAP of KSSC Shares up to and including the LPD of RM0.7795 per KSSC Share.

In the event the Proposed Private Placement is implemented in multiple tranches, there could potentially be several price-fixing dates and issue prices. As such, the issue price for each tranche of the Placement Shares will be fixed and announced separately.

2.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing KSSC Shares, save and except that the holders of the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of the said Placement Shares.

2.5 Listing of and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

2.6 Utilisation of proceeds

For illustrative purposes, assuming up to 22,079,978 Placement Shares are issued at an illustrative issue price of RM0.72 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM15.90 million. However, the exact amount of the gross proceeds to be raised from the Proposed Private Placement would depend on the actual issue price and number of Placement Shares to be issued, which will be determined at a later date.

Based on the following scenarios, the gross proceeds to be raised from the Proposed Private Placement are expected to be utilised by KSSC Group in the following manner:-

Minimum Scenario : The scenario whereby 18,527,925 Placement Shares have been fully issued pursuant to the Proposed Private Placement based on the assumption that none of the 35,520,529 outstanding Warrants are exercised prior to the implementation of the Proposed Private Placement.

Maximum Scenario : The scenario whereby 22,079,978 Placement Shares have been fully issued pursuant to the Proposed Private Placement based on the assumption that all of the 35,520,529 outstanding Warrants are exercised prior to the implementation of the Proposed Private Placement.

Details of utilisation	Timeframe for utilisation of proceeds	Minimum Scenario		Maximum Scenario	
		(RM'000)	(%)	(RM'000)	(%)
(i) Repayment of bank borrowings	Within 6 months from receipt of funds	10,200	76.5	12,758	80.2
(ii) Working capital requirements	Within 12 months from receipt of funds	3,000	22.5	3,000	18.9
(iii) Estimated expenses for the Proposed Private Placement	Upon completion of the Proposed Private Placement	140	1.0	140	0.9
Total		**13,340**	**100.00**	**15,898**	**100.00**

Notes:-

(i) Repayment of bank borrowings

As at 31 December 2024, the total bank borrowings of the Group stood at approximately RM145.56 million of which RM21.59 million are long-term borrowings and RM123.96 million are short-term borrowings. The borrowings comprise of, amongst others, term loans, bank overdrafts, hire purchase, lease liabilities and trade facilities including bankers' acceptances and revolving credits.

The Group has earmarked approximately up to RM12.76 million of the proceeds raised from the Proposed Private Placement for the partial repayment of the Group's existing facilities in the manner set out as follows:-

Facility	***Total amount outstanding as at 31 December 2024 (RM'000)***	***Proposed repayment (RM'000)***		***Interest rate (% per annum)***	***Purpose of borrowing***
		Minimum Scenario	***Maximum Scenario***		
Trade lines	*105,569*	*10,200*	*12,758*	*3.61% - 5.33%*	*Purchase of raw materials and trading materials*

For illustration purposes, under the Minimum Scenario, the proposed repayment of RM10.20 million of the bank borrowings of the Group as set out in the table above and assuming interest rates ranging from 3.61% to 5.33% per annum, it is expected to result in interest savings of approximately RM0.46 million per annum.

Further, under the Maximum Scenario, the proposed repayment of RM12.76 million of the bank borrowings of the Group as set out in the table above and assuming interests rate ranging from 3.61% to 5.33% per annum, it is expected to result in interest savings of approximately RM0.57 million per annum.

In the event the amount required for the abovementioned repayment of bank borrowings is higher than budgeted, any deficit will be funded through the Group's internally generated funds. Conversely, if the amount required is less than estimated, the balance proceeds will be utilised for the general working capital requirements of the Group, which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures), the breakdown on utilisation of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

(ii) General working capital requirements

The Group has earmarked approximately RM3.00 million of the proceeds raised from the Proposed Private Placement towards the general working capital requirements of the Group which includes, amongst others, payment to suppliers for the set-up of an aluminium extrusion plant and general administrative expenses, the breakdown of which is as follows:-

	(RM'000)
Payment to suppliers for the set-up of an aluminium extrusion plant which includes the following:-	
- Supply and installation of electrical works	*633*
- Purchase of overhead crane	*500*
Sub-total	***1,133***
General administrative expenses:-	
- Salaries and wages	*860*
- Staff welfare	*287*
- Rental and utilities	*720*
Sub-total	***1,867***
Total	***3,000***

(iii) Estimated expenses for the Proposed Private Placement

The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised in the following manner:-

	(RM'000)
Professional fees (i.e. adviser, placement agent, company secretary and share registrars)	*100*
Regulatory fees	*22*
Contingencies and other incidental expenses in relation to the Proposed Private Placement	*18*
Total	***140***

If the actual expenses in relation to the Proposed Private Placement are higher than estimated, the deficit will be funded from the Group's internally generated funds. Conversely, if the actual expenses in relation to the Proposed Private Placement are lower than estimated, the excess will be utilised for general working capital requirements of the Group, which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures), the breakdown on utilisation of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the actual issue price and the number of Placement Shares to be issued. In the event the actual proceeds raised from the Proposed Private Placement is less than RM13.34 million, the shortfall between actual expenditure to be incurred and total gross proceeds will be funded via the Group's internally generated funds and/or bank borrowings from financial institution(s), the exact proportion of which will be determined later and will be dependent on the operating and funding requirements at the time of utilisation.

Conversely, assuming we are able to issue the Placement Shares at a higher issue price than the illustrative issue price of RM0.72 per Placement Share, the additional proceeds raised will be channelled towards the repayment of the Group's bank borrowings. The breakdown on utilisation of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds (including accrued interest, if any) will be placed as deposits with licensed financial institutions and/or short-term money market instruments, as the Board may deem fit. Any interest income and/or gains earned for such deposits or instruments will be utilised as additional working capital for the Group, the breakdown of which has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

2.7 Details of past fund-raising exercises undertaken by the Company

The Company has undertaken the following equity fund-raising exercises since 2020 and the proceeds raised through these exercises were channelled towards new and existing business ventures with the aim to improve the financial performance and strengthen the financial position of the Group. A summary of past fund-raising exercises and the proceeds raised are as follows:-

Past fund-raising activities	**Total proceeds raised (RM'000)**
Private placement exercise undertaken in 2020	10,257
Bonus issue of warrants exercise undertaken in 2022 and exercised up to the LPD	4,147
Private placement exercise undertaken in 2023	13,780
Private placement exercise undertaken in 2024	29,450
Total	**57,634**

Further details on the above past equity fund-raising exercises undertaken by the Company are set out in **Appendix I** of this announcement.

3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will enable the Group to raise additional funds primarily for the repayment of bank borrowings of the Group, details of which are as set out in **Section 2.6** of this announcement.

After due consideration of the various fund-raising options available, the Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds for the Group due to the following reasons:-

(i) the Proposed Private Placement will enable the Group to raise funds more expeditiously and in a cost-effective manner as opposed to other fund-raising options via equity such as a rights issue which typically entail a longer implementation process. In addition, the implementation of a rights issue also requires an underwriting agreement and/or undertaking commitment from the substantial shareholders; and

(ii) the Proposed Private Placement is expected to strengthen the equity and capital base of the Group therefore improving the gearing level of the Group as detailed in **Section 5.2** of this announcement.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

In 2024, Malaysia's economy is forecast to expand between 4.8% and 5.3%. Growth will be propelled by robust domestic demand and recovery in exports. Consumer spending is expected to remain resilient, supported by improvements in labour market conditions and vibrant tourism-related activities. Investment will be driven by new and ongoing projects by both the private and public sectors, supported by the implementation of key national policies and initiatives, including the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan 2030 ("**NIMP 2030**"). From a sectoral perspective, the services and manufacturing sectors remain the primary engines of growth. Meanwhile, the construction sector is projected to achieve stellar performance, supported by a broad-based expansion across all subsectors.

The growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for electrical and electronic ("**E&E**") goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives. A pertinent initiative which is Government-linked Enterprises Activation and Reform Programme (GEAR-uP), will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy

The monetary policy continues to support economic growth while ensuring price stability. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.00% since May 2023. The domestic financial market, backed by a strong banking system and vibrant capital market, will continue to play a significant role as a financial intermediary to support the growth momentum. Meanwhile, the ringgit regained its traction reflecting increased investor confidence in the domestic economy, stemming from the articulated policy path by the Government through the Ekonomi MADANI framework. Moving forward, concerted efforts by financial regulators and industry players to offer wide range of innovative products including blended financing, new platforms such as social impact exchange and voluntary carbon market, as well as enhanced regulation and supervision, will further contribute to the resiliency of Malaysia's financial market.

(Source: Economic Outlook 2025, Ministry of Finance)

4.2 Overview and outlook of the manufacturing industry in Malaysia

The manufacturing sector expanded by 3.3% during the first half of 2024 on the back of higher growth of domestic-oriented industries and a stronger performance of export-oriented industries. The domestic-oriented industries saw a steady growth of 5.9%, fuelled by rising demand, mainly in non-metallic mineral products, basic metal and fabricated products subsector, backed by robust performance in construction activities. Meanwhile, export-oriented industries recorded a growth of 2.1%, supported by an upturn in demand of the E&E segment, attributed to positive market momentum in the global semiconductor industry.

The sector is projected to grow by 4.9% in the second half of 2024, owing to strengthening domestic demand and improving performance of the external sector. Within the domestic-oriented industries, growth is expected to remain resilient propelled by consumer-related activities, particularly in food and beverages as well as transportation segments resulting from flourishing tourism activities. In addition, output for construction-related materials such as metals and cement is anticipated to rise, following acceleration of ongoing infrastructure projects and upcoming development activities. Meanwhile, within the export-oriented industries, the E&E segment is expected to further improve in line with the uptrend in global electronics demand, supported by evolving innovation as well as improvement in the consumer electronics market. In addition, increasing demand for artificial intelligence (AI) chips, data centres, next-generation computing and high-performance computing application will further boost Malaysia's semiconductor industry. Overall, the manufacturing sector is forecast to register a strong growth of 4.1% in 2024.

Amid stable global economic growth, the manufacturing sector is expected to strengthen by 4.5% in 2025 mainly driven by implementation of major policies such as the NIMP 2030 and National Semiconductor Strategy (NSS). Both domestic- and export-oriented industries continue to uphold the sector's performance in line with resilient domestic demand and favourable external environment. On the domestic front, production in household and consumer goods related industries such as food, beverages and textiles is expected to sustain. This is in line with supportive policy measures such as salary adjustment for civil servants and the Employee Provident Fund (EPF) Flexible Account withdrawal which will stimulate consumer spending. In addition, favourable tourist arrivals in conjunction with major international events will also spur the demand for consumer goods. On the other hand, increasing approved and realised investments signifies a positive outlook for construction activities, thereby propelling the growth in the manufacturing of construction related materials.

(Source: Economic Outlook 2025, Ministry of Finance)

4.3 Prospects of KSSC Group

The Group is principally involved in the following activities:-

(i) manufacturing and processing of secondary stainless steel products namely stainless steel sheets, tubes and water pipes and fittings;

(ii) trading of secondary stainless steel long products namely stainless steel round, angles and flat bars;

(iii) trading of other metal-related products, namely aluminium, copper, bronze and brass, etc.;

(iv) trading of industrial hardware including marine hardware and consumables, flexible cables and rubber conveyor belts;

(v) fabricating, supplying and installation of aluminium, glass and aluminium related products for the retail and project businesses; and

(vi) manufacturing of high-precision tools and dies, moulds and mould parts precision jigs, fixtures and mechanical parts.

Amidst a constantly changing business environment, the Company intends on focusing on the expansion of its customer base by entering new geographic markets and developing new products or services, specifically in the aluminium fabrication segment as aluminium-related businesses may cater to different industries and application as compared to the Group's existing customer base (i.e. stainless-steel related businesses). The expansion into the aluminium fabrication segment during the financial year ending ("**FYE**") 31 December 2024 provides the Group opportunities for growth and market expansion while strengthening the Group's market position and resilience amidst a challenging business environment. Furthermore, the expansion of the Group's product offerings allows the Group to be a one-stop solution for their customers' needs in construction, manufacturing and other industries.

Additionally, in line with the Company's efforts to diversify its revenue streams and expand product offerings, the Group has recently diversified its principal activities to include manufacturing of high-precision tools and dies, moulds and mould parts precision jigs, fixtures and mechanical parts upon the completion of the acquisition of 40% equity interest in Metalmach Micro Technology Sdn Bhd on 31 July 2024. This allows the Group position itself to capitalise on emerging opportunities in specialised manufacturing sectors and creating additional revenue stream thus reducing its reliance on declining business segments. Furthermore, the Company had completed the acquisition of the remaining 40% equity interest in its existing subsidiary, EIE Asian Holding Sdn Bhd, allowing the streamlining of control over the Group's industrial equipment segment, encouraging supply chain synergies and enhancing the Group's responsiveness within a niche market.

Premised on the above and the outlook of the manufacturing industry as set out in **Section 4.2** of this announcement, the Board is optimistic of the Group's future prospects and financial performance. Nevertheless, the Board will remain vigilant and will continue to exercise prudence in managing the operations of the Group.

(Source: The management of KSSC)

5. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

5.1 Issued share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of KSSC are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued share capital as at the LPD	185,279,255	106,022,013	185,279,255	106,022,013
Assuming full exercise of the outstanding Warrants	-	-	35,520,529	(1)19,181,086
	185,279,255	**106,022,013**	**220,799,784**	**125,203,099**
Placement Shares to be issued pursuant to the Proposed Private Placement	18,527,925	(2)13,340,106	22,079,978	(2)15,897,584
Enlarged issued share capital after the Proposed Private Placement	**203,807,180**	**119,362,119**	**242,879,762**	**141,100,683**

Notes:-

(1) Based on the exercise price of RM0.54 per Warrant.

(2) Based on the illustrative issue price of RM0.72 per Placement Share.

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5.2 Net assets ("NA"), NA per Share and gearing

For illustrative purposes, the pro forma effects of the Proposed Private Placement on the NA, NA per Share and gearing based on the audited consolidated statement of financial position of KSSC for the FYE 31 December 2024 are set out below:-

Minimum Scenario

	Audited as at 31 December 2024	Pro forma I After the Proposed Private Placement
	(RM'000)	**(RM'000)**
Share capital	106,022	(1)119,362
Retained earnings	34,432	(2)34,292
Shareholders' equity/NA	**140,454**	**153,654**
Non-controlling interests	3,165	3,165
Total equity	**143,619**	**156,819**
No. of Shares in issue ('000)	185,279	203,807
NA per Share (RM)	**0.76**	**0.75**
Total borrowings (RM'000)	145,556	(3)135,356
Gearing ratio (times)	**1.04**	**0.88**

Notes:-

(1) Based on the illustrative issue price of RM0.72 per Placement Share.

(2) After deducting the estimated expenses of approximately RM0.14 million in relation to Proposed Private Placement.

(3) After adjusting for the utilisation of proceeds pursuant to the Proposed Private Placement of which approximately RM10.20 million is earmarked for repayment of bank borrowings under the Minimum Scenario.

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Maximum Scenario

	Audited as at 31 December 2024	Pro forma I Assuming the full exercise of the outstanding Warrants	Pro forma II After Pro forma I and the Proposed Private Placement
	(RM'000)	(RM'000)	(RM'000)
Share capital	106,022	[1]125,203	[2]141,101
Retained earnings	34,432	34,432	[3]34,292
Shareholders' equity/NA	**140,454**	**159,635**	**175,393**
Non-controlling interests	3,165	3,165	3,165
Total equity	**143,619**	**162,800**	**178,558**
No. of Shares in issue ('000)	185,279	220,799	242,879
NA per Share (RM)	**0.76**	**0.72**	**0.72**
Total borrowings (RM'000)	145,556	145,556	[4]132,796
Gearing ratio (times)	**1.04**	**0.91**	**0.76**

Notes:-

(1) Based on the exercise price of RM0.54 per Warrant.

(2) Based on the illustrative issue price of RM0.72 per Placement Share.

(3) After deducting the estimated expenses of approximately RM0.14 million in relation to Proposed Private Placement.

(4) After adjusting for the utilisation of proceeds pursuant to the Proposed Private Placement of which approximately RM12.76 million is earmarked for repayment of bank borrowings under the Maximum Scenario.

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5.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Private Placement on the shareholdings of the substantial shareholders of KSSC are set out below:-

Minimum Scenario

	As at the LPD				Pro forma I After the completion of the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**	**No. of Shares**	**(4)%**	**No. of Shares**	**(4)%**
Cheong Lai Sin	40,651,400	21.94	-	-	40,651,400	19.95	-	-
Frazel Group Sdn Bhd	34,531,012	18.64	-	-	34,531,012	16.94	-	-
Enrich Signature Sdn Bhd	10,900,000	5.88	-	-	10,900,000	5.35	-	-
Datuk Keh Chuan Seng	-	-	(2)34,531,012	18.64	-	-	(2)34,531,012	16.94
Datin Cheong Kai Meng	-	-	(2)34,531,012	18.64	-	-	(2)34,531,012	16.94
Chiau Haw Loon	503,700	0.27	(3)10,900,000	5.88	503,700	0.25	(3)10,900,000	5.35
Chiau Haw Yew	-	-	(3)10,900,000	5.88	-	-	(3)10,900,000	5.35

Notes:-

(1) Based on the existing issued share capital of 185,279,255 Shares as at the LPD.

(2) Deemed interested by virtue of their direct interest in Frazel Group Sdn Bhd pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of their direct interest in Enrich Signature Sdn Bhd pursuant to Section 8 of the Act.

(4) Based on the enlarged issued share capital of 203,807,180 Shares after the completion of the Proposed Private Placement.

Maximum Scenario

Name	As at the LPD				Pro forma I Assuming the full exercise of the outstanding Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(4)%	No. of Shares	(4)%
Cheong Lai Sin	40,651,400	21.94	-	-	40,651,400	18.41	(5)13,860,000	6.28
Frazel Group Sdn Bhd	34,531,012	18.64	-	-	(6)45,708,649	20.70	-	-
Enrich Signature Sdn Bhd	10,900,000	5.88	-	-	10,900,000	4.94	-	-
Datuk Keh Chuan Seng	-	-	(2)34,531,012	18.64	-	-	(2)45,708,649	20.70
Datin Cheong Kai Meng	-	-	(2)34,531,012	18.64	-	-	(2)45,708,649	20.70
Chiau Haw Loon	503,700	0.27	(3)10,900,000	5.88	503,700	0.23	(3)10,900,000	4.94
Chiau Haw Yew	-	-	(3)10,900,000	5.88	-	-	(3)10,900,000	4.94
Koh Shing Yee	-	-	-	-	(7)13,860,000	6.28	(8)40,651,400	18.41

Name	Pro forma II After Pro forma I and the completion of the Proposed Private Placement			
	Direct		Indirect	
	No. of shares	(9)%	No. of shares	(9)%
Cheong Lai Sin	40,651,400	16.74	(5)13,860,000	5.71
Frazel Group Sdn Bhd	45,708,649	18.82	-	-
Enrich Signature Sdn Bhd	10,900,000	4.49	-	-
Datuk Keh Chuan Seng	-	-	(2)45,708,649	18.82
Datin Cheong Kai Meng	-	-	(2)45,708,649	18.82
Chiau Haw Loon	503,700	0.21	(3)10,900,000	4.49
Chiau Haw Yew	-	-	(3)10,900,000	4.49
Koh Shing Yee	13,860,000	5.71	(8)40,651,400	16.74

Notes:-

(1) Based on the existing issued share capital of 185,279,255 Shares as at the LPD.

(2) Deemed interested by virtue of their direct interest in Frazel Group Sdn Bhd pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of their direct interest in Enrich Signature Sdn Bhd pursuant to Section 8 of the Act.

(4) Based on the issued share capital of 220,799,784 Shares assuming the full exercise of the outstanding 35,520,529 Warrants prior to the implementation of the Proposed Private Placement.

(5) Deemed interested by virtue of her daughter, Koh Shing Yee's Warrant holdings.

(6) Assuming the 11,177,637 outstanding Warrants held by Frazel Group Sdn Bhd are fully exercised prior to the implementation of the Proposed Private Placement.

(7) Assuming the 13,860,000 outstanding Warrants held by Koh Shing Yee are fully exercised prior to the implementation of the Proposed Private Placement.

(8) Deemed interested by virtue of her mother, Cheong Lai Sin's direct interest in the Company.

(9) Based on the enlarged issued share capital of 242,879,762 Shares after the completion of the Proposed Private Placement.

5.4 Earnings and earnings per Share ("EPS")

The Proposed Private Placement is not expected to have any material effect on the earnings of KSSC Group for the FYE 31 December 2025. However, there will be a corresponding dilution in the EPS of KSSC Group as a result of the increase in the number of issued KSSC Shares pursuant to the Proposed Private Placement.

Nevertheless, the Proposed Private Placement is expected to contribute positively to the future earnings of the Group when the benefits arising from the proposed utilisation of proceeds as set out in **Section 2.6** of this announcement are realised.

5.5 Existing convertible securities

As at the LPD, save for the 35,520,529 outstanding Warrants, the Company does not have any other convertible securities in issuance.

In accordance with the Deed Poll governing the Warrants, the Proposed Private Placement will not give rise to any adjustments to the exercise price and/or the number of the outstanding Warrants.

6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Private Placement is subject to and conditional upon the following approvals being obtained:-

(i) Bursa Securities, for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities; and

(ii) any other relevant authorities, if required.

As set out in **Section 2** of this announcement, the General Mandate was obtained by the Company from its shareholders at the Company's 39th AGM convened on 29 May 2024, and such authority shall continue to be in force until the conclusion of the next AGM of the Company.

The Proposed Private Placement is not conditional upon any other corporate exercises undertaken or to be undertaken by KSSC.

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

None of the Directors, major shareholders, chief executive of KSSC and/or persons connected with them has any interest, direct or indirect, in the Proposed Private Placement.

8. DIRECTORS' STATEMENT

After considering all aspects of the Proposed Private Placement, including but not limited to the rationale as well as the financial effects of the Proposed Private Placement, the Board is of the opinion that the Proposed Private Placement is in the best interest of the Company.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to obtaining all the required approvals, the Proposed Private Placement is expected to be completed by June 2025.

10. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities for the Proposed Private Placement shall be made within 1 month from the date of this announcement.

11. ADVISER AND PLACEMENT AGENT

UOBKH has been appointed as the Adviser and the Placement Agent for the Proposed Private Placement.

This announcement is dated 30 April 2025.

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY KSSC

KSSC has undertaken the following equity fund-raising exercises since 2020 up to the LPD:-

1. Private Placement 2020

The Company had, on 25 August 2020, announced to undertake the proposed private placement of up to 19,200,000 new KSSC Shares, representing up to 20% of the total number of issued KSSC Shares (excluding treasury shares, if any) ("**Private Placement 2020**"). KSSC had placed out 19,200,000 new KSSC Shares to third party investors in the following tranches:-

Date of listing	Issue price (RM)	No. of new KSSC Shares	Proceeds raised (RM)
15 December 2020	0.58	7,950,000	4,611,000
7 January 2021	0.485	7,450,000	3,613,250
11 January 2021	0.535	3,800,000	2,033,000
Total		**19,200,000**	**10,257,250**

The Private Placement 2020 was completed on 11 January 2021 and the status of utilisation of the gross proceeds raised from the Private Placement 2020 are set out below:-

Details of utilisation	Targeted proceeds raised (RM'000)	Actual proceeds raised (RM'000)	Actual amount utilised (RM'000)	Unutilised proceeds (RM'000)	Initial timeframe for utilisation	Extended timeframe for utilisation
Business expansion[(i)]	6,000	5,000	1,100	3,900	Within 18 months	[(iv)]Second half of 2025
Working capital[(ii)]	3,500	5,157	5,157	-	Within 12 months	-
Estimated expenses for the Private Placement 2020[(iii)]	100	100	100	-	Upon completion of the Private Placement 2020	-
Total	**9,600**	**10,257**	**6,357**	**3,900**		

Notes:-

(i) As at the LPD, the Group had utilised approximately RM1.10 million of the total proceeds raised from the Private Placement 2020 for their business expansion, which includes the renovation of its existing double storey office cum factory located at Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya.

(ii) The Group had utilised approximately RM5.16 million of the total proceeds raised from the Private Placement 2020 for the working capital requirements which includes, amongst others, payment to suppliers/creditors of the Group as well as general administrative expenses and other operating expenses such as staff-related costs, utilities, statutory payments and any other overhead expenditures.

(iii) The proceeds of RM0.10 million has been utilised for the estimated expenses in relation to the Private Placement 2020 which consists of professional fees (i.e. adviser and placement agent fees), fees payable to regulators, contingencies and other incidental expenses.

(iv) The Board had resolved to extend the timeframe for utilisation of the proceeds allocated for business expansion purposes to the second half of 2025 as the construction of the new office building is in progress and is expected to be completed by the second half of 2025.

2. Bonus Issue of Warrants and ESOS

The Company had, on 10 March 2022, announced to undertake the following proposals:-

(i) proposed bonus issue of up to 14,400,000 new ordinary shares in KSSC ("**Bonus Shares(s)**") on the basis of 1 Bonus Share for every 8 KSSC Shares held ("**Bonus Issue of Shares**");

(ii) proposed bonus issue of up to 43,200,000 free warrants on the basis of 1 Warrant for every 3 Shares held on the entitlement date after the Bonus Issue of Shares ("**Bonus Issue of Warrants**"); and

(iii) proposed establishment of an ESOS of up to 15% of the total number of issued KSSC Shares (excluding treasury shares, if any) at any point of time during the duration of the ESOS, for the Eligible Persons of KSSC Group.

A total of 43,199,879 Warrants were listed on Bursa Securities on 18 October 2022 at the exercise price of RM0.54 per Warrant. As at the LPD, a total of 7,679,350 Warrants have been exercised and converted into new KSSC Shares, raising total gross proceeds of approximately RM4.15 million. The said gross proceeds raised from the exercise of Warrants of approximately RM4.15 million were utilised for working capital of the Group which includes, amongst others payment to suppliers, staff-related costs and general administrative expenses. As at the LPD, the proceeds raised from the exercise of Warrants has been fully utilised by the Group.

The Company had, on 8 September 2022, implemented the ESOS and as at the LPD, no options have been granted to the Eligible Persons.

3. Private Placement 2023

The Company had, on 23 August 2023, announced to undertake the proposed private placement of up to 17,279,978 new KSSC Shares, representing up to 10% of the total number of issued KSSC Shares (excluding treasury shares, if any) ("**Private Placement 2023**"). KSSC had placed out 13,000,000 Shares at an issue price of RM1.06 per new KSSC Share, raising total gross proceeds of approximately RM13.78 million. The Private Placement 2023 was completed on 8 September 2023.

The status of the utilisation of the gross proceeds raised from the Private Placement 2023 are set out below:-

Details of utilisation	**Targeted proceeds raised (RM'000)**	**Actual proceeds raised (RM'000)**	**Actual amount utilised (RM'000)**	**Timeframe for utilisation**
Working capital requirements[(i)]	13,816 (minimum scenario), 18,380 (maximum scenario)	13,670	13,670	Within 12 months from receipt of funds
Estimated expenses for the Private Placement 2023[(ii)]	110	110	110	Upon completion of the Private Placement 2023
Total	**13,926 (minimum scenario), 18,490 (maximum scenario)**	**13,780**	**13,780**	

Notes:-

*(i) The Group had utilised approximately RM13.67 million of the total proceeds raised from the Private Placement 2023 for the purchase of machineries, equipment, raw materials and semi-finished products including but not limited to computer numerical controlled ("**CNC**") vertical machining centre, CNC router machining centre, CNC multi-angle sawing machine, CNC curtain wall profile machining centre, milling, cutting and sawing machines, moulds and other relevant tools.*

(ii) The proceeds of RM0.11 million has been utilised for the estimated expenses in relation to the Private Placement 2023 which consist of professional fees (i.e. adviser and placement agent fees), fees payable to regulators as well as contingencies and other incidental expenses.

The proceeds raised from the Private Placement 2023 has been fully utilised by the Company as proposed as at the LPD.

4. Private Placement 2024

The Company had, on 15 January 2024, announced to undertake the proposed private placement of up to 55,739,000 new KSSC Shares, representing up to 30% of the total number of issued KSSC Shares (excluding treasury shares, if any) ("**Private Placement 2024**"). KSSC had placed out 35,000,000 new KSSC Shares to third party investors in the following tranches:-

Date of listing	Issue price (RM)	No. of new KSSC Shares	Proceeds raised (RM)
31 July 2024	0.85	25,000,000	21,250,000
9 September 2024	0.82	10,000,000	8,200,000
Total		**35,000,000**	**29,450,000**

The Private Placement 2024 was deemed completed on 8 November 2024.

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DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY KSSC (CONT'D)

The status of the utilisation of gross proceeds raised from the Private Placement 2024 of approximately RM29.45 million are set out below:-

Details of utilisation	Targeted proceeds raised (RM'000)	Actual proceeds raised (RM'000)	Actual amount utilised (RM'000)	Timeframe for utilisation
Acquisition of Metalmach Micro Technology Sdn Bhd[(i)]	14,000	14,000	14,000	Within 1 month from receipt of funds
Repayment of bank borrowings[(ii)]	20,000 (minimum scenario), 30,000 (maximum scenario)	8,200	8,200	Within 6 months from receipt of funds
Working capital requirements[(iii)]	6,377 (minimum scenario), 6,181 (maximum scenario)	6,150	6,150	Within 12 months from receipt of funds
Estimated expenses for the Private Placement 2024[(iv)]	1,100	1,100	1,100	Within 1 month from receipt of funds
Total	**41,477 (minimum scenario), 51,281 (maximum scenario)**	**29,450**	**29,450**	

Notes:-

(i) The Group had utilised approximately RM14.00 million of the total proceeds raised from the Private Placement 2024 to satisfy the cash consideration of the acquisition of 1,104,000 ordinary shares in Metalmach Micro Technology Sdn Bhd, representing 40% equity interest in Metalmach Micro Technology Sdn Bhd, from Low Kim Yoong. The acquisition was completed on 31 July 2024.

(ii) The Group had utilised RM8.20 million of the proceeds for the partial repayment of bank borrowings resulting in an annual interest savings of approximately RM0.15 million, based on the interest rates ranging from 3.61% to 5.33% per annum.

(iii) The Group had utilised approximately RM6.15 million of the total proceeds raised from the Private Placement 2024 for the working capital of the Group which includes payment of overheads such as expenses relating to general upkeep and maintenance of the Group's manufacturing plants (including overhaul of equipment, replacement of major parts and staff salaries) as well as payment of down payments to suppliers for the import of stainless steel coils and long products.

(iv) The proceeds of RM1.10 million has been utilised for the estimated expenses in relation to the Private Placement 2024 which consist of payment of fees to the professional fees (i.e. adviser and placement agent fees), fees payable to regulators as well as contingencies and other incidental expenses.

The proceeds raised from the Private Placement 2024 has been fully utilised by the Company as proposed as at the LPD.