

UNI WALL APS HOLDINGS BERHAD (“UNI WALL” OR THE “COMPANY”)

PROPOSED PLACEMENT OF UP TO 10% OF UNI WALL’S TOTAL NUMBER OF ISSUED SHARES (“PROPOSED PLACEMENT”)

1. INTRODUCTION

On behalf of the Board of Directors of Uni Wall (“**Board**”), Mercury Securities Sdn Bhd (“**Mercury Securities**”) wishes to announce that the Company proposes to undertake a placement of up to 10% of its total number of issued shares (“**Uni Wall Shares**” or “**Shares**”) (“**Placement Shares**”).

The Proposed Placement will be undertaken pursuant to the shareholders’ mandate for issuance of Uni Wall Shares under Sections 75 and 76 of the Companies Act 2016 (“**Act**”) obtained at the Company’s 3rd Annual General Meeting held on 28 May 2021.

Further details of the Proposed Placement are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED PLACEMENT

2.1 Size of the Proposed Placement

As at 13 January 2022, being the latest practicable date prior to the date of this announcement (“**LPD**”), the Company has an issued share capital of RM15,056,793 comprising 731,400,004 Uni Wall Shares.

Based on the above, the Proposed Placement entails the issuance of up to 73,140,000 Placement Shares, representing 10% of the Company’s total number of issued Shares.

2.2 Pricing of the Placement Shares

The Board will determine and announce the issue price of the Placement Shares (“**Issue Price**”) at a later date (“**Price Fixing Date**”) after receipt of all relevant approvals for the Proposed Placement.

In determining the Issue Price, the Board will take into consideration the following:

- (i) prevailing market conditions; and
- (ii) that the Issue Price shall not be priced at more than 10% discount to the volume weighted average market price (“**VWAP**”) of Uni Wall Shares for the 5 market days immediately preceding the Price Fixing Date.

For illustrative purposes, based on the 5-day VWAP of the Shares up to and including the LPD of RM0.79 (*Source: Bloomberg*), the illustrative Issue Price will be RM0.72 per Placement Share, representing a discount of approximately 8.9% to the 5-day VWAP of Uni Wall Shares.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares, except that the holders of the Placement Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

2.4 Listing of and Quotation for the Placement Shares

An application will be made to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Placement Shares on the LEAP Market of Bursa Securities.

2.5 Placement Arrangement

The Placement Shares shall be placed out to third party investor(s) to be identified later, who fall under Schedules 6 and/or 7 of the Capital Markets and Services Act 2007.

Subject to the prevailing market conditions and timing of identification of placee(s), the Proposed Placement may be implemented in one or more tranches within 6 months from the date of approval from Bursa Securities for the Proposed Placement or any extended period as may be approved by Bursa Securities.

2.6 Utilisation of Proceeds

For illustrative purposes, the Proposed Placement is expected to raise gross proceeds of up to RM52.7 million based on the illustrative Issue Price of RM0.72, which are intended to be utilised in the following manner:

Purpose	Note	RM'000	Estimated timeframe for utilisation of proceeds (from date of listing of the Placement Shares)
Land costs	(1)	27,500	Within 24 months
Development costs	(1)	14,961	Within 24 months
Investment in new business	(2)	10,000	Within 24 months
Estimated expenses	(3)	200	Within 1 month
Total		52,661	

Notes:

- (1) On 18 November 2021, the Company announced that it had on even date entered into a joint venture agreement and a subscription and shareholders' agreement with NS Corporation for collaboration via a joint venture company, NS Aero City Sdn Bhd (“**NS Aero City**”) to carry out property development projects (“**Development Projects**”) (“**Proposed Joint Venture**”).

*The Proposed Joint Venture is to develop a portion of the land in an economic growth corridor initiated by the Negeri Sembilan state government known as “Malaysia Vision Valley 2.0 or MVV 2.0”. Thus, the Uni Wall group of companies (“**Group**”) intends to kick-start the Development Projects via the acquisition of parcel(s) of development land in MVV2.0, Negeri Sembilan (“**MVV 2.0 Land**”). The Group is currently in discussions with potential vendors of the MVV 2.0 Land but has not finalised anything at this juncture. The Company will make the requisite announcements for such acquisition(s) when confirmed and seek shareholders' approval for the same if required in accordance with the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”).*

Pursuant thereto, the Company intends to utilise approximately RM27.5 million of the proceeds raised from the Proposed Placement to fund the deposits for the potential MVV 2.0 Land acquisitions. In addition, the Company intends to utilise approximately RM15.0 million of the said proceeds to fund the preliminary expenses for the Development Projects on the MVV 2.0 Land such as architect and design fees, authorities' fees and fees for land preparation. The breakdown of proceeds to be utilised for each component of the preliminary expenses cannot be determined at this juncture as it will depend on the size and progress of the Development Projects.

In the event that the requisite approvals, if any, for the MVV 2.0 Land acquisitions are not obtained, the Company will utilise the above proceeds for working capital for the Group's building façade business.

Please refer to Section 4.3 of this announcement for further details of the Proposed Joint Venture.

- (2) *In conjunction with and to facilitate the Proposed Joint Venture, the Company intends to invest RM10 million of the proceeds raised from the Proposed Placement in complementary businesses. The Company is in the midst of discussions and has identified companies which are principally involved in construction, mechanical and electrical engineering and water treatment. The Company will make the requisite announcements for such investment(s) when confirmed and seek shareholders' approval for the same if required in accordance with the Listing Requirements. In the event that the requisite approvals, if any, for the investment(s) are not obtained, the Company will utilise the said proceeds for working capital for the Group's building façade business.*
- (3) *Mainly comprises professional fees, placement fees, fees payable to relevant authorities and other miscellaneous expenses in relation to the Proposed Placement.*

The actual proceeds to be raised from the Proposed Placement are dependent on the actual Issue Price and number of Placement Shares successfully placed out to the investors. Any excess or shortfall in the actual proceeds raised from the above amount would be reallocated to/from the amount earmarked for development costs.

Pending the utilisation of proceeds from the Proposed Placement for the above purposes, the proceeds from the Proposed Placement will be placed in interest-bearing deposits with financial institutions and/or money market financial instruments as the Board in its absolute discretion deems fit and in the best interest of the Group. The interest derived from the deposits placed with the financial institutions and/or any gains arising from the money market financial instruments will be used for working capital for the Group's building façade business.

3. RATIONALE FOR THE PROPOSED PLACEMENT

The Board intends to undertake the Proposed Placement in order to raise funds to fund the potential MVV 2.0 Land acquisitions and the Development Projects thereon as detailed in Section 2.6 of this announcement.

The Proposed Placement represents a fund-raising opportunity for the Group to raise additional funds without having to incur interest costs or service principal repayments for bank borrowings, thereby allowing the Group to preserve its cash flows for operational purposes.

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Placement is the most efficient avenue of fund raising at this juncture as opposed to other forms of equity fund raising such as rights issue which is generally more time consuming.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and Outlook of the Malaysian Economy

The Malaysian economy experienced the full adverse impact of the Coronavirus disease 2019 ("COVID-19") pandemic in 2020, with real gross domestic product ("GDP") contracting by 5.6%. However, signs of recovery emerged in late 2020, followed by a significant increase in GDP growth of 16.1% in the 2nd quarter of 2021 compared to a plunge of 17.2% in the corresponding quarter last year.

The services sector rose by 4.8% in the first half of 2021, mainly supported by the wholesale and retail trade; finance and insurance; and information and communication subsectors. In addition, the improved performance was further supported by an increase in online transactions and payments.

Against the backdrop of global uncertainties amid the COVID-19 outbreak, domestic demand remains resilient and continue to spearhead growth. After registering a contraction of 5.8% in 2020, domestic demand is projected to rebound to 3.1% in 2021, with private and public sectors' expenditure increasing by 3.5% and 1.6% respectively. The recovery is driven by robust domestic demand performance in the first half of 2021, which expanded by 5.0% following low base effect in 2020 due to strict containment measures to curb the COVID-19 pandemic.

Private consumption remained as the significant growth determinant and increased by 4.3% during the first half of 2021 attributable to improvements in disposable income arising from the gradual recovery in the labour market condition, accommodative interest rates, favourable commodity prices as well as ongoing economic stimulus packages and assistance. In the second half of the year, private consumption is projected to increase by 3.9%, following the gradual reopening of economic sectors.

The growth momentum is expected to continue in the second half of the year with the implementation of the National Recovery Plan ("NRP"), an exit strategy from the health and economic crisis. In addition, the acceleration of the National COVID-19 Immunisation Programme, an integral component of the NRP, is expected to enable the economy to fully open in the 4th quarter. With the favourable outlook for the 4th quarter, the economy is expected to grow between 3.0% - 4.0% in 2021.

The domestic demand recovery is projected to continue in 2022, anchored by private consumption, following the gradual improvement in labour market conditions amid a relaxation of containment measures, improved consumer sentiments and spending from the vaccine rollout as well as targeted policy support for vulnerable households. Rapid progress in the vaccination programme is also expected to release pent-up demand, particularly for domestic travel and leisure, further supporting the recovery. Stronger external demand, especially for electrical and electronics products and major commodities, is expected to support the surge in exports, thus helping to maintain a surplus in the current account of the balance of payments. Thus, the nation's GDP is forecast to expand in the range of 5.5% - 6.5% in 2022.

(Source: Economic Outlook 2022, Ministry of Finance)

4.2 Overview and Outlook of the Property Industry in Malaysia

2020 was a challenging year for the residential property but also for commercial sub-sector. The overall retail performance has been sluggish in past years and the situation was worsened in 2020 due to the COVID-19 pandemic. The hotel industry was the worst hit in 2020. The closure of international borders, inter-district as well as interstate movements restriction in an effort to stem the spread of the virus, many hotels shuttered, amusement and theme parks closed while leisure travel ceased.

Retail, office and hotel property segments are expected to remain flat in the first half of 2021. The retail segment will continue facing stiff competition from online shopping platform as lifestyle changes. Apart from that, more new shopping malls are expected to complete and enter the retail market, which will lead to increasing competitive amongst the malls owners to attract tenants and shoppers. Neighbourhood malls that are occupied by shops providing essential products and services is likely to perform better and recover quicker compared to malls focusing on luxury offerings, whilst tourist focused retail malls' performance will mainly depend on when the international borders to be open.

As for the hotel segment, the launching of National Tourism Policy 2020-2030 in December 2020, which aims to ensure continuity of the country's tourism industry, may provide a silver lining to the segment. The initiative may put Malaysia as the preferred tourism destination at the global level, provided the national vaccination program rolls out effectively and cross border travels are allowed.

In conclusion, the property market performance in 2021 is much dependant on the country's economic and financial outlook. The availability and rolling out of COVID-19 vaccine throughout the country is seen as fundamental to deter any new wave of infection spread. This will help boost business confidence, household sentiments as well as the general economy, which will likely see a soft upturn in the property market in the second half of 2021.

(Source: Property Market Report 2020, Valuation and Property Services Department, Ministry of Finance Malaysia)

4.3 Prospects of the Group

The Group is principally involved in the supply, fabrication and installation of building facade system in Malaysia. As a result of the implementation of various movement control orders due to the outbreak of the COVID-19 pandemic, the Group has recorded lower revenue and profit after taxation of RM34.1 million and RM6.0 million respectively for the financial year ended ("FYE") 31 December 2020 as compared to RM40.4 million and RM8.3 million respectively the FYE 31 December 2019.

In order to strengthen the Group's financial performance, the Group has entered into the Proposed Joint Venture with NS Corporation to expand into the complementary business of Development Projects through its subsidiary, NS Aero City. NS Corporation is the state of Negeri Sembilan's body corporate to promote, stimulate, manage, coordinate investment and economic sectors in the state of Negeri Sembilan and all matters relating thereto and to carry out any functions and powers given by the state government to NS Corporation.

As mentioned in Section 2.6 of this announcement, the Proposed Joint Venture is to develop a portion of the land in MVV 2.0, an economic growth corridor initiated by the Negeri Sembilan state government and earmarked as one of 17 promoted developmental zones in the Malaysian National Physical Plan. Based on the masterplan, MVV 2.0, which spans across 153,411 hectares of land covering Districts of Seremban and Port Dickson, is to be a future city and involves future industries such residential aerospace industry and green energy industry.

In junction with and to facilitate the Proposed Joint Venture as well as to enhance the Group's earnings, the Group also intends to expand its business by investing in complementary business(es) such as construction, mechanical and electrical engineering and water treatment. The Company will make the requisite announcements for these investments and seek shareholders' approval for the same if required in accordance with the Listing Requirements.

Premised on the above and the potential Development Projects to be undertaken on the MVV 2.0 Land which the Group intends to acquire in the future, the Board is of the view that the prospects of the Group in the mid to long term will be favourable and that the Proposed Placement would contribute to the future earnings of the Group.

(Source: Uni Wall's management)

5. EFFECTS OF THE PROPOSED PLACEMENT

5.1 Share Capital

The pro forma effects of the Proposed Placement on the Company's issued share capital are as follows:

	<u>No. of Shares</u>	<u>RM</u>
Issued share capital as at the LPD	731,400,004	15,056,793
To be issued pursuant to the Proposed Placement ⁽¹⁾	73,140,000	52,660,800
Enlarged issued share capital	<u>804,540,004</u>	<u>67,717,593</u>

Note:

(1) Assuming 73,140,000 Placement Shares are issued at the illustrative Issue Price of RM0.72.

5.2 Earnings and Earnings per Share ("EPS")

The Proposed Placement is expected to contribute positively to the Group's earnings when the benefits of the utilisation of proceeds from the Proposed Placement as set out in Sections 2.6 and 4.3 of this announcement are realised.

However, the Placement Shares to be issued pursuant to the Proposed Placement will result in a dilution of the Group's EPS due to the resultant increase in the number of Shares in issue, the extent to which will depend on the actual number of Placement Shares to be issued.

5.3 Net Assets ("NA") and Gearing

Based on the audited consolidated financial statements of the Company as at 31 December 2020, the pro forma effects of the Proposed Placement on the Group's NA per Share and gearing are as follows:

	<u>As at 31 Dec 2020</u>	<u>After the Proposed Placement</u>
	<u>RM'000</u>	<u>RM'000</u>
Share capital	15,057	⁽¹⁾ 67,718
Reserves	(6,000)	(6,000)
Retained earnings	23,670	⁽²⁾ 23,470
Total Equity / NA	<u>32,727</u>	<u>85,188</u>
No. of Shares in issue ('000)	731,400	804,540
NA per Share (RM)	0.04	0.11
Total borrowings	14,691	14,691
Gearing (times)	0.45	0.17

Notes:

(1) Assuming 73,140,000 Placement Shares are issued at the illustrative Issue Price of RM0.72.

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

5.4 Substantial Shareholders' Shareholdings

The pro forma effects of the Proposed Placement on the Company's substantial shareholders' shareholdings as at the LPD are as follows:

Substantial shareholder	As at the LPD				After the Proposed Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	'000		'000		'000		'000	
Hysiow Holdings Sdn Bhd	640,000	87.5	-	-	640,000	79.5	-	-
Siow Hon Yong	-	-	(1)640,850	87.6	-	-	(1)640,850	79.7
Siow Hon Yuen	-	-	(2)640,000	87.5	-	-	(2)640,000	79.5

Notes:

- (1) Deemed interest by virtue of his substantial shareholding held through Hysiow Holdings Sdn Bhd and his spouse's shareholding pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interest by virtue of his substantial shareholding held through Hysiow Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

5.5 Convertible Securities

As at the LPD, the Company does not have any outstanding convertible securities.

6. APPROVALS REQUIRED

The Proposed Placement is subject to approvals being obtained from the following:

- (i) Bursa Securities for the listing of and quotation for the Placement Shares; and
- (ii) any other relevant authorities and/or parties, if required.

7. FUND RAISING EXERCISES FOR THE PAST 12 MONTHS

There are no fund-raising exercises undertaken by the Company in the past 12 months prior to the date of this announcement.

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

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

9. DIRECTORS' STATEMENT

The Board having considered all aspects of the Proposed Placement, including the rationale, utilisation of proceeds and effects of the Proposed Placement, is of the opinion that the Proposed Placement is in the best interest of the Company.

10. ESTIMATED TIMEFRAME FOR COMPLETION

The application in relation to the Proposed Placement will be submitted to Bursa Securities within 1 month from the date of this announcement.

Subject to the relevant approvals being obtained, the Proposed Placement is expected to be completed by the 1st quarter of 2022.

11. APPROVED ADVISER AND PLACEMENT AGENT

Mercury Securities has been appointed as the Approved Adviser and Placement Agent to the Company for the Proposed Placement.

This announcement is dated 14 January 2022.