

**THIS CIRCULAR TO SHAREHOLDERS OF SANICHI TECHNOLOGY BERHAD (“SANICHI” OR THE “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. This Circular has been reviewed by TA Securities Holdings Berhad, being the Principal Adviser to the Company for the Proposals (as defined herein).

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**SANICHI TECHNOLOGY BERHAD**

**SANICHI TECHNOLOGY BERHAD**

(Registration No. 200401023320 (661826-K))

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

- (I) PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN SANICHI (“SANICHI SHARES” OR “SHARES”) INTO 1 SANICHI SHARE (“PROPOSED SHARE CONSOLIDATION”);**
- (II) PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF SANICHI PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“PROPOSED SHARE CAPITAL REDUCTION”); AND**
- (III) PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS PREVIOUSLY RAISED FROM THE RIGHTS ISSUE WITH WARRANTS EXERCISE UNDERTAKEN BY THE COMPANY THAT WAS COMPLETED ON 28 MAY 2021 (“PROPOSED VARIATION”)**

**(COLLECTIVELY, THE “PROPOSALS”)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Principal Adviser**

**TA SECURITIES**

AN UNWAVERING COMMITMENT

**TA SECURITIES HOLDINGS BERHAD**

(Registration No. 197301001467 (14948-M))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company (“EGM”) will be conducted on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Sanichi Tower, Level 7, Tower 11, Avenue 5, Bangsar South, 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 28 November 2024 at 2.30 p.m. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the Company’s share registrar’s office at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia or fax to 03-6201 3121 or email to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than 48 hours before the date and time indicated below or at any adjournment thereof. The completion and lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy	:	Tuesday, 26 November 2024 at 2.30 p.m.
Date and time of the EGM	:	Thursday, 28 November 2024 at 2.30 p.m.
Broadcast Venue of the EGM	:	Sanichi Tower, Level 7, Tower 11, Avenue 5, Bangsar South, 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

This Circular is dated 1 November 2024

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

<b>Act</b>	: Companies Act 2016, as amended from time to time and includes any re-enactment thereof
<b>Annual Report 2024</b>	: Annual Report 2024 announced by the Company on 31 July 2024
<b>Board</b>	: The Board of Directors of Sanichi
<b>Books Closing Date</b>	: A date to be determined and announced later by the Board, at the close of business on which the Shareholders must be registered in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Share Consolidation
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
<b>By-Laws</b>	: The by-laws governing the ESOS
<b>Circular</b>	: This circular to Shareholders in relation to the Proposals
<b>Consolidated Shares</b>	: Shares that have been consolidated following the completion of the Proposed Share Consolidation
<b>COVID-19</b>	: Coronavirus disease of 2019
<b>Directors</b>	: Directors of the Company for the time being and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007 and Director shall be construed accordingly
<b>EGM</b>	: Extraordinary general meeting of the Company
<b>EPS</b>	: Earnings per Share
<b>ESOS</b>	: Employees' share option scheme of the Company which took effect on 19 August 2021 for a period of 5 years
<b>ESOS Options</b>	: Options granted or which may be granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
<b>FPE</b>	: Financial period ended
<b>FYE</b>	: Financial year ended / ending, as the case may be
<b>GL</b>	: Gross loss
<b>GP</b>	: Gross profit
<b>IMR Report</b>	: Independent market research report on the precision mould and die industry and plastics industry in Malaysia dated 29 October 2024 prepared by SMITH ZANDER
<b>LAT</b>	: Loss after taxation
<b>LBT</b>	: Loss before taxation

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**DEFINITIONS (CONT'D)**

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<b>Listing Requirements</b>	: ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
<b>LPD</b>	: 4 October 2024, being the latest practicable date prior to the printing of this Circular
<b>LPS</b>	: Loss per Share
<b>Marina Point Project</b>	: An ongoing property development project of the Company located at Klebang, Melaka, further details of which are set out in <b>Section 2.3</b> of this Circular
<b>Market Day</b>	: Any day on which Bursa Securities is open for trading in securities
<b>NA</b>	: Net assets
<b>Proposals</b>	: Collectively, the Proposed Share Consolidation, Proposed Share Capital Reduction and Proposed Variation
<b>Proposed Share Capital Reduction</b>	: Proposed reduction of the issued share capital of Sanichi pursuant to Section 117 of the Act
<b>Proposed Share Consolidation</b>	: Proposed consolidation of every 10 existing Sanichi Shares held by the Shareholders on the Books Closing Date into 1 Consolidated Share
<b>Proposed Variation</b>	: Proposed variation to the utilisation of proceeds previously raised from the Rights Issue 2021
<b>Record of Depositors</b>	: A record of securities holders provided by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991, including any amendments made thereto from time to time
<b>Rights Issue 2021</b>	: Rights issue of shares with free warrants involving the issuance of 1,202,623,503 new Sanichi Shares at an issue price of RM0.08 per Share together with 601,311,751 Warrants F (on the basis of 6 rights shares together with 3 free Warrants F for every 1 existing Share) which was approved by the Shareholders at the EGM on 18 March 2021 and subsequently completed on 28 May 2021
<b>Rights Issue Proceeds</b>	: In the context of the Proposed Variation as stated in this Circular, being the unutilised proceeds of RM75.74 million previously raised from the Rights Issue 2021
<b>RM and sen</b>	: Ringgit Malaysia and sen respectively
<b>Sanichi or the Company</b>	: Sanichi Technology Berhad (200401023320 (661826-K))
<b>Sanichi Group or the Group</b>	: Collectively, Sanichi and its subsidiaries
<b>Sanichi Shares or Shares</b>	: Ordinary shares in the Company
<b>Shareholders</b>	: Registered holders of Sanichi Shares
<b>SMITH ZANDER or IMR</b>	: Smith Zander International Sdn Bhd (201301028298 (1058128-V))
<b>SOHO</b>	: Small office, home office

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**DEFINITIONS (CONT'D)**

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**TA Securities or the Principal Adviser** : TA Securities Holdings Berhad (197301001467 (14948-M))

**VWAP** : Volume-weighted average market price

**Warrants F** : Warrants 2021/2024 of the Company which has expired on 20 May 2024. Each Warrant F holder was entitled the right to subscribe for 1 Sanichi Share at an exercise price of RM0.10

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the tables between the amounts stated, actual figures and the totals thereof in this Circular are due to rounding.

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## EXECUTIVE SUMMARY

This Executive Summary of the Proposals only highlights the key information from other parts of this Circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Circular for further details before voting at the EGM.

### Summary

#### **Summary of the Proposals**

##### Proposed Share Consolidation

Consolidation of every 10 existing Shares held by the Shareholders, whose names appear in the Company's Record of Depositors at the close of business on the Books Closing Date, into 1 Consolidated Share.

##### Proposed Share Capital Reduction

Reduction of the issued share capital of Sanichi via the cancellation of issued share capital which is lost or unrepresented by available assets of up to RM55.00 million pursuant to Section 117 of the Act. The corresponding credit of up to RM55.00 million arising from the Proposed Share Capital Reduction will be solely utilised to set-off against the accumulated losses of the Company.

##### Proposed Variation

Proposed variation to the utilisation of the Rights Issue Proceeds in the following manner:

<b>Purpose</b>	<b>Proposed utilisation pursuant to the Proposed Variation (RM'000)</b>	<b>Estimated timeframe for utilisation from the Proposed Variation taking effect</b>
Repayment of bank borrowings	29,038	Within 6 months
Funding for the Marina Point Project	29,000	Within 6 months
Working capital for the Group's plastic moulding business	17,697	Within 24 months
<b>Total</b>	<b>75,735</b>	

Please refer to **Section 2** of this Circular for further information.

#### **Rationale for the Proposals**

##### Proposed Share Consolidation

The reduction in the number of Shares available in the market may reduce the volatility of the trading price for the Shares. As the Shares are currently traded at relatively low price range, a small movement in the share price may be significant in percentage terms.

##### Proposed Share Capital Reduction

It allows the Group to reduce its accumulated losses and enhance both the Company's and the Group's credibility with bankers, customers, suppliers, investors and other stakeholders.

##### Proposed Variation

The Proposed Variation represents an avenue for the Company to reallocate the Rights Issue Proceeds for its property development and plastic moulding businesses as well as repayment of bank borrowings, which are expected to contribute positively to the financial performance and financial position of the Group.

Please refer to **Section 3** of this Circular for further information.

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**EXECUTIVE SUMMARY (CONT'D)**

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**Approvals required**

- (i) Bursa Securities for the Proposed Share Consolidation;
- (ii) Shareholders for the Proposals at the forthcoming EGM; and
- (iii) approvals / consents from any other relevant parties / authorities, if required.

The approval of Bursa Securities was obtained on 22 October 2024. Please refer to **Section 8** of this Circular for further information.

**Interests of Directors, major Shareholders, chief executive and/or persons connected with them**

None of the Directors, major Shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposals apart from their respective entitlements as Shareholders under the Proposed Share Consolidation, which all other Shareholders are similarly entitled to.

Please refer to **Section 10** of this Circular for further information.

**Board's recommendation**

The Board recommends that you VOTE IN FAVOUR of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM, the details of which are set out in this Circular, and the Notice of EGM as enclosed.

Please refer to **Section 11** of this Circular for further information.

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## **SANICHI TECHNOLOGY BERHAD**

**SANICHI TECHNOLOGY BERHAD**  
(Registration No. 200401023320 (661826-K))  
(Incorporated in Malaysia)

### **Registered Office**

Unit 27.2, Menara 1MK  
Kompleks 1 Mont Kiara  
No.1 Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur

1 November 2024

### **Board of Directors**

Dato' Abd Halim Bin Abd Hamid (Non-Independent Non-Executive Chairman)  
Dato' Sri Dr Pang Chow Huat (Group Managing Director)  
Yong Ket Inn (Independent Non-Executive Director)  
Ong Tee Kein (Non-Independent Non-Executive Director)  
Datin Erdawaty Binti Mohamed (Independent Non-Executive Director)

### **PROPOSALS**

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#### **1. INTRODUCTION**

On 4 October 2024, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 22 October 2024, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 22 October 2024 granted its approval for the Proposed Share Consolidation.

The approval of Bursa Securities is subject to the conditions as set out in **Section 8** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM.**

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## 2. DETAILS OF THE PROPOSALS

### 2.1 Proposed Share Consolidation

The Proposed Share Consolidation entails the consolidation of every 10 existing Shares held by the Shareholders, whose names appear in the Company's Record of Depositors at the close of business on the Books Closing Date, into 1 Consolidated Share. The consolidation ratio of every 10 existing Shares into 1 Consolidated Share was arrived at after considering the following:

- (i) the theoretical market price of each Share and the reduced number of Shares in issue after the Proposed Share Consolidation. The reduction in the number of Shares available in the market may reduce the volatility of the trading price for the Shares. As the Shares are currently traded at relatively low price range, a small movement in the share price may be significant in percentage terms; and
- (ii) the higher share price resulting from the Proposed Share Consolidation will provide the Company with more flexibility in fixing the issue price for future corporate proposals, if any.

After taking into consideration the rationale and justifications as set out above, the Board is of the opinion that the consolidation ratio of every 10 existing Shares into 1 Consolidated Share is a ratio that meets the Company's rationale for the Proposed Share Consolidation as set out in **Section 3.1** of this Circular.

As at the LPD, the issued share capital of the Company is RM349,295,127 comprising 1,643,095,559 Shares. The Company does not have any treasury shares and there is no outstanding ESOS Option which has been granted but yet to be exercised as at the LPD. The Company does not intend to grant any ESOS Options prior to the completion of the Proposed Share Consolidation.

As such, the Proposed Share Consolidation shall involve the consolidation of the 1,643,095,559 Shares as at the LPD into 164,309,555 Consolidated Shares. Fractional entitlements of the Consolidated Shares arising from the Proposed Share Consolidation, if any, shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

**THE PROPOSED SHARE CONSOLIDATION WILL RESULT IN A REDUCTION IN THE NUMBER OF SHARES AVAILABLE IN THE MARKET AND THE TRADING PRICE OF THE SHARES WILL BE ADJUSTED ACCORDINGLY IN PROPORTION TO THE BASIS OF THE PROPOSED SHARE CONSOLIDATION. YOU ARE STRONGLY ADVISED TO TRADE CAUTIOUSLY TO PREVENT OVERSELLING OF YOUR POSITION IN RESPECT OF YOUR SHARES.**

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### 2.1.1 Theoretical adjusted reference price of the Consolidated Shares

The Proposed Share Consolidation will result in an adjustment to the reference price of the Shares as quoted on the ACE Market of Bursa Securities but theoretically shall not have any impact on the total market value of these securities held by the Shareholders.

For illustration, based on the last transacted market price of the Shares as at the LPD, the theoretical adjusted reference price of the Consolidated Shares upon completion of the Proposed Share Consolidation is as follows:

	No. of Shares	Closing market price / Theoretical adjusted reference price per Share (RM)	Total value <sup>(1)</sup> (RM)
As at the LPD	1,643,095,559	0.015	24,646,433
After the Proposed Share Consolidation	164,309,555	<sup>(2)</sup> 0.150	24,646,433

Notes:

(1) The total value is arrived at by multiplying the number of Shares with the closing market price / theoretical adjusted reference price per Share.

(2) The theoretical adjusted reference price is arrived at based on the following formula:

$$\begin{aligned}
 \text{Theoretical adjusted reference price} &= \text{Market price per Share} \times \frac{\text{Number of Shares before the Proposed Share Consolidation}}{\text{Number of Shares after the Proposed Share Consolidation}} \\
 &= \text{RM0.015} \times \frac{1,643,095,559}{164,309,555} \\
 &= \text{RM0.150}
 \end{aligned}$$

Based on the illustration above, the Proposed Share Consolidation will increase the reference price of the Shares but it will not have any impact on the total value of the Shares, save for the following:

- (i) fractional entitlements which shall be disregarded and/or dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company; and
- (ii) potential differential in the traded prices of odd lots by Shareholders holding the Shares in odd lots resulting from the Proposed Share Consolidation.

Fractional entitlement refers to entitlement of less than 1 Share arising from the Proposed Share Consolidation whilst odd lot refers to a shareholding of less than 100 Shares in total or of any quantity which is not a multiple of 100 Shares.

It should be further noted that odd lots can still be traded in the odd lot market of Bursa Securities, albeit they may be relatively illiquid and with different pricing, which may be at a premium or discount relative to the prevailing market price of the Shares.

For illustration, there was only 457 Shares traded in the odd lot market of Bursa Securities for the past 12 months up to the LPD. The aforesaid Shares were traded at prices ranging between a discount of 67.32% and 80.00% as compared to the prevailing daily VWAP of the Shares on the same day. (Source: Bloomberg)

## 2.1.2 Ranking of the Consolidated Shares

The Consolidated Shares shall rank equally in all respects with one another.

## 2.1.3 Suspension of trading, listing date and notices of allotment

There will not be any suspension of trading of the Shares on the ACE Market of Bursa Securities pursuant to the Proposed Share Consolidation.

The Consolidated Shares will be listed and quoted on the ACE Market of Bursa Securities on the next Market Day after the Books Closing Date.

The notices of allotment of the Consolidated Shares will be issued and despatched to the entitled holders within 4 Market Days after the listing and quotation of the Consolidated Shares on the ACE Market of Bursa Securities.

## 2.2 Proposed Share Capital Reduction

The Proposed Share Capital Reduction entails the reduction of the issued share capital of the Company via the cancellation of the issued share capital which is lost or unrepresented by available assets of up to RM55.00 million pursuant to Section 117 of the Act.

The corresponding credit of up to RM55.00 million arising from the Proposed Share Capital Reduction will be solely utilised to set-off against the accumulated losses of the Company.

For illustration purposes only, the pro forma effects of the Proposed Share Capital Reduction on the Company's and the Group's accumulated losses based on the latest audited consolidated financial statements of the Group for the 15-month FPE 31 March 2024 and the unaudited consolidated financial statements of the Group for the 3-month FPE 30 June 2024 are as follows:

	Audited as at 31 March 2024		Unaudited as at 30 June 2024	
	Company (RM)	Group (RM)	Company (RM)	Group (RM)
Accumulated losses	(44,028,987)	(92,358,835)	(44,087,779)	(93,927,725)
Add: Credit arising from the Proposed Share Capital Reduction	55,000,000	55,000,000	55,000,000	55,000,000
Less: Estimated expenses for the Proposals	(280,000)	(280,000)	(280,000)	(280,000)
<b>Resultant retained earnings / (accumulated losses)</b>	<b>10,691,013</b>	<b>(37,638,835)</b>	<b>10,632,221</b>	<b>(39,207,725)</b>

Subject to and subsequent to the approval of the Proposed Share Capital Reduction by the Shareholders at the forthcoming EGM, the Proposed Share Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged in the appropriate register in accordance with Section 119 of the Act.

For avoidance of doubt, the Proposed Share Capital Reduction will not result in:

- (a) any adjustments to the reference price of the Shares;
- (b) any changes in the total number of Shares in issue or the number of Shares held by the Shareholders;
- (c) any payment to the Shareholders; and
- (d) any cash outflow or change in the NA of Sanichi, save for the estimated expenses to be incurred in relation to the Proposals which will be funded through internally generated funds.

### 2.3 Proposed Variation

On 28 May 2021, the Company completed the Rights Issue 2021 and raised total gross proceeds of approximately RM96.21 million. As at the LPD, the proceeds have been utilised as follows:

Utilisation of proceeds	Timeframe for utilisation	Proposed utilisation <sup>(1)</sup> (RM'000)	Actual proceeds utilised <sup>(2)</sup> (RM'000)	Balance proceeds (RM'000)
Acquisition of factory building for the glove business	By 31 December 2024	38,000	-	38,000
Capital expenditure for the glove business	By 31 December 2024	41,500	-	26,500
Working capital for the glove business	By 31 December 2024	16,050	-	11,235
Expenses for the Rights Issue 2021	Immediate	660	660	-
Funding for the Marina Point Project	-	-	15,000	-
General working capital of the Group	-	-	4,815	-
<b>Total</b>		<b>96,210</b>	<b>20,475</b>	<b>75,735</b>

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Notes:

- (1) Based on the intended use of the proceeds as set out in the abridged prospectus dated 23 April 2021 in respect of the Rights Issue 2021.
- (2) Based on the Annual Report 2024 and quarterly report for the FPE 30 June 2024, the Company has varied and utilised approximately RM19.82 million of the proceeds raised from the Rights Issue 2021 (which was originally earmarked for capital expenditure and working capital for the glove business) for the following purposes:
  - (i) RM15.00 million to part finance property development costs of the Marina Point Project. The aforesaid proceeds have been utilised for, among others, payments to contractors, suppliers and consultants as well as material costs. Further details of the Marina Point Project are set out in ensuing parts of this section; and
  - (ii) RM4.82 million for general working capital of the Group mainly consists of staff costs.

The aforesaid variation of RM19.82 million represented approximately 20.60% of the total proceeds raised from the Rights Issue 2021 and hence, was not subject to the approval from Shareholders.

As shown above, the Company has yet to utilise approximately RM75.74 million of the proceeds raised from the Rights Issue 2021 that was originally earmarked mainly to fund the Group's venture into the glove business.

Following the outbreak of the COVID-19 pandemic in March 2020, there had been an overall increase in demand for personal protective equipment to curb the spread of the COVID-19, and in particular rubber gloves. Capitalising on such opportunity, the Group had intended to venture into the glove business and had undertaken the Rights Issue 2021 to raise the funds required for the aforesaid venture, which was envisaged to include the following:

- (i) acquiring a factory building to house production facilities of the glove business;
- (ii) capital expenditures for 6 double former glove-dipping lines, including ancillary facilities as well as installation and commissioning costs; and
- (iii) working capital for the glove business which shall include the purchase of raw materials as well as staff costs.

Notwithstanding the above, the favourable condition of the glove industry was short-lived. As countries across the globe imposed various containment measures and rolled out vaccines to control the pandemic, the adverse impact arising from the COVID-19 pandemic had gradually subsided. In line with the foregoing, there was a decrease in demand for rubber gloves followed by a decrease in the average selling prices for rubber gloves. The management had adopted the approach to continuously monitor the condition of the glove industry prior to making a decision to commence its venture into the glove business.

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As at the LPD, the management views that the prospects of the glove industry remain unfavourable and therefore proceeding with the Group's venture into the glove business may not be in the best interest of the Company. Premised on this, the Company has resolved to reallocate the Rights Issue Proceeds for the following purposes:

Utilisation of proceeds	Estimated timeframe for utilisation from the Proposed Variation taking effect	Amount (RM'000)
(i) Repayment of bank borrowings	Within 6 months	29,038
(ii) Funding for the Marina Point Project	Within 6 months	29,000
(iii) Working capital for the Group's plastic moulding business	Within 24 months	17,697
<b>Total</b>		<b>75,735</b>

**(i) Repayment of bank borrowings**

As at the LPD, the Group's total borrowings amounted to approximately RM30.75 million, comprising bank overdrafts, hire purchase and term loans. The Group intends to utilise part of the proceeds to fully settle its outstanding term loans, further details of which are set out as follows:

Term loan	Repayment and maturity profile	Interest rate per annum (%)	Amount outstanding as at the LPD (RM'000)	Estimated annual interest savings (RM'000)
Term loan 1 <sup>(1)</sup>	Monthly repayment with final maturity date in September 2031	Base lending rate ("BLR") <sup>(3)</sup> + 0.75%	22,931	1,708
Term loan 2 <sup>(2)</sup>	Monthly repayment with final maturity date in December 2039	BLR <sup>(3)</sup> – 2.10%	2,231	103
Term loan 3 <sup>(2)</sup>	Monthly repayment with final maturity date in December 2039	BLR <sup>(3)</sup> – 2.10%	3,876	178
<b>Total</b>			<b>29,038</b>	<b>1,989</b>

**Notes:**

- (1) Term loan 1 was drawn down in October 2019 to finance the purchase of the Group's office building bearing the address Tower 11, Avenue 5, The Horizon, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, also known as the Sanichi Tower.
- (2) Term loan 2 and Term loan 3 were drawn down in January 2020 to finance the Group's working capital.
- (3) The applicable BLR as at the LPD was 6.70% per annum.

As set out above, the settlement of the outstanding term loans is expected to result in interest savings of approximately RM1.99 million per annum based on their respective interest rates which range from 4.60% to 7.45% as at the LPD.

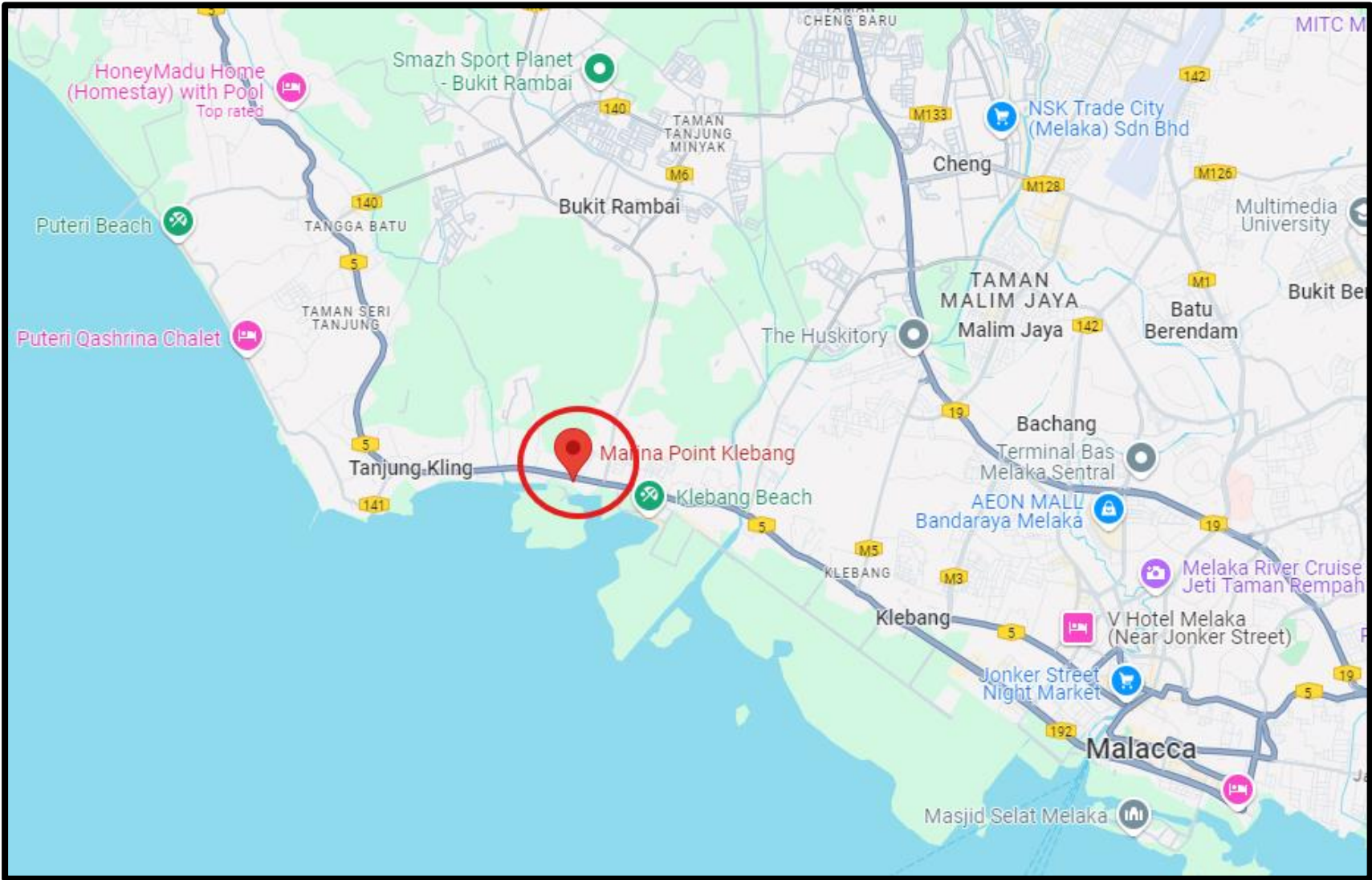
In the event the amounts above are reduced resulting from further repayments, any excess proceeds after the settlement of the term loans above shall be used for the Group's working capital.

**(ii) Funding for the Marina Point Project**

The Marina Point Project is the Group's first property development project since the Group diversified into the property development business in 2014. Further details of the Marina Point Project are as follows:

<b>Marina Point Project</b>	
Project location	Geran 14939, Lot 129, Pekan Klebang, Seksyen 1, District of Melaka Tengah, State of Melaka
Land area	8,672 square meters
Tenure	Freehold
Brief project details	<p>A mixed development project comprising the following:</p> <p>(a) 17 floors of serviced apartments comprising 352 SOHO units (for sale);</p> <p>(b) 3 floors of shopping podium comprising 122 retail units (for sale);</p> <p>(c) 1 floor of facilities / amenities comprising, amongst others, swimming pool, children's pool, sauna, gymnasium, meeting rooms and function rooms (complementary features);</p> <p>(d) 1 floor of rooftop garden (complementary features); and</p> <p>(e) 3 ½ floors of car park comprising 585 parking lots (complementary features).</p>
Total estimated gross development value	RM265 million
Total estimated gross development cost	RM172 million
Commencement date	January 2017
Expected completion date	First quarter of 2025
Percentage of completion as at the LPD	94.00%
Take-up rate as at the LPD	SOHO units: 39.00% Retail units: 46.00%

A snapshot of the location of the Marina Point Project and its surrounding landmarks is as follows:





As at the LPD, the Group has incurred a total development cost of RM143.00 million for the Marina Point Project. This was mainly funded via internally generated funds and proceeds previously raised from the rights issue and private placement exercises undertaken by the Company which were completed in December 2018 and December 2020 respectively.

Following the above, the Group intends to meet the estimated balance funding requirement for the Marina Point Project of approximately RM29.00 million via the Proposed Variation as set out below:

Description	Estimated balance funding requirement (RM'000)
Construction costs	20,500
Interior design and renovation costs	7,800
Professional fees	700
<b>Total</b>	<b>29,000</b>

In the event the actual funding requirement is less than the estimated amount above, the excess of the allocated proceeds shall be allocated for the working capital of the Group's plastic moulding business. Conversely, if the actual funding requirement is higher than the estimated amount above, the deficit will be funded from the proceeds allocated for the Group's plastic moulding business.

**(iii) Working capital for the Group's plastic moulding business**

As at the LPD, the Group's net cash and bank balances after excluding the Rights Issue Proceeds amounted to approximately RM13.57 million. Based on the latest audited consolidated financial statements of the Group for the 15-month FPE 31 March 2024, the Group incurred approximately RM4.64 million for the purchase of raw materials for its plastic moulding business and RM5.19 million for operating expenses (after excluding non-cash expenses). These translate into an estimated monthly requirement of RM0.31 and RM0.35 million for the purchase of raw materials and operating expenses for the Group's plastic moulding business, respectively.

Considering the foregoing, the Proposed Variation represents an expedient means for the Group to have the necessary funding to meet the aforesaid requirements. The Group intends to allocate RM17.70 million for the Group's plastic moulding business, which involves the designing and fabrication of precision moulds and tooling for use in automobile, as follows:

Working capital	Amount (RM'000)
Purchase of raw materials <sup>(1)</sup>	8,000
Other operating expenses such as utilities, staff salaries, rental costs, transportation costs, marketing costs and other miscellaneous items <sup>(2)</sup>	9,697
<b>Total</b>	<b>17,697</b>

Notes:

- (1) These comprise raw materials required for the Group's plastic moulding business such as steel, plastic resins and other loose components including water manifolds, connectors, plugs and hydraulic cylinders.

- (2) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group for its plastic moulding business at the relevant time.

As the Proposed Variation entails the variation of more than 25% of the total proceeds raised from the Rights Issue 2021 of RM96.21 million (i.e. 78.72%), this is deemed a material change to the utilisation of proceeds raised from the Rights Issue 2021 in accordance with Rule 8.24(2)(a) of the Listing Requirements. Accordingly, the Company is required to seek for its Shareholders' approval for the Proposed Variation.

### 3. RATIONALE FOR THE PROPOSALS

#### 3.1 Proposed Share Consolidation

The Proposed Share Consolidation is part of the Company's capital management plan to improve its capital structure.

As at the LPD, the last traded price of the Shares is RM0.015 and the Company has 1,643,095,559 Shares in issue. Following the completion of the Proposed Share Consolidation, the theoretical market price of each Share will increase by 10 times and the total number of Shares in issue will be reduced by the corresponding ratio.

The reduction in the number of Shares available in the market may reduce the volatility of the trading price for the Shares. As the Shares are currently traded at relatively low price range, a small movement in the share price may be significant in percentage terms. The monthly VWAP as well as volatility of the Sanichi Shares for the past 12 full trading months prior to the LPD are illustrated as follows:

Month	Monthly VWAP (RM)	Volatility against the preceding month (%)
October 2023	0.0200	25.00
November 2023	0.0152	(24.00)
December 2023	0.0232	52.63
January 2024	0.0250	7.76
February 2024	0.0200	(20.00)
March 2024	0.0221	10.50
April 2024	0.0183	(17.19)
May 2024	0.0200	9.29
June 2024	0.0182	(9.00)
July 2024	0.0199	9.34
August 2024	0.0150	(24.62)
September 2024	0.0153	2.00

(Source: Bloomberg)

Based on the above, the monthly volatility of the Shares for the past 12 full trading months up to the LPD ranged between -24.62% and 52.63%. In addition, the highest and lowest monthly VWAPs recorded during the aforesaid period was RM0.0250 (January 2024) and RM0.0150 (August 2024) and respectively, representing a volatility of approximately RM0.01 or 66.67%.

Notwithstanding this, Shareholders should note that the Proposed Share Consolidation is not expected to alter the total value of the Consolidated Shares to be held by them.

### **3.2 Proposed Share Capital Reduction**

The Proposed Share Capital Reduction will enable the Company and the Group to rationalise their financial positions by reducing the accumulated losses to more appropriately reflect the value of the underlying assets and financial positions. In addition, the reduction of accumulated losses is expected to enhance the credibility of both the Company and the Group with the bankers, customers, suppliers, investors and other stakeholders.

### **3.3 Proposed Variation**

As set out in **Section 2.3** above, the Rights Issue Proceeds was originally intended for the Group's venture into the glove business. However, the prospects of the glove industry have remained unfavourable following the overall recovery of the COVID-19 pandemic, and therefore proceeding with the Group's venture into the glove business may not be in the best interest of the Company.

In view of the above, the Proposed Variation represents an avenue for the Company to reallocate the Rights Issue Proceeds for its existing businesses, which can better contribute to the overall financial performance of the Group. In this regard, the Proposed Variation is expected to provide the following benefits to the Group:

- (i) reduce its borrowings, which then allows the Group to reduce its interest service commitment. Additionally, this will improve the financial position of the Group by lowering its gearing level, thereby providing the Group with further headroom to raise debt for financing its other business needs;
- (ii) providing the Group with the required funds to complete the development of the Marina Point Project. Based on the estimated gross development value and gross development costs of this project, the Marina Point Project is expected to contribute an estimated development profit of approximately RM93.00 million to the Group; and
- (iii) allowing the Group to utilise part of the Rights Issue Proceeds for the working capital for the Group's plastic moulding business.

These are expected to contribute positively to the financial performance and financial position of the Group.

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## **4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS**

### **4.1 Overview and outlook of the Malaysian economy**

The Malaysian economy grew by 3.7% despite facing challenges stemming from weak external demand, disruptions in commodity production and higher cost of living. Growth was mainly supported by resilient domestic demand and recovery in tourism activities. On the external front, exports declined due to subdued global demand, lower commodity prices and shifts towards services spending. Additionally, improving labour market conditions coupled with supportive policy measures helped household spending, especially among the vulnerable households affected by higher cost of living. Private sector capital spending drove overall investment activity, particularly in information technology and electrical and electronics (“E&E”). In tandem with external trade performance, export-oriented industries saw some moderation in growth. Nonetheless, all sectors continued to expand in 2023.

The Malaysian economy is projected to grow between 4.0% and 5.0% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand. Growth will be driven by resilient domestic expenditure, with additional support from the expected recovery in exports. Tourism is expected to improve further, while the implementation of new and ongoing multi-year projects by both the private and public sectors would support investment activity. Nevertheless, domestic growth remains subject to downside risks from both external and domestic factors. External factors include a weaker-than-expected global growth and further escalation of geopolitical conflict. Domestically, more severe shocks on commodity production and the implementation of subsidy rationalisation could also weigh on the growth outlook, although this could be partially offset by targeted cash assistance from the Government. Greater spillover from the tech upcycle, stronger-than-expected tourism activity, and faster implementation of existing and new investment projects would provide upside risks to the domestic growth.

(Source: Economic and Monetary Review 2023, Bank Negara Malaysia)

### **4.2 Overview and outlook of the property development industry in Malaysia**

Despite a challenging global financial and economic environment, the property market stayed resilient in 2023 supported by positive performance in all sub-sectors except agriculture compared to the previous year. In 2023, total transactions volume and value increased by 2.5% and 9.9% respectively to 399,008 transactions worth RM196.83 billion (2022: 389,107 transactions; RM179.07 billion; 2021: 300,497 transactions; RM144.87 billion). The residential sub-sector continued to contribute the largest share of transactions, recorded a marginal increase in both volume and value.

Sectoral market activity performance showed upward movements. Residential, commercial, industrial and development land sub-sectors recorded year-on-year growths of 3.0%, 23.3%, 0.9% and 5.0% respectively, whereas agricultural sub-sector recorded otherwise, declined by 7.8% in volume.

Residential sub-sector led the overall property market, with 62.8% contribution in volume. This was followed by agriculture (19.0%), commercial (10.1%), development land and others (6.1%) and industrial (2.0%). Similarly in value, residential took the lead with 51.3% share, followed by commercial (19.5%), industrial (12.2%), agriculture (9.5%) and development land and others (7.5%).

The property market is expected to continue its momentum supported by various initiatives outlined by the Government under the Budget 2024, which include, among others, easing of the requirements of Malaysia My Second Home (MM2H) programme to attract more tourists and foreign investors to Malaysia and imposing a flat rate stamp duty of 4% on the transfer of land ownership documents by non-citizens and foreign-owned companies, except for individuals with permanent residency status in Malaysia.

As the national economy is projected to remain in the range of 4.0% to 5.0% in 2024 which supported by resilient domestic growth prospects, the property market performance is expected to remain cautiously optimistic given the unpredictable external environment. The accommodative policies, continuous government support, well-executed measures outlined in the Budget 2024, and the proper implementation of strategies and initiatives under Rancangan Malaysia Kedua Belas (RMK-12) are expected to continue supporting growth in the property sector.

(Source: Property Market Report 2023, Valuation and Property Services Department, Ministry of Finance Malaysia)

### **4.3 Overview and outlook of the precision mould and die industry and plastics industry in Malaysia**

#### **4.3.1 Precision mould and die industry in Malaysia**

Precision moulds and dies are machine tools used in the shaping and forming of materials into products and components. Moulds refer to hollowed-out blocks used in manufacturing industries that can be filled with pliable or liquid materials, such as plastic, rubber, metal, ceramic and glass. The material used will harden and set inside the mould, resulting in a product or component that has adopted the shape of the mould. On the other hand, dies are tools used in manufacturing industries to cut, shape and form material to a desired shape or profile. Both moulds and dies have to be customised and accurately designed to fit the exact specifications of the product they are intended to produce.

The precision mould and die industry in Malaysia is a vibrant and growing industry as it is widely used in the manufacturing industry. In particular, growth in precision moulds and dies used in the manufacturing of plastic products in the country witnessed a compound annual growth rate (“**CAGR**”) of 5.72% from year 2021 to 2023. During the period, the manufacturing sales value of precision moulds and dies for plastic products in Malaysia grew from RM1.87 billion in 2021 to RM2.09 billion in 2023.

Moving forward, SMITH ZANDER expects the manufacturing sales value of precision moulds and dies for plastic products in Malaysia to reach RM2.19 billion in 2024 and RM2.30 billion in 2025, at a CAGR of 4.90% from year 2023 to 2025.

(Source: IMR Report)

#### **4.3.2 Plastics industry in Malaysia**

Plastics are widely used in the manufacturing of parts and components for industrial and commercial applications owing to their relatively low cost and light weight, ease of manufacture, malleability, versatility and waterproof properties, and thus have replaced several traditional materials such as wood, stone, leather, paper, metal and glass in many of their former uses.

The performance of the plastics industry in Malaysia which is represented by the manufacturing sales value of plastic products in Malaysia increased from RM40.93 billion in 2021 to RM45.58 billion in 2023 at a CAGR of 5.53%. Moving forward, SMITH ZANDER forecasts the manufacturing sales value of plastic products in Malaysia to reach RM47.88 billion in 2024 and RM50.30 billion in 2025, at a CAGR of 5.05% from year 2023 to 2025.

Further, the exports for the manufacture of plastics in Malaysia increased by 8.08% from RM15.97 billion in 2021 to RM17.26 billion in 2022. Subsequently, the exports for the manufacture of plastics in Malaysia declined by 7.07% from RM17.26 billion in 2022 to RM16.04 billion in 2023 which was due to a global economic slowdown resulting in lower demand for plastic products.

Nonetheless, as Malaysia's trade performance is expected to recover in year 2024, SMITH ZANDER forecasts the exports for the manufacture of plastics in Malaysia to recover and reach RM16.60 billion in 2024 and RM17.18 billion in 2025 at a CAGR of 3.49% from year 2023 to 2025.

The range of applications for plastics is vast, and plastics play essential roles in many manufacturing-based industries. In Malaysia, the plastics industry is strongly driven by the E&E and automotive industries. The growth of the E&E and automotive industries is elaborated below:

**(i) E&E industry**

E&E are products designed to perform specific functions through the use of electrical energy or the control of flow of electrons. E&E products play essential roles in various industries such as manufacturing and telecommunications industries, as well as in consumers' daily lives. Rising trends such as the demand for mobile devices, portable engineering designs as well as smaller and lighter devices which promote convenience have driven the growth of the E&E industry. Plastic is one of the key materials used in the production of parts and components for E&E products, such as casings and enclosures for home appliances and mobile devices. Plastics are well-suited to E&E applications in view of its excellent electrical insulation properties, good mechanical strength and durability, as well as high dimensional stability under heat, amongst others. Thus, the growth of the E&E industry will drive the demand for plastics. With increasing demand for plastics for the production of parts and components in E&E products, this will thus boost the demand for precision moulds and dies which support the manufacturing of plastic parts and components in E&E products. The size of the E&E industry in Malaysia, represented by the manufacturing sales value of E&E products in Malaysia, increased from RM483.20 billion in 2021 to RM598.97 billion in 2023 at a CAGR of 11.34%. Further, in view of the continuous growth in the E&E industry, SMITH ZANDER forecasts the E&E industry in Malaysia to increase by 5.89% from RM598.97 billion in 2023 to RM634.24 billion in 2024.

**(ii) Automotive industry**

The demand for plastics is expected to be supported by the production of motor vehicles as modern motor vehicles contain various parts and components which are made from plastics such as dashboard panels, bumpers, handles and buttons. The automotive industry's emerging demand for production efficiency, noise reduction, speed, fuel efficiency, innovative design, longer lifespan as well as lower cost, is expected to result in the potential replacement of some metal parts and components in favour of plastics. The size of the automotive industry in Malaysia is represented by total industry volume ("TIV"), which refers to new passenger and commercial vehicles registered in Malaysia. The TIV of the automotive industry in Malaysia increased from 508,911 units in 2021 to 799,731 units in 2023 at a CAGR of 25.36%. In addition, the total number of passenger and commercial vehicles produced and assembled in Malaysia grew from 481,651 units in 2021 to 774,600 units in 2023 at a CAGR of 26.82%, which was in tandem with the growth of the TIV of the automotive industry in Malaysia.

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The automotive industry is expected to normalise in 2024 after recording an all-time high TIV in 2023. Malaysian Automotive Association forecasts the TIV of the automotive industry to normalise and decline by 4.34% from 799,731 units in 2023 to 765,000 units in 2024. In line with this, SMITH ZANDER forecasts the number of passenger and commercial vehicles produced and assembled in Malaysia to also normalise and decline by 4.91% from 774,600 units to approximately 736,600 units in 2024. Nevertheless, the automotive industry will continue to sustain as supported by several factors that drive the sale of automotive, such as the continuous introduction of new vehicle models including the increasing popularity of electric vehicles, economic recovery and increasing disposable income, as well as car-centric culture in Malaysia. These will in turn create continuous demand for plastics for production of motor vehicles.

(Source: IMR Report)

#### **4.4 Prospects of the Sanichi Group**

##### **4.4.1 Steps undertaken or to be undertaken by the Group to improve its financial condition**

Historically, the Group was principally involved in the design and fabrication of moulds and tooling for use in automobile, home appliance, audio visual, computer peripheral, electrical and telecommunication industry. In June 2014, the Group diversified into the property development and property investment businesses to broaden its revenue stream and reduce its reliance on its plastic moulding business, following which the Group had in January 2017 commenced the development of the Marina Point Project.

In furtherance thereof, the Group had undertaken the following fund-raising exercises to fund the development of the Marina Point Project:

- (i) on 20 December 2018, the Company completed a rights issue with warrants exercise which entailed the issuance of 738,658,516 new Shares together with 369,329,241 free warrants and raised total gross proceeds of RM73.87 million, out of which RM60.00 million was utilised to fund the Marina Point Project; and
- (ii) on 7 December 2020, the Company completed a private placement exercise which entailed the issuance of 413,938,600 new Shares and raised total gross proceeds of RM23.22 million. The proceeds were mainly utilised to fund the Marina Point Project.

As at the LPD, the development of the Marina Point Project was 94.00% completed and is expected to be completed by the first quarter of 2025. In addition, the take-up rate of SOHO units and retail units of the Marina Point Project were 39.00% and 46.00% respectively. With part of the Rights Issue Proceeds from the Proposed Variation, the Group will have the necessary fund to complete the development of the aforesaid project, in the interim of which, the Group will continue with its efforts to increase the sales and take-up rate for its Marina Point Project.

In respect of the Group's plastic moulding business, the Group will continue to leverage on its core competencies to address any opportunities for further growth. Taking into consideration the favourable prospects of the plastics industry in Malaysia as set out in **Section 4.3** of this Circular, the performance of the Group's plastic moulding business is expected to be favourable moving forward, thereby contributing positively to the overall financial performance of the Group.

Notwithstanding the above, the Group will monitor the market conditions and make prompt adjustments to its business strategies, where necessary.

#### 4.4.2 Impact of the Proposed Variation and value creation to the Group and its Shareholders

As set out in **Section 2.3** of this Circular, the Proposed Variation will enable the Group to meet the funding requirements for its property development and plastic moulding businesses without having to incur interest costs or service principal repayments as compared to financing them using bank borrowings.

In addition, a portion of the Rights Issue Proceeds will be used for the repayment of the Group's borrowings where the Group will be able to benefit from interest savings.

Premised on the above, the Proposed Variation is expected to have a positive impact on the financial performance and financial position of the Group, which in turn is expected to create value for the Shareholders.

#### 4.4.3 Adequacy of the Proposed Variation in addressing the Group's financial concern

Premised on **Sections 4.4.1 and 4.4.2** above as well as the rationale for the Proposed Variation as set out in **Section 3.3** of this Circular, the Board is of the view that the Proposed Variation is adequate to address the Group's financial requirements at this juncture. Notwithstanding the above, the Group will continuously assess its financial position and condition and explore other suitable funding proposals for its financial requirements at relevant points in time.

Premised on the above, the management is cautiously optimistic on the future prospects of the Group.

### 5. EFFECTS OF THE PROPOSALS

#### 5.1 Share capital

The Proposed Variation will not have any effect on the issued share capital of the Company.

The pro forma effects of the Proposed Share Consolidation and Proposed Share Capital Reduction on the issued share capital of the Company are as follows:

	<b>No. of Shares</b>	<b>Share capital (RM)</b>
Issued share capital as at the LPD	1,643,095,559	349,295,127
<b>Resultant issued share capital upon completion of the Proposed Share Consolidation</b>	<b>164,309,555</b>	<b>349,295,127</b>
Reduction of issued share capital pursuant to the Proposed Share Capital Reduction	-	(55,000,000)
<b>Issued share capital after the Proposals</b>	<b>164,309,555</b>	<b>294,295,127</b>

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## 5.2 NA and gearing

The pro forma effects of the Proposals on the NA and gearing of the Group are as follows:

	Audited as at 31 March 2024 (RM'000)	(I) After subsequent events <sup>(1)</sup> (RM'000)	(II) After (I) and the Proposed Share Consolidation <sup>(2)</sup> (RM'000)	(III) After (II) and the Proposed Share Capital Reduction (RM'000)	(IV) After (III) and the Proposed Variation (RM'000)
Share capital	332,886	349,295	349,295	294,295	294,295
Foreign currency translation reserve	97	97	97	97	97
Warrant reserve	9,233	-	-	-	-
Accumulated losses	(92,359)	(95,695)	(95,695)	<sup>(3)</sup> (40,975)	(40,975)
<b>Shareholders' equity / NA</b>	<b>249,857</b>	<b>253,697</b>	<b>253,697</b>	<b>253,417</b>	<b>253,417</b>
Non-controlling interests	9,486	9,486	9,486	9,486	9,486
<b>Total equity</b>	<b>259,343</b>	<b>263,183</b>	<b>263,183</b>	<b>262,903</b>	<b>262,903</b>
No. of Shares in issue ('000)	1,643,096	1,643,096	164,309	164,309	164,309
NA per Share (RM)	0.15	0.15	1.54	1.54	1.54
Total borrowings (RM'000)	33,655	33,655	33,655	33,655	4,617
Gearing (times)	0.13	0.13	0.13	0.13	0.02

### Notes:

- (1) After accounting for the following:
  - (i) reversal of warrant reserve pursuant to the expiry of Warrants F on 20 May 2024; and
  - (ii) grant of ESOS Options on 14 August 2024 and the issuance of 240,000,000 Shares arising from the exercise of ESOS Options at the exercise price of RM0.016 each on 19 August 2024.
- (2) Based on the consolidation of every 10 existing Shares into 1 Consolidated Share pursuant to the Proposed Share Consolidation.
- (3) After setting off RM55.00 million from the Company's accumulated losses due to the cancellation of the Company's issued share capital and deducting estimated expenses of RM0.28 million in relation to the Proposals.

### 5.3 Substantial Shareholder's shareholdings

Save for the Proposed Share Consolidation, the Proposals will not have any effect on the group structure and substantial Shareholder's shareholdings in the Company.

The pro forma effects of the Proposed Share Consolidation on the substantial Shareholder's shareholdings in the Company based on the register of substantial Shareholders of the Company as at the LPD are as follows:

Substantial Shareholder	As at the LPD				After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %
Dato' Sri Dr Pang Chow Huat	97,104,616	5.91	<sup>(3)</sup> 886,771	0.05	9,710,461	5.91	<sup>(3)</sup> 88,677	0.05

Notes:

- (1) Computed based on 1,643,095,559 Shares as at the LPD.
- (2) Computed based on 164,309,555 Consolidated Shares following the completion of the Proposed Share Consolidation.
- (3) Deemed interested by virtue of his spouse's shareholding in the Company pursuant to Section 8 of the Act.

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#### 5.4 Earnings and EPS

The Proposals will not have any material effect on the consolidated earnings of the Group for the FYE 31 March 2025, except that the lower number of Sanichi Shares in issue upon completion of the Proposed Share Consolidation will result in a corresponding increase in the EPS of the Group. Barring any unforeseen circumstances, the utilisation of the Rights Issue Proceeds pursuant to the Proposed Variation is expected to contribute positively to the future earnings and EPS of the Group.

#### 5.5 Convertible securities

As at the LPD, the Company's ESOS is still in effect but there is no outstanding ESOS Option which has been granted but yet to be exercised. The Company does not intend to grant any ESOS Options prior to the completion of the Proposed Share Consolidation. Accordingly, the Proposed Share Consolidation will not have any effect to the ESOS Options that are granted after the completion of the Proposed Share Consolidation.

The Company does not have any other outstanding convertible securities as at the LPD.

### 6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Sanichi Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	High (RM)	Low (RM)
<b>2023</b>		
November	0.025	0.015
December	0.025	0.015
<b>2024</b>		
January	0.030	0.020
February	0.025	0.020
March	0.025	0.015
April	0.025	0.015
May	0.020	0.015
June	0.025	0.015
July	0.020	0.015
August	0.020	0.010
September	0.020	0.015
October	0.020	0.010
Last transacted market price on 3 October 2024, being the last market day immediately prior to the first announcement of the Proposals	0.015	
Last transacted market price on the LPD (RM)	0.015	

(Source: Bloomberg)

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## 7. ESTIMATED TIMEFRAME FOR COMPLETION

The tentative timeline for the implementation of the Proposals is as follows:

Date	Events
28 November 2024	<ul style="list-style-type: none"><li>• EGM for the Proposals</li><li>• Effective date of the Proposed Variation</li></ul>
December 2024	<ul style="list-style-type: none"><li>• Books Closing Date</li><li>• Completion of the Proposed Share Consolidation</li></ul>
January 2025	<ul style="list-style-type: none"><li>• Lodgement of documents to the Registrar of Companies for the Proposed Share Capital Reduction</li><li>• Effective date of the Proposed Share Capital Reduction</li></ul>

## 8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following being obtained:

- (i) the approval of Bursa Securities for the Proposed Share Consolidation;

The approval of Bursa Securities for the above was obtained on 22 October 2024 and is subject to the following conditions:

Conditions	Status of compliance
(a) Sanichi to furnish Bursa Securities with a certified true copy of the resolution passed by Shareholders at the EGM for the Proposed Share Consolidation; and	To be complied
(b) Sanichi and TA Securities to make the relevant announcements pursuant to Rule 13.20(2) of the Listing Requirements.	To be complied

- (ii) the approval from Shareholders at the forthcoming EGM; and
- (iii) the approvals / consents from any other relevant parties / authorities, if required.

The Proposals are not conditional upon one another nor conditional upon any other proposals undertaken or to be undertaken by the Company.

## 9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but are pending completion as at the date of this Circular.

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

None of the Directors, major Shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposals apart from their respective entitlements as Shareholders under the Proposed Share Consolidation, which all other Shareholders are similarly entitled to.

**11. BOARD'S RECOMMENDATION**

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and the financial effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

**12. EGM**

The EGM, the notice of which is enclosed in this Circular, will be conducted on a virtual basis through live streaming and online remote participation and voting from a Broadcast Venue at Sanichi Tower, Level 7, Tower 11, Avenue 5, Bangsar South, 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions, with or without modifications, to give effect to the Proposals:

Date and time of the EGM	: Thursday, 28 November 2024 at 2.30 p.m.
--------------------------	---

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy via hardcopy in accordance with the instructions contained therein as soon as possible, so as to arrive at the Company's share registrar's office at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia or fax to 03-6201 3121 or email to ir@shareworks.com.my not less than 48 hours before the date and time for the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

**13. FURTHER INFORMATION**

You are requested to refer to the appendix for further information.

Yours faithfully,  
For and on behalf of the Board of  
**SANICHI TECHNOLOGY BERHAD**

**DATO' SRI DR PANG CHOW HUAT**  
Group Managing Director

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT AND CONFLICT OF INTEREST****2.1 Principal Adviser**

TA Securities, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities has confirmed that there is no conflict of interest that exists or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its role as the Principal Adviser for the Proposals.

**2.2 Independent Market Researcher**

SMITH ZANDER, being the independent market researcher, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all extracts of its IMR Report referred to in **Section 4.3** of this Circular in the form and context in which it appears in this Circular.

SMITH ZANDER has confirmed that there is no conflict of interest that exists or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its role as the independent market researcher.

**3. MATERIAL CONTRACTS**

The Board confirmed that there are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by the Group within 2 years immediately preceding the date of this Circular.

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****Material commitments**

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position of the Group.

**Contingent liabilities**

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or the financial performance of the Group.

**APPENDIX I – FURTHER INFORMATION (CONT'D)**
**5. MATERIAL LITIGATION**

As at the LPD, the Group is not involved in any material litigation, claims or arbitration and the Board confirmed that there are no proceedings pending or threatened involving the Group, or of any facts likely to give rise to any such proceedings which might materially affect the business or financial position of the Group.

**6. HISTORICAL FINANCIAL INFORMATION**

	Audited			Unaudited	
	FYE 31 December 2021	FYE 31 December 2022	15-month FPE 31 March 2024	3-month FPE 30 June 2023	3-month FPE 30 June 2024
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	17,708	16,452	20,957	4,572	2,517
Cost of sales	(16,958)	(22,292)	(16,320)	(4,442)	(2,445)
<b>GP / (GL)</b>	<b>750</b>	<b>(5,840)</b>	<b>4,637</b>	<b>130</b>	<b>72</b>
Other operating income	3,864	9,119	4,387	778	4,037
Operating expenses	(95,296)	(24,409)	(25,686)	(10,085)	(5,649)
<b>Loss from operations</b>	<b>(90,682)</b>	<b>(21,130)</b>	<b>(16,662)</b>	<b>(9,177)</b>	<b>(1,540)</b>
Finance costs	(2,302)	(2,505)	(2,919)	(629)	(572)
<b>LBT</b>	<b>(92,984)</b>	<b>(23,635)</b>	<b>(19,581)</b>	<b>(9,806)</b>	<b>(2,112)</b>
Taxation	(1,248)	341	(221)	(167)	(289)
<b>LAT</b>	<b>(94,232)</b>	<b>(23,294)</b>	<b>(19,802)</b>	<b>(9,973)</b>	<b>(2,401)</b>
LAT attributable to					
- owners of the Company	(94,392)	(23,359)	(20,052)	(10,020)	(2,456)
- non-controlling interests	160	65	250	47	55
GP / (GL) margin (%)	4.23	(35.50)	22.13	2.84	2.86
LAT margin (%)	(532.15)	(141.59)	(94.49)	(218.13)	(95.39)
Weighted average no. of Shares in issue ('000)	918,751	1,403,096	1,403,096	1,403,096	1,403,096
LPS					
- basic (sen)	(10.27)	(1.66)	(1.43)	(0.71)	(0.18)
- diluted (sen)	(5.96)	(1.50)	(1.29)	(0.71)	(0.18)

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**Financial commentary****(i) 3-month FPE 30 June 2024 compared to 3-month FPE 30 June 2023**

As a result of a change in the Company's financial year end from 31 December to 31 March, the financial commentaries presented herein are based on the 3-month FPE 30 June 2024 compared to 3-month FPE 30 June 2023.

The Group's revenue for the 3-month FPE 30 June 2024 decreased by approximately 44.86% or RM2.05 million to RM2.52 million (3-month FPE 30 June 2023: RM4.57 million). This was due to:

- (a) the revenue from plastic moulding business decreased by RM1.03 million to RM0.28 million (3-month FPE 30 June 2023: RM1.31 million) arising from lower order from automobile customers from Europe due to the economic uncertainties in Europe arising from Russia-Ukraine war;
- (b) the revenue from property development business decreased by RM1.02 million to RM1.95 million (3-month FPE 30 June 2023: RM2.97 million) mainly attributable to the lower percentage of completion on Marina Point project as well as lower number of unit sold during the period due to the increased competition from new project launches.

The Group's GP for the 3-month FPE 30 June 2024 decreased by approximately 46.15% or RM0.06 million to RM0.07 million (3-month FPE 30 June 2023: RM0.13 million) in line with the lower revenue as set out above.

The Group recorded a lower LAT of RM2.40 million for the 3-month FPE 30 June 2024 as compared to a LAT of RM9.97 million for the 3-month FPE 30 June 2023. The decrease in LAT by 75.93% or RM7.57 million was mainly due to the unrealised gain on investment in quoted shares of RM3.43 million (3-month FPE 30 June 2023: unrealised loss on investment in quoted shares of RM5.19 million).

**(ii) 15-month FPE 31 March 2024 compared to FYE 31 December 2022**

On an annualised basis, the Group's revenue for the 15-month FPE 31 March 2024 increased by approximately 1.95% or RM0.32 million to RM16.77 million (FYE 31 December 2022: RM16.45 million). This was mainly due to the annualised revenue from the property development business increased by RM6.81 million to RM9.13 million (FYE 31 December 2022: RM2.32 million) arising from higher percentage of completion for the Marina Point Project and the absence of provision of liquidated ascertained damages. Notwithstanding this, the increase in revenue was partially offset by the decline in plastic moulding business arising from lower orders from automobile customers.

On an annualised basis, the Group's GP for the 15-month FPE 31 March 2024 was RM3.71 million (GP margin of 22.12%) as compared to a GL of RM5.84 million (GL margin of 35.50%) for the FYE 31 December 2022. The annualised GP recorded for the 15-month FPE 31 March 2024 was mainly due to the higher revenue as set out above coupled with the increase in sales of higher margin products.

The Group recorded a lower LAT of RM19.80 million for the 15-month FPE 31 March 2024 as compared to a LAT of RM23.30 million for the FYE 31 December 2022. On an annualised basis, the Group's LAT for the 15-month FPE 31 March 2024 was RM15.84 million. The decrease in LAT by 15.02% or RM3.50 million was in line with the GP recorded as set out above. However, the lower LAT was partially offset by the net impairment losses on property, plant and equipment of RM4.12 million (FYE 31 December 2022: net impairment gain on property, plant and equipment of RM1.66 million).



**(iii) FYE 31 December 2022 compared to FYE 31 December 2021**

The Group's revenue for the FYE 31 December 2022 decreased by approximately 7.11% or RM1.26 million to RM16.45 million (FYE 31 December 2021: RM17.71 million). The decrease in revenue was mainly due to the revenue from the property development business decreasing by RM6.20 million to RM2.32 million (FYE 31 December 2021: RM8.52 million) arising from the reclassification of provision for liquidated ascertained damages amounting to RM6.59 million from operating expenses to a deduction of revenue. However, this was partially offset by the higher revenue contribution from plastic moulding business as a result of the increase in orders from the Group's automobile customers.

The Group recorded a GL of RM5.84 million (GL margin of 35.50%) for the FYE 31 December 2022 as compared to a GP of RM0.75 million (GP margin of 4.23%) for the FYE 31 December 2021. The GL recorded for the FYE 31 December 2022 was mainly due to the lower revenue as set out above.

The Group recorded a lower LAT of RM23.30 million for the FYE 31 December 2022 as compared to a LAT of RM94.23 million for the FYE 31 December 2021. The decrease in LAT by 75.27% or RM70.93 million was mainly due to the following:

- (a) unrealised gain on investment in quoted shares of RM3.83 million (FYE 31 December 2021: unrealised loss on investment in quoted shares of RM66.17 million); and
- (b) net reversal of impairment loss of trade and other receivables of RM0.42 million (FYE 31 December 2021: net impairment losses on trade and other receivables of RM9.23 million) arising from better collection of trade receivables.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Unit 27.2, Menara 1MK, Kompleks 1 Mont Kiara, No.1 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of Sanichi for the FYE 31 December 2022 and 15-month FPE 31 March 2024 as well as the unaudited consolidated financial statements of the Company for the 3-month FPE 30 June 2024;
- (iii) the IMR Report referred to in **Section 4.3** of this Circular; and
- (iv) the letters of consent referred to in **Section 2** of **Appendix I** above.

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## **SANICHI TECHNOLOGY BERHAD**

**SANICHI TECHNOLOGY BERHAD**  
(Registration No. 200401023320 (661826-K))  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of Sanichi Technology Berhad (“**Sanichi**” or the “**Company**”) will be conducted on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Sanichi Tower, Level 7, Tower 11, Avenue 5, Bangsar South, 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 28 November 2024 at 2.30 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:

#### **SPECIAL RESOLUTION 1**

**PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN SANICHI (“SANICHI SHARES” OR “SHARES”) INTO 1 SANICHI SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”)**

“**THAT** upon the approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to give effect to the consolidation of every 10 Shares into 1 Consolidated Share;

**THAT** the Consolidated Shares shall, upon allotment and issuance, rank equally in all respects with one another **AND THAT** the fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board of Directors of the Company (“**Board**”) in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

**AND THAT** the Board be and is hereby authorised with full power to do all such acts, deeds and things and to execute and deliver on behalf of the Company all such documents and/or agreements as the Board may deem fit, necessary or expedient or appropriate in the best interest of the Company, in order to finalise, implement and/or give effect to the above transactions with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or required by the relevant authorities.”

#### **SPECIAL RESOLUTION 2**

**PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF SANICHI PURSUANT TO SECTION 117 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SHARE CAPITAL REDUCTION”)**

“**THAT** subject to the approvals of the relevant authorities and/or parties being obtained, where required, approval be and is hereby given to the Company to reduce the issued share capital of the Company by way of cancellation of the issued share capital of the Company which is unrepresented by available assets of up to RM55.00 million pursuant to Section 117 of the Act. The corresponding credit of up to RM55.00 million arising from such cancellation will be solely utilised towards offsetting the accumulated losses of the Company;

**AND THAT** the Board be and is hereby authorised and empowered to do or procure to be done all acts and things and to execute all necessary documents, to give full effect and to complete the Proposed Share Capital Reduction, with full powers to assent to any conditions or make any modifications, variations and/or amendments as may be required, or imposed by the relevant authorities or as may be required by the relevant authorities and as the Board may deem necessary and expedient to finalise, implement and give full effect to complete the Proposed Share Capital Reduction.”

## **ORDINARY RESOLUTION 1**

### **PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS PREVIOUSLY RAISED FROM THE RIGHTS ISSUE WITH WARRANTS EXERCISE UNDERTAKEN BY THE COMPANY THAT WAS COMPLETED ON 28 MAY 2021 (“PROPOSED VARIATION”)**

“**THAT** subject to the approval of all the relevant authorities, where required, approval be and is hereby given to the Company for the variation to the utilisation of proceeds previously raised from the rights issue with warrants exercise undertaken by the Company that was completed on 28 May 2021;

**AND THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Variation and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Variation.”

**By Order of the Board**

**FOO SIEW LOON (MAICSA 7006874)  
(SSM PC NO. 202008002104)**

Company Secretary

Kuala Lumpur  
1 November 2024

Notes:

- (1) Only a member whose name appear in the Record of Depositors as at 21 November 2024 shall be regarded as a member entitled to attend, speak and vote or to appoint a proxy or proxies to attend, speak and vote at the Extraordinary General Meeting.
- (2) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.
- (3) Subject to Paragraph (4) below, a member entitled to attend and vote is entitled to appoint two (2) or more proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (4) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- (6) The instrument appointing a proxy and the power of attorney or other authority (if any), which is signed or a notarially certified copy thereof, must be deposited with the Company's share registrar's office at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia or fax to 03-6201 3121 or email to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- (7) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.
- (8) The EGM will be conducted on a virtual basis at the Broadcast Venue. The members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.



**SANICHI TECHNOLOGY BERHAD**

**SANICHI TECHNOLOGY BERHAD**  
(Registration No. 200401023320 (661826-K))  
(Incorporated in Malaysia)

**FORM OF PROXY**

CDS Account No.																			
No. of shares held																			

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Registration No./ Passport No. \_\_\_\_\_)

of \_\_\_\_\_  
(FULL ADDRESS)

(Contact No. \_\_\_\_\_ and Email Address \_\_\_\_\_)

being a member/members of **SANICHI TECHNOLOGY BERHAD** ("Company"), hereby appoint

<b>Name of Proxy</b>	<b>NRIC No./ Passport No.</b>	<b>% of Shareholdings to be Represented</b>
<b>Address</b>		
<b>Contact No.</b>	<b>Email Address</b>	

and/ or failing him/ her

<b>Name of Proxy</b>	<b>NRIC No./ Passport No.</b>	<b>% of Shareholdings to be Represented</b>
<b>Address</b>		
<b>Contact No.</b>	<b>Email Address</b>	

or failing him/ her\*, the CHAIRMAN OF THE MEETING as my/ our\* proxy to vote for me/ us\* on my/ our\* behalf at the Extraordinary General Meeting of the Company to be conducted on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Sanichi Tower, Level 7, Tower 11, Avenue 5, Bangsar South, 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 28 November 2024 at 2.30 p.m. or at any adjournment thereof.

My / our proxy is to vote as indicated below:

<b>Resolutions</b>		<b>For</b>	<b>Against</b>
Special Resolution 1	Proposed Share Consolidation		
Special Resolution 2	Proposed Share Capital Reduction		
Ordinary Resolution 1	Proposed Variation		

Please indicate with "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
\*Signature of Member(s) / Common Seal of Shareholder  
\* Delete if not applicable

Notes:

- (1) Only a member whose name appear in the Record of Depositors as at 21 November 2024 shall be regarded as a member entitled to attend, speak and vote or to appoint a proxy or proxies to attend, speak and vote at the Extraordinary General Meeting.
- (2) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.
- (3) Subject to Paragraph (4) below, a member entitled to attend and vote is entitled to appoint two (2) or more proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (4) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- (6) The instrument appointing a proxy and the power of attorney or other authority (if any), which is signed or a notarially certified copy thereof, must be deposited with the Company's share registrar's office at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia or fax to 03-6201 3121 or email to [ir@shareworks.com.my](mailto:ir@shareworks.com.my) not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- (7) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.
- (8) The EGM will be conducted on a virtual basis at the Broadcast Venue. The members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

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THE SHARE REGISTRAR OF  
**SANICHI TECHNOLOGY BERHAD**  
Registration No. 200401023320 (661826-K)

**c/o SHAREWORKS SDN BHD**  
2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur

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