

MALAYSIA SMELTING CORPORATION BHD ("MSC" OR THE "COMPANY")

PROPOSED BONUS ISSUE

1. INTRODUCTION

On behalf of the Board of Directors of MSC ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that the Company proposes to undertake a bonus issue of 420,000,000 new ordinary shares in MSC ("**MSC Shares**" or "**Share(s)**") ("**Bonus Share(s)**") on the basis of 1 Bonus Share for every 1 existing MSC Share held by the shareholders of the Company whose names appear in the Company's Record of Depositors on an entitlement date to be determined later ("**Proposed Bonus Issue**").

For information purposes, MSC is primarily listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX**"). Accordingly, the Bonus Shares will also be secondarily listed on the Main Board of SGX.

Further details on the Proposed Bonus Issue are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails an issuance of 420,000,000 Bonus Shares on the basis of 1 Bonus Share for every 1 existing MSC Share held by the shareholders of the Company whose names appear in the Company's Record of Depositors as at the Entitlement Date ("**Entitled Shareholders**").

As at 21 February 2025, being the latest practicable date prior to the date of announcement ("**LPD**"), the issued share capital of MSC is RM237.19 million comprising 420,000,000 MSC Shares. For information purposes, the Company does not have any outstanding convertible securities nor does it retain any treasury shares as at LPD. Accordingly, a total of 420,000,000 Bonus Shares may be issued, which will increase the total number of issued shares of the Company from 420,000,000 MSC Shares to 840,000,000 MSC Shares.

The Proposed Bonus Issue will not be implemented on a staggered basis over a period of time.

There will be an adjustment to the market price of MSC Shares listed and quoted on Bursa Securities pursuant to the Proposed Bonus Issue. For illustrative purposes, based on the 5-day volume weighted average price ("**VWAP**") and the lowest daily VWAP of MSC Shares during the 3-month period up to and including the LPD, the theoretical ex-bonus price ("**TEBP**") of MSC Shares is as follows:-

	VWAP before the Proposed Bonus Issue RM	TEBP after the Proposed Bonus Issue RM
5-day VWAP up to the LPD	2.2548	1.1274 ^{*1}
Lowest VWAP during the past 3-month period up to and including the LPD	2.0661	1.0331 ^{*2}

Based on the above, the Proposed Bonus Issue is in compliance with Paragraph 6.30(1A)^{*3} of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**").

Notes:-

^{*1} For illustration purposes, the TEBP of MSC Shares based on the 5-day VWAP up to the LPD is arrived at based on the following formula:-

$$\begin{aligned}
 \text{TEBP} &= \text{5-day VWAP up to the LPD} \times \frac{\text{Holding of 1 existing Share}}{\text{Bonus Share(s) to be issued} + \text{Holding of 1 existing Share}} \\
 &= \text{RM2.2548} \times \frac{1}{1 + 1} \\
 &= \text{RM1.1274}
 \end{aligned}$$

^{*2} For illustration purposes, the TEBP of MSC Shares based on the lowest VWAP during the past 3-month period up to and including the LPD is arrived at based on the following formula:-

$$\begin{aligned}
 \text{TEBP} &= \text{Lowest VWAP during the past 3-month period up to and including the LPD} \times \frac{\text{Holding of 1 existing Share}}{\text{Bonus Share(s) to be issued} + \text{Holding of 1 existing Share}} \\
 &= \text{RM2.0661} \times \frac{1}{1 + 1} \\
 &= \text{RM1.0331}
 \end{aligned}$$

^{*3} Paragraph 6.30(1A) of the Listing Requirements requires that "A listed issuer must ensure that its share price adjusted for a bonus issue is not less than RM0.50 based on the daily volume weighted average share price during the 3-month before the application date".

2.2 No capitalisation of reserves

The Bonus Shares will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves. For the avoidance of doubt, the Proposed Bonus Issue will increase the number of MSC Shares in issue but will not increase the value of share capital of the Company.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares. However, the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution ("**Distribution**") where the entitlement date of such Distribution precedes the date of allotment and issuance of the Bonus Shares.

2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities. The Bonus Shares shall be listed and quoted concurrently on the Main Market of Bursa Securities and the Main Board of SGX on the next market day following the Entitlement Date.

3. RATIONALE AND JUSTIFICATION

The Board intends to undertake the Proposed Bonus Issue to reward the existing shareholders of the Company in the form of Bonus Shares for their loyalty and continuing support as the Proposed Bonus serves to:-

- i. enhance the trading liquidity and improve the affordability of MSC Shares by increasing the number of available shares and adjusting the share price downward, without impacting the Company's market capitalisation;
- ii. increase the number of MSC Shares held by the Company's shareholders at no cost to be incurred by the shareholders, while maintaining their percentage equity shareholding in the Company, with the intention of rewarding existing shareholders for their loyalty and support; and
- iii. encourage greater participation by investors in the market and potentially broaden the shareholder base of the Company as a result of the increase in MSC Shares.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued share capital

The proforma effect of the Proposed Bonus Issue on the issued share capital of MSC is set out below:-

	No. of Shares	RM'000
Issued share capital as at the LPD	420,000,000	237,194
Bonus Shares to be issued	420,000,000	- ^{*1}
Enlarged share capital	840,000,000	237,194

Note:-

^{*1} As highlighted in **Section 2.2** of this announcement, the Bonus Shares will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

4.2 NA per Share and gearing

Based on the latest audited consolidated statements of financial position of MSC and its subsidiary companies ("**MSC Group**" or the "**Group**") as at 31 December 2023, the proforma effects of the Proposed Bonus Issue on the net assets ("**NA**") per Share and gearing of the Group are set out below:-

	Audited as at 31 December 2023 RM'000	After the Proposed Bonus Issue RM'000
Share capital	237,194	237,194
Other reserves	46,558	46,558
Retained earnings	470,378	470,198 ^{*1}
Shareholders' equity/ NA	754,130	753,950
Non-controlling interests	62,327	62,327
Total equity	816,457	816,277
No. of Shares in issue ('000)	420,000	840,000
NA per Share (RM)	1.80	0.90
Borrowings (RM'000)	359,765	359,765
Gearing (times)	0.44	0.44

Note:-

^{*1} After deducting the estimated expenses of approximately RM180,000 in relation to the Proposed Bonus Issue.

4.3 Substantial shareholding structure

The Proposed Bonus Issue will not have any effect on the substantial shareholding percentage as the Bonus Shares will be allotted on a pro-rata basis to all shareholders of the Company. However, there will be a proportionate increase in the number of Shares held by each substantial shareholder. The proforma effects of the Proposed Bonus Issue on the substantial shareholders' shareholdings in the Company are set out below:-

Substantial shareholders	Shareholdings as at the LPD				After the Proposed Bonus Issue			
	<-----Direct-----> No. of Shares	% ^{*1}	<-----Indirect-----> No. of Shares	% ^{*1}	<-----Direct-----> No. of Shares	% ^{*2}	<-----Indirect-----> No. of Shares	% ^{*2}
The Straits Trading Company Limited	112,360,000	26.75	105,885,200 ^{*3}	25.21	224,720,000	26.75	211,770,400 ^{*3}	25.21
Straits Trading Amalgamated Resources Sdn Bhd	69,498,000	16.55	-	-	138,996,000	16.55	-	-
Sword Investments Private Limited	21,585,200	5.14	-	-	43,170,400	5.14	-	-
Tan Chin Tuan Pte Ltd	-	-	218,245,200 ^{*4}	51.96	-	-	436,490,400 ^{*4}	51.96
The Cairns Pte Ltd	-	-	218,245,200 ^{*4}	51.96	-	-	436,490,400 ^{*4}	51.96
Tecity Pte Ltd	-	-	218,245,200 ^{*4}	51.96	-	-	436,490,400 ^{*4}	51.96
Raffles Investments Pte Ltd	-	-	218,245,200 ^{*4}	51.96	-	-	436,490,400 ^{*4}	51.96
Aequitas Pte Ltd	-	-	218,245,200 ^{*4}	51.96	-	-	436,490,400 ^{*4}	51.96
Dr. Tan Kheng Lian	-	-	218,245,200 ^{*5}	51.96	-	-	436,490,400 ^{*5}	51.96

Notes:-

^{*1} Based on the total issued shares of 420,000,000 in MSC as at LPD.

^{*2} Based on the enlarged total issued shares of 840,000,000 in MSC after the Proposed Bonus Issue.

^{*3} Held through Straits Trading Amalgamated Resources Sdn Bhd, Sword Investments Private Limited, Baxterley Holdings Private Limited and Redring Solder (Malaysia) Sdn Bhd.

^{*4} Tan Chin Tuan Pte Ltd, The Cairns Pte Ltd, Tecity Pte Ltd, Raffles Investments Pte Ltd and Aequitas Pte Ltd hold not less than 20% of the voting shares in The Straits Trading Company Limited. Tan Chin Tuan Pte Ltd is the ultimate holding company for The Straits Trading Company Limited.

^{*5} Dr. Tan Kheng Lian holds not less than 20% of the voting shares in Tan Chin Tuan Pte Ltd.

4.4 Earnings and earnings per Share ("EPS")

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Group for the financial year ending 31 December 2025. Notwithstanding that, the Group's EPS will be proportionately diluted due to the increase in the number of MSC Shares in issue upon completion of the Proposed Bonus Issue.

4.5 Convertible securities

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

5. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the following approvals:-

- i. Bursa Securities, for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities; and
- ii. the shareholders of MSC at the forthcoming annual general meeting of the Company to be convened.

The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders of the Company, chief executive and/ or persons connected to them have any interest, either direct or indirect, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of the Company, whereby the Bonus Shares are also available to all other shareholders of the Company.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue is expected to be completed by the third quarter of 2025.

9. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities shall be made within 2 months from the date of this announcement.

10. ADVISER

UOBKH has been appointed as the Adviser for the Proposed Bonus Issue.

This announcement is dated 4 March 2025.