SENI JAYA CORPORATION BERHAD ("SENI JAYA" OR THE "COMPANY")

PROPOSED PRIVATE PLACEMENT

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1. INTRODUCTION

On behalf of the Board of Directors of Seni Jaya ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that the Company proposes to undertake a private placement of up to 20% of the total number of issued shares of Seni Jaya ("**Seni Jaya Share(s)**" or "**Share(s)**") (excluding treasury shares, if any) to third party investor(s) to be identified later at an issue price to be determined later in accordance with the general mandate pursuant to the Companies Act 2016 ("**Act**") ("**Proposed Private Placement**").

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

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

The Company had obtained the approval from its shareholders at the Twenty-Eighth Annual General Meeting ("**AGM**") duly held on 28 June 2021, whereby pursuant to the Act, the Board has been authorised to allot and issue new Seni Jaya Shares provided that the number of new Seni Jaya Shares to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares, if any) ("**General Mandate**"). Such authority shall continue to be in force until the conclusion of the next AGM of the Company.

Further to the above, pursuant to Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the aggregate number of Shares to be issued under the General Mandate must not exceed 20% of the total number of issued Seni Jaya Shares during the preceding 12 months, irrespective of when the General Mandate was procured from the shareholders of the Company. For avoidance of doubt, Seni Jaya had not issued any Shares under any General Mandate during the preceding 12 months from the date of this announcement.

For shareholders' information, Bursa Securities had, on 16 April 2020, announced additional relief measures for listed issuers to ease compliance and facilitate their capital raising in a timely and cost-effective manner. In this regard, as an interim measure, listed issuer is allowed to seek a higher general mandate under Paragraph 6.03 of the Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities and may be utilised by listed issuer to issue new securities until 31 December 2021. After that, the 10% limit under Paragraph 6.03(1) of the Listing Requirements will be reinstated.

2.1 Placement size

The Proposed Private Placement entails an issuance of up to 20% of the total number of issued shares of Seni Jaya.

As at 21 June 2021, being the latest practicable date prior to the date of this announcement ("**LPD**"), the total issued share capital of Seni Jaya was RM40,533,330 comprising 40,533,330 Seni Jaya Shares. For avoidance of doubt, as at the LPD, Seni Jaya did not retain any treasury shares.

Accordingly, a total of 8,106,666 new Seni Jaya Shares ("**Placement Share(s)**") may be issued pursuant to the Proposed Private Placement.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total issued shares of the Company on a date to be determined and announced later, after receipt of all relevant approvals for the Proposed Private Placement as set out in Section 6 of this announcement, where applicable.

2.2 Basis of determining the issue price of the Placement Shares

The issue price of the Placement Shares will be determined and fixed by the Board at a later date after receipt of all relevant approvals for the Proposed Private Placement.

Based on Paragraph 6.04(a) of the Listing Requirements, the Placement Shares may be issued based on a discount of not more than 10% to the 5-day volume-weighted average market price ("**VWAP**") of Seni Jaya Shares immediately preceding the price-fixing date.

For illustrative purposes, the indicative issue price of the Placement Shares is assumed at RM2.234 per Placement Share, which represents a discount of approximately 8.25% to the 5-day VWAP of Seni Jaya Shares up to and including the LPD of RM2.435 per Seni Jaya Share.

2.3 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank equally in all respects with the existing Seni Jaya Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the Placement Shares.

2.4 Listing and quotation for the Placement Shares

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

2.5 Allocation to placees

The Placement Shares will be placed out to third party investor(s) to be identified at a later stage, where such investor(s) shall be person(s) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

Additionally, the Placement Shares will not be placed out to the following parties:-

(i) any director, major shareholder, chief executive of Seni Jaya or a holding company of Seni Jaya ("**Interested Person**");

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

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

In the event the Board is unable to identify sufficient placees to subscribe for the entire portion of the Placement Shares at one time, the Proposed Private Placement may be implemented in tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities.

2.6 Utilisation of proceeds

Based on the indicative issue price of RM2.234 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of approximately RM18.11 million. The proceeds are intended to be utilised by Seni Jaya and its subsidiaries ("**Seni Jaya Group**" or the "**Group**") in the manner set out below:-

Details of utilisation	**Timeframe for utilisation from receipt of proceeds**	**RM'000**
Business/ investment opportunities*[1]	Within 18 months	10,000
Capital expenditure of advertising business*[2]	Within 12 months	6,800
Working capital *[3]	Within 12 months	1,230
Estimated expenses*[4]	Upon completion	80
Total		**18,110**

Notes:-

*[1] *As at the LPD, Seni Jaya Group is principally involved in the single business segment of advertising, which comprises the provision of media services for outdoor and indoor advertising as well as supply of advertising materials. This includes the provision of rental of advertising display structures at prime outdoor locations across Peninsular Malaysia, servicing and maintenance of signages and display materials as well as designing and constructing outdoors advertising structures.*

*As set out in Section 4.4 of this announcement, the Group is currently focused on expanding its advertising business, specifically in digital and technological advertising media (e.g. light-emitting diode ("**LED**") display billboards and other digital signages).*

Premised on the above, the Group intends to pursue suitable and viable business/ investment opportunities in the Group's existing advertising business for the intention of improving the Group's earnings. The Group is considering business/ investment opportunities, which may include, amongst others, acquisitions/ investments in digital and technological advertising media companies as well as billboard companies that may grow the Group's advertising business.

At this juncture, the Board is still contemplating new business opportunities as mentioned above and has yet to finalise the terms of any such business opportunity. In this regard, the Group has earmarked up to RM10.00 million of proceeds to be raised from the Proposed Private Placement for potential business/ investment opportunities.

The Group shall make the requisite announcements and/ or shall seek shareholders' approval in accordance with the Listing Requirements as and when new investment(s) are identified and the terms of negotiations are finalised. However, in the event the Group is unable to identify any suitable and viable investment opportunities within the permitted timeframe, the proceeds earmarked for business/ investment opportunities will continue to be placed as deposits with licensed financial institutions or short-term money market instruments, until such time when the management is able to identify a suitable and viable investment opportunity. Any interest income earned from such deposits or any gains arising from instruments will be used to fund the working capital of the Group, of which the breakdown has yet to be determined.

Notwithstanding the above, the proceeds earmarked for business/ investment opportunities may be partially reallocated towards capital expenditure of advertising business and vice versa should suitable and viable business/ investment or capital expenditure opportunities arise.

*[2] *In view of the Group's focus on growing its advertising business, specifically in digital and technological advertising media, the Group has earmarked RM6.80 million for the capital expenditure of advertising business. The capital expenditure is intended to improve the Group's products and services to include more outdoor digital media/ formats through upgrading of existing advertising structures and setting-up new advertising structures. The Group anticipates that this capital expenditure will allow the Group to increase its revenue based on the growing demand for outdoor digital media by advertisers in Malaysia.*

The Group expects that the upgrading of existing advertising structures and setting-up of new advertising structures pursuant to the capital expenditures will be completed by the third quarter of 2022.

In this respect, based on the Group's preliminary estimation on the additional funding required for the advertising business, the estimated breakdown for the RM6.80 million of proceeds allocated for capital expenditure of advertising business is set out below:-

Categories of capital expenditure	***Amount of proceeds RM'000***	***Indicative percentage allocation %***
Setting up a new digital gantry (i.e. a digital billboard fixed to an overhead structure that spans over a highway), which comprises, amongst others, third-party subcontractor costs for foundation, electrical and structural works to erect the new digital gantry as well as procurement costs of LED screens	*3,000*	*44.1*
Setting up a new digital unipole (i.e. a large elevated digital billboard supported by a single pole), which comprises, amongst others, third-party subcontractor costs for electrical and structural works to erect the new digital unipole as well as procurement costs of LED screens	*1,000*	*14.7*
Upgrading of 4 existing advertising structures to support digital media, which involves, amongst others, third-party subcontractor costs for the installation of LED screens and wiring and cabling	*2,000*	*29.4*
Upgrading of existing structures to improve marketability, which involves, amongst others, installing new lighting, upgrading existing lighting from incandescent/ fluorescent bulbs to LED bulbs and painting of structures	*800*	*11.8*
Total	***6,800***	***100.0***

Notwithstanding the above, the actual allocation for each category of capital expenditure may differ at the time of utilisation, which will be dependent on the then capital requirements of the Group's advertising business. As such, the estimated breakdown for the RM6.80 million may be re-allocated across each category of capital expenditure, subject to the actual amount required for each category of capital expenditure at the time of utilisation.

**3* *The proceeds earmarked for working capital shall be utilised to partially finance the Group's day-to-day expenses, an indicative breakdown of which is as follows:-*

	Amount of proceeds RM'000	***Indicative percentage allocation %***
Marketing expenses to rebrand Seni Jaya as a provider of digital and technological media services for advertising	*550*	*44.7*
Office relocation costs including procurement of office furniture and fixtures, moving costs as well as renovation costs	*450*	*36.6*
Hiring costs of additional full-time employees in the operations, sales and marketing, human resources and corporate finance departments to support the planned expansion of the Group's advertising business	*230*	*18.7*
Total	***1,230***	***100.0***

The exact breakdown of the utilisation for working capital is subject to the Group's operational requirements at the time of utilisation and as such can only be determined at a later stage. Accordingly, the above allocated amounts for working capital may be partially reallocated towards the other above allocated amounts in the event that actual working capital requirements differs from budgeted.

*4 *The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised as set out below:-*

	RM'000
Professional fees	*40*
Regulatory fees	*25*
Other incidental expenses in relation to the Proposed Private Placement	*15*
Total	***80***

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for working capital purposes.

The actual gross proceeds to be raised from the Proposed Private Placement are dependent on the issue price and the number of Placement Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for working capital purposes.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments, as the Board may deem fit. Any interest income earned from such deposits or instruments will be used as working capital of the Group.

2.7 Other fundraising exercises in the past 12 months

Save for the Proposed Private Placement, the Company has not undertaken any other fund raising exercises in the 12 months prior to the date of this announcement.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement is undertaken by the Company to raise the requisite funds to meet the Group's immediate funding requirements as set out in Section 2.6 of this announcement.

After due consideration of the various methods of fund raising, the Board opines that the Proposed Private Placement is the most appropriate avenue of fund raising as the Proposed Private Placement enables the Company to raise additional funds without incurring interest costs as compared to conventional bank borrowings, which may affect the Group's bottom line.

The Proposed Private Placement also provides the Company an expeditious way of raising funds from the capital market as opposed to other forms of fund raising, in view that placement funds for the Placement Shares will be paid within 5 market days from the price-fixing date. Upon completion of the Proposed Private Placement, the Company's enlarged capital base is also expected to further strengthen the financial position of the Company.

4. INDUSTRY OUTLOOK AND OVERVIEW AND FUTURE PROSPECTS OF THE GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter of 2021 (4Q 2020: –3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronics ("E&E") products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order ("**MCO**") 2.0 and the continued closure of international borders and restrictions on inter–state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector.

On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter–on–quarter seasonally–adjusted basis, the economy registered a growth of 2.7% (4Q 2020: –1.5%).

Despite the recent re–imposition of containment measures, the impact on growth would be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity. Higher production from existing and new manufacturing facilities, particularly in the E&E and primary–related subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll–out of the domestic COVID–19 vaccine program will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors. The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll–out of vaccines both globally and domestically.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)

Recovery in the domestic economy, which began in the second half of 2020, is expected to continue in 2021 (the Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021). The recovery, nevertheless, is expected to be uneven and will be shaped by several factors, including the course of the COVID-19 pandemic and vaccine rollout, the extent of external spillovers, sector-specific developments, and the degree of improvement in labour market conditions. Amid a highly uncertain operating environment, continued and targeted policy measures will remain central in supporting growth going forward.

COVID-19 developments remain key in influencing Malaysia's growth trajectory in 2021, particularly the extent and duration of containment measures and the rollout of vaccines. Malaysia entered the year with the tightening of containment measures in most states with a resurgence in cases since late last year. The corresponding restrictions and weakness in sentiments amid the uncertain progress of the pandemic will likely weigh further on spending in the early part of 2021. Nevertheless, the overall impact for the year is expected to be smaller than in 2020, owing to a less restrictive and more targeted approach to contain the COVID-19 resurgence. In particular, the flexibility for more economic sectors to operate should lessen supply and demand disruptions. Firms and consumers are also better adapted to physical distancing requirements and other operating procedures to contain the spread of infections. Concurrently, the rollout of vaccines domestically beginning February 2021 will provide some lift to consumer sentiments and spending. However, as mass vaccination to induce herd immunity is expected to occur in a phased manner, the improvement in sentiments is expected to be gradual. As such, international tourism activities for Malaysia are unlikely to resume in a meaningful way, to limit community transmission and imported cases.

Notwithstanding the COVID-19 situation, a positive development is on the external spillovers from the broader recovery in global demand. This will sustain domestic production, investment, and export activity. Firms in the export-oriented industries and the supporting sectors are poised to benefit from improving domestic demand in key trade partner economies and the global technology upcycle. Of note, the rising demand for remote working equipment and medical-related products augurs well for firms in the manufacturing industry, particularly electrical and electronics as Malaysia forms an integral part of the global value chain. Beyond these, the recovery in global commodity prices and demand should lift commodity production and export revenues.

(Source: Outlook and Policy in 2021, Economic and Monetary Review 2020, Bank Negara Malaysia)

4.2 Overview and outlook for the advertising industry in Malaysia

The advertising industry is set to swing to a recovery mode in 2021 with advertising expenditure ("**ADEX**") picking up, underpinned by the brighter economic prospects and the development of COVID-19 vaccine. The industry has been under tremendous pressure mainly from the movement control orders that started on March 18 following the pandemic. This is set to change with the Malaysian economy gaining momentum, partly attributed to the various Budget 2021 measures to spur consumer spending. The RM322.5 billion federal budget, the nation's largest, was passed despite a call by the Opposition for bloc voting. Media analysts agree that with the economy poised for a stronger growth next year, it would also spur consumer spending and in turn give a boost to the ad industry.

(Source: Article entitled "Advertising industry set for recovery" dated 30 November 2020, thestar.com.my)

Interpublic Group's Magna forecasts a 14% increase in 2021 global media ad revenue, now expected to reach a record United States Dollars 657 billion which according to Magna, represents the strongest ad revenue acceleration in 40 years. In terms of advertising activity in Malaysia, the disruptions in 2020 led to a contraction of -20% but Magna forecasts that 2021 will see an increase by 15.4%.

In terms of linear advertising, revenues are expected to increase by 10.8% and reach 44% of total advertiser budgets. However due to the -39% decline in 2020, this means despite the bounce, linear advertising revenues will only regain 68% of the prior 2019 spending levels. Television spending is forecasted to increase by 8% to RM879 million, representing 86% of the prior 2019 spending level following 2020's -21% decline while other linear advertising formats fared even worse, including radio (65% of prior levels) and out of home advertising (67% of prior levels).

According to Magna, linear advertising revenues have been hit so hard because Malaysia has very significant exposures to industries vulnerable to COVID-19 shutdowns and changes in consumer behaviour as a result of the crisis. Restaurants, retail and travel/ tourism sectors make up 62% of small and medium businesses in Malaysia and many of them have gone out of business or have made huge cuts to their ad spend in order to survive in the short term.

In terms of digital advertising spend in Malaysia, Magna forecasts it will increase by 19.3% to reach RM2.9 billion, representing 56% of total budgets which is an increase from 40% of budgets in 2019. Digital adoption was propelled by the pandemic with the increased use of devices as spending on mobile devices is forecasted to increase by 27%. Meanwhile, in terms of format, search, video and social, in that order, are leading the way. Although Malaysia's economic output is projected to regain all the momentum it lost in 2020, the recent spike in COVID-19 cases and the subsequent national lockdown may impact the forecasted economic activity.

(Source: Article entitled "Magna forecasts global advertising spend to surge this year, Malaysia to see 15.4% increase" dated 16 June 2021, marketingmagazine.com.my)

4.3 Additional Information

4.3.1 Current financial performance and financial position of the Group

The financial summary of the Group based on the audited consolidated results for the past 3 financial years up to the financial year ended ("**FYE**") 31 December 2020 and the latest unaudited quarterly results for the 3-month financial period ended ("**FPE**") 31 March 2021 is set out below:-

	<---------------------Audited	-------------------	------------------>	Unaudited
	FYE 31 December 2018 RM'000	**FYE 31 December 2019 RM'000**	**FYE 31 December 2020 RM'000**	**3-month FPE 31 March 2021 RM'000**
Revenue	17,572	14,561	8,824	1,334
Gross profit	6,839	5,942	2,215	660
(Loss) before tax ("**LBT**")	(281)	(98)	(5,212)	(1,588)
(Loss) after tax ("**LAT**")	(748)	(482)	(5,250)	(1,588)
(Loss) per Share (sen)	(1.85)	(1.19)	(12.95)	(3.92)
Gross profit margin (%)	38.92	40.81	25.10	49.48
Total interest-bearing borrowings	-	-	-	-
Total fixed deposits, cash and bank balances	5,195	3,589	4,132	2,984
Non-current assets	23,893	45,227	38,298	36,673
Current assets	37,184	22,680	21,643	20,697
Non-current liabilities	-	4,647	3,392	-
Current liabilities	7,899	10,563	9,103	11,212
Shareholders' funds/ net assets ("**NA**")	53,178	52,696	47,446	45,858
Total equity	53,178	52,696	47,446	46,158
Weighted average no. of Shares outstanding ('000)	40,533	40,533	40,533	40,533
NA per Share (RM)	1.31	1.30	1.17	1.13
Current ratio (times)	4.71	2.15	2.38	1.85
Gearing ratio (times)	-	-	-	-

FYE 31 December 2018

For the FYE 31 December 2018, the Group recorded revenue of RM17.57 million which represents a decrease of RM0.51 million or 2.82% as compared to the preceding financial year of RM18.08 million. The decrease in revenue was mainly due to lower demand for advertising by corporations which led to lower ADEX and media expenditure by corporations during the FYE 31 December 2018 as compared to the FYE 31 December 2017.

The Group recorded LBT of RM0.28 million for the FYE 31 December 2018 as compared to PBT of RM0.19 million for the preceding financial year. The LBT recorded was mainly due to the increase in cost of sales of RM0.69 million from RM10.13 million in the FYE 31 December 2017 to RM10.82 million in the FYE 31 December 2018. During the FYE 31 December 2018, the Group incurred higher rental of advertising site as a result of increased site rental costs and higher license fees imposed by local authorities.

FYE 31 December 2019

For the FYE 31 December 2019, the Group recorded revenue of RM14.56 million which represents a decrease of RM3.01 million or 17.13% as compared to the preceding financial year of RM17.57 million. The decrease in revenue was mainly attributable to the following:-

i. decrease in demand for the Group's media services for traditional (or static) outdoor advertising due to shifting demand by advertisers from traditional outdoor media to digital outdoor media; and

ii. removal of several of the Group's strategic billboard structures as a result of infrastructure projects by government, i.e. Light Rail Transit (LRT) 3 and Duke Highway 3.

The Group recorded LBT of RM0.10 million for the FYE 31 December 2019 which represents a decrease of RM0.18 million or 64.29% as compared to LBT of RM0.28 million for the preceding financial year. The decrease in LBT was mainly attributable to the decrease in other operating expenses of RM0.58 million from RM6.03 million in the FYE 31 December 2018 to RM5.45 million in the FYE 31 December 2019. During the FYE 31 December 2019, lower other operating expenses arose from the reversal of provision for license fees payable to authorities.

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 ADEX 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.

3-month FPE 31 March 2021

For the 3-month FPE 31 March 2021, the Group recorded revenue of RM1.33 million which represents a decrease of RM1.71 million or 56.25% as compared to the revenue of RM3.04 million for the preceding financial period. The decrease in revenue was mainly attributable to the implementation of the second MCO from 11 January 2021 until 5 March 2021 for multiple states including Selangor, Johor, Kuala Lumpur and Penang. The second MCO included travel restrictions which reduced road traffic and demand for outdoor advertising due to the loss of audience exposure.

The Group recorded LBT of RM1.59 million for the 3-month FPE 31 March 2021 which represents an increase of RM1.26 million or more than 100% as compared to LBT of RM0.33 million for the preceding financial period. The increase in LBT was mainly attributable to the decrease in gross profit of RM1.17 million from RM1.83 million in the 3-month FPE 31 March 2020 to RM0.66 million in the 3-month FPE 31 March 2021, which was in tandem with the lower revenue for the financial period under review.

4.3.2 Value creation to the Group and its shareholders

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

i. business/ investment opportunities including acquisitions/ investments in digital and technological advertising media companies as well as billboard companies to grow the Group's advertising business;

ii. capital expenditure for the advertising business comprising setting up new digital advertising structures (i.e. digital gantry and unipole) and upgrading existing advertising structures to support digital media and improve marketability. Such capital expenditure is expected to expand the Group's capacity to provide digital media services for advertising; and

iii. to finance the working capital requirements of the Group without relying solely on internally generated funds, which will allow the Group flexibility in respect of financial allocations for its operational requirements.

In addition, the Proposed Private Placement as compared to conventional bank borrowings as a form of fund raising will improve the Group's cash flow by preventing the Group from periodically servicing interest and repaying principal sums.

As set out in Section 4.3.3 of this announcement, the Proposed Private Placement is expected to enlarge the share capital of the Company from approximately RM40.53 million to RM58.64 million and increase its shareholders' funds/ NA from approximately RM47.45 million to RM65.48 million. In addition, we consider the Proposed Private Placement to be more expedient as compared to other larger scale equity fund raising exercises such as a rights issue, given that the placement funds will be paid within 5 market days from the price-fixing date of the Placement Shares, hence the Group will be able to raise necessary funds for the intended purposes on an expedient basis.

4.3.3 Impact of the Proposed Private Placement to the Group and its shareholders

The effects of the Proposed Private Placement on the Group's issued share capital, substantial shareholding structure, NA, gearing level and earnings and earnings per share ("**EPS**") are disclosed in Section 5 of this announcement.

Based on the indicative issue price of RM2.234 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of approximately RM18.11 million, which is expected to result in the following effects:-

	Audited as at 31 December 2020 RM'000	Pro forma I After the Proposed Private Placement[*1] RM'000
Issued share capital	40,533	58,643
No. of Shares ('000)	40,533	48,640
Current assets	21,643	39,673
Current liabilities	9,103	9,103
Current ratio (times)	2.38	4.36
NA	47,446	65,476
NA per Share (RM)	1.17	1.35
Gearing ratio (times)	-	-

Note:-

[*1] *Figures shown are upon completion of the Proposed Private Placement, i.e. after assuming 8,106,666 Placement Shares are issued at the indicative issue price of RM2.234 per Placement Share and deducting estimated expenses of RM0.08 million in relation to the Proposed Private Placement, and before the other utilisation of proceeds of the Proposed Private Placement.*

The Proposed Private Placement, which is expected to be completed by the third quarter of 2021, is not expected to have any material effect on the earnings and EPS of the Group for the FYE 31 December 2021. However, there will be a dilution in the EPS of the Group for the FYE 31 December 2021 due to the increase in the number of Seni Jaya Shares in issue arising from the Proposed Private Placement, as and when implemented.

While the Proposed Private Placement may have a dilutive effect on the Company's existing shareholders' shareholdings, the Proposed Private Placement will enlarge the share capital of the Company and increase its shareholders' funds as set out above.

4.3.4 Adequacy of the Proposed Private Placement in addressing the financial concerns of the Group and steps taken to improve the financial condition of the Group

At this juncture, the management of Seni Jaya is of the view that the Group's primary financial concern is the LAT recorded for the past 3 financial years up to the latest audited FYE 31 December 2020 and for the latest unaudited 3-month FPE 31 March 2021, as set out in Section 4.3.1 of this announcement.

Accordingly, to address the Group's financial concern, the management has undertaken and/ or plans to undertake the following:-

i. the Proposed Private Placement to raise proceeds for the expansion of the Group's advertising business via business/ investment opportunities which may include potential acquisitions/ investments in digital and technological advertising media companies as well as billboard companies and capital expenditures to set up new digital advertising structures and upgrade existing structures. In addition, the proceeds will be used to partially finance the Group's working capital without relying solely on internally generated funds, which will allow the Group flexibility in respect of financial allocations for its operational requirements and may enable the Group to carry out its operations in a more timely and efficient manner;

ii. Seni Jaya OOH Sdn Bhd, a wholly-owned subsidiary of Seni Jaya Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, had on 16 June 2021, entered into a sale and purchase agreement ("**SPA**") with Ms Chiong Miaw Thuan for the acquisition of 100% equity interest in Topper Media Sdn Bhd ("**TMSB**") for a total cash consideration of RM5,000,000 ("**Proposed Acquisition**"). TMSB, which is principally involved in investment holding, holds approximately 40% equity interest in Noisy Sherbert Sdn Bhd ("**NSSB**"), which in turn is principally involved in providing programmatic digital out-of-home media solutions.

    At present, NSSB has a digital rooftop partnership agreement ("**Partnership**") with a regional e-hailing company to install digital LED screens on the rooftops of its driver car fleet and run advertising media content ("**Advertising Space**") using NSSB's software. Under the Partnership, NSSB shall also sell the Advertising Space and in this respect, NSSB has appointed TMSB as its partner for sales and marketing for the Advertising Space through conventional channels such as media agencies and direct advertisers. The Partnership is targeted to commence in August 2021 with a tenure of 2 years, which is renewable for 1 additional year.

    The Proposed Acquisition is in line with the Group's intention to expand its advertising business, specifically in digital and technological advertising media;

iii. upgrading/ replacement of our advertising billboards – to improve margins, the Group had removed certain unprofitable advertising billboards due to oversupply of billboards and low demand of outdoor media at particular sites. In addition, the Group intends to upgrade some of its existing traditional (or static) advertising billboards at prime locations to LED display billboards to improve margins. For clarification, LED display billboards generally yield higher margins as compared to traditional advertising billboards as LED display billboards are more eye-catching and changing of advertising content is quicker and cheaper; and

iv. the Group is seeking for joint ventures with other media owners due to the limited number of prime advertising sites available, especially in Klang Valley. The Group currently has an incorporated joint venture with Big Tree Outdoor Sdn Bhd, namely Big Tree Seni Jaya Sdn Bhd (of which the Company holds 40% equity interest), which is principally involved in the provision of advertising space including, amongst others, advertising at Mass Rapid Transit (MRT) stations to generate a recurring revenue stream to the Group.

Barring any unforeseen circumstances, the Board is of the view that the Proposed Private Placement and the abovementioned steps may improve the Group's financial performance moving forward. At this juncture, save for the above, the Board is not considering any other corporate exercises to improve the Group's financial performance and condition. Nevertheless, the Board will continue to evaluate the Group's financial performance as well as the ongoing COVID-19 pandemic moving forward, and will consider undertaking future corporate exercises should the need/ opportunity arise. Should the Board identify any suitable and viable corporate exercises, the Board shall make the requisite announcements and/ or seek shareholders' approval in accordance with the Listing Requirements.

4.4 Future prospects of the Group

As set out in Section 2.6 of this announcement, the Group is principally involved in the business segment of advertising, which includes the provision of media services for outdoor and indoor advertising as well as supply of advertising materials.

The COVID-19 pandemic and the movement control orders implemented by the Malaysian government in response has affected the advertising industry in Malaysia as set out in Section 4.2 of this announcement, which in turn has impacted the Group's business. Nevertheless, the Group anticipates that the advertising segment will recover over the long-term, in line with the recovery of the broader economy supported by the RM322.5 billion federal budget of the Malaysian government for 2021, gradual improvement of labour market conditions and the ongoing COVID-19 vaccine rollout.

As set out in Section 4.3.4 of this announcement, the Group is currently focused on expanding its advertising business, specifically in digital and technological advertising media (e.g. LED display billboards and digital signages). The Group has already undertaken the replacement of certain unprofitable advertising billboards and intends to upgrade some of its existing advertising billboards to LED display billboards to improve the Group's margins. The Board is also exploring business expansion opportunities via the acquisition of and collaboration with company(ies) in the advertising industry and/ or potential strategic joint ventures with other media owners. Accordingly, the Group had on 16 June 2021 entered into the SPA for the Proposed Acquisition as set out in Section 4.3.4 of this announcement.

In line with the above, the Group is undertaking the Proposed Private Placement to raise the necessary funds for the Group's expansion plans for its advertising business. Part of the proceeds to be raised from the Proposed Private Placement is intended for potential business/ investment opportunities in the advertising segment, which may include the acquisition of digital and technological advertising media companies as well as billboard companies that synergise with the Group's existing product portfolios. Further, the Group will allocate proceeds to finance the capital expenditures of its advertising business, comprising the set-up of new digital advertising structures and upgrade of existing advertising structures to support digital media, which is anticipated to expand revenue contribution from the advertising business premised on the growing demand for outdoor digital media by advertisers in Malaysia.

Barring any unforeseen circumstances and premised on the above as well as the relevant economy and industry outlook, the Board is cautiously optimistic of the Group's future prospects.

(Source: Management of Seni Jaya)

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 the Company are set out below:-

	No. of Shares	RM
Issued share capital as at the LPD	40,533,330	40,533,330
Shares to be issued pursuant to the Proposed Private Placement	8,106,666	18,110,292*1
Enlarged issued share capital	**48,639,996**	**58,643,622**

Note:-

*1 *Computed based on the indicative issue price of RM2.234 per Placement Share*

5.2 NA per Share and gearing

Based on the latest audited consolidated statements of financial position of the Group as at 31 December 2020, the pro forma effects of the Proposed Private Placement on the NA per Share and gearing of the Group are set out as follows:-

	Audited as at 31 December 2020 RM	After the Proposed Private Placement RM
Share capital	40,533,330	58,643,622*1
Retained earnings	6,912,742	6,832,742*1
Total equity/ NA	**47,446,072**	**65,476,364**
No. of Shares in issue	40,533,330	48,639,996*1
NA per Share	1.17	1.35
Total borrowings	-	-
Gearing ratio (times)	-	-

Note:-

*1 *Assuming 8,106,666 Placement Shares are issued at the indicative issue price of RM2.234 per Placement Share and deducting estimated expenses of RM0.08 million in relation to the Proposed Private Placement.*

5.3 Earnings and EPS

The Proposed Private Placement, which is expected to be completed by the third quarter of 2021, is not expected to have any material effect on the earnings and EPS of the Group for the FYE 31 December 2021. However, there will be a dilutive effect on the EPS of the Group for the FYE 31 December 2021 due to the increase in number of Seni Jaya Shares in issue arising from the Proposed Private Placement, as and when implemented.

5.4 Substantial shareholding structure

The pro forma effects of the Proposed Private Placement on the substantial shareholders' shareholdings of the Company as at the LPD are set out below:-

	Shareholdings as at the LPD				After the Proposed Private Placement[*1]			
	<-------------Direct----------->		<----------Indirect---------->		<------------Direct----------->		<-----------Indirect----------->	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Sri Anne Teo	5,954,866	14.69	-	-	5,954,866	12.24	-	-
Datin Lee Nai Yee	6,903,130	17.03	-	-	6,903,130	14.19	-	-

Note:-

*[*1] Assuming the Proposed Private Placement does not give rise to the emergence of any new substantial shareholder(s)*

5.5 Convertible securities

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

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6. APPROVALS REQUIRED

The Proposed Private Placement is subject to the following approvals:-

(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 authority, if required.

The Company had obtained the approval from its shareholders at the Twenty-Eighth AGM held on 28 June 2021, whereby pursuant to the Act, the Board has been authorised to allot and issue new Seni Jaya Shares provided that the number of new Seni Jaya Shares to be issued does not exceed 20% of the total number of issued shares of the Company to be utilised until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Securities' letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter, the authority shall be reinstated from 20% to 10% of the total number of issued Shares of the Company for the time as stipulated under Paragraph 6.03(1) of the Listing Requirements. 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 proposals undertaken or to be undertaken by the Company.

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

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

8. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Private Placement, 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 all required approvals being obtained, the Proposed Private Placement is expected to be completed by the third quarter of 2021.

10. APPLICATION TO THE AUTHORITIES

The application to the relevant authorities 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 Placement Agent for the Proposed Private Placement.

This announcement is dated 7 July 2021.