

MINETECH RESOURCES BERHAD (“MINETECH” OR THE “COMPANY”)

PROPOSED PRIVATE PLACEMENT OF NEW ORDINARY SHARES IN MINETECH (“MINETECH SHARES” OR “SHARES”) (“PLACEMENT SHARES”), REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN MINETECH (EXCLUDING TREASURY SHARES) (“PROPOSED PRIVATE PLACEMENT”)

1. INTRODUCTION

On behalf of the Board of Directors of Minetech (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that the Company has proposed to undertake the Proposed Private Placement, at an issue price to be determined and fixed at a future date.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

As at 8 May 2020, being the latest practicable date prior to this announcement (“**LPD**”), the Company has 999,489,900 issued Minetech Shares (excluding 285,000 treasury shares).

Under the maximum scenario (“**Maximum Scenario**”), the Company will issue up to 105,938,900 Placement Shares, representing not more than 10% of its number of issued shares (excluding treasury shares) as at the LPD, and including 59,900,000 new Minetech Shares to be issued assuming the full exercise of the Company’s 59,900,000 outstanding share issuance scheme options (“**SIS Options**”) (“**Outstanding SIS Options**”) at RM0.05 each. The Outstanding SIS Options were offered on 8 August 2019 and will expire on 2 August 2021.

If no Outstanding SIS Options are exercised into new Minetech Shares before the Proposed Private Placement is implemented, the Company will issue up to 99,948,900 Placement Shares, representing not more than 10% of its existing number of issued shares (excluding treasury shares) as at the LPD, under the minimum scenario (“**Minimum Scenario**”).

2.2 Placement Arrangement

The Company intends to place out the Placement Shares to independent third-party investor(s) to be identified later and who are not any of the following:

- (i) a director, major shareholder or chief executive of Minetech (“**Interested Person**”);
- (ii) a person connected with an Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

In addition, the independent third party investor(s) shall be persons who qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007, which include inter-alia, the issuance of the Placement Shares to each of them for a consideration of not less than RM250,000 or the issuance of the Placement Shares is made to high-net worth individuals whose net personal assets exceed RM3,000,000 or to corporation with net assets exceeding RM10,000,000.

Subject to market conditions and the timing of identification of places, the Proposed Private Placement may be implemented in 1 or more tranches within 6 months from the date of approval from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the Proposed Private Placement or any extended period as may be approved by Bursa Securities. The implementation of the placement arrangement in multiple tranches would provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares within the approved period.

If issued in multiple tranches, the issue price for each tranche of the Placement Shares may be determined separately, in accordance with market-based principles.

2.3 Basis and justification of determining the issue price

The Board will determine and announce the issue price of the Placement Shares at a future date (“**Price Fixing Date**”), after Bursa Securities has approved the Proposed Private Placement.

The Placement Shares will be priced at not more than 10% discount to the 5-day volume weighted average market price (“**5D-VWAP**”) of Minetech Shares immediately before the Price Fixing Date.

As an example, an indicative issue price of RM0.21 would represent a discount of RM0.0175 or approximately 7.69% to the 5D-VWAP of Minetech Shares up to and including the LPD of RM0.2275. At this price, the Proposed Private Placement is expected to raise gross proceeds of up to RM22,247,169.

2.4 Ranking of the Placement Shares

Upon allotment and issuance, the Placement Shares shall rank equally in all respects with existing Minetech Shares.

2.5 Listing of and quotation for the Placement Shares

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

2.6 Use of proceeds

Based on the indicative issue price of RM0.21, the proceeds from the Proposed Private Placement are intended to be used by Minetech and its subsidiaries (“**Minetech Group**” or “**Group**”) in the following manner:

Purposes	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for use of proceeds (from the listing date of the Placement Shares)
Construction projects' expenditure	(1)	8,300	9,000	Within 24 months
Development of Large Scale Solar Photovoltaic Plant (“ Solar Plant ”)	(2)	9,000	9,500	Within 12 months
Working capital	(3)	3,542	3,595	Within 12 months
Expenses for the Proposed Private Placement	(4)	147	152	Within 1 month
Total proceeds		20,989	22,247	

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Notes:

- (1) Proceeds will be used to partially fund the Group's following on-going construction projects, with individual project allocations to be determined in the future.

<i>Project owner:</i>	<i>GLM Emerald Square (Cheras) Sdn Bhd</i>	<i>Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd</i>	<i>Able Return Sdn Bhd</i>
<i>Location of project:</i>	<i>Cheras-Kajang Espressway (CKE)</i>	<i>Kulai</i>	<i>Bukit Selingsing, Kg Sungai Koyan</i>
<i>Contract sum:</i>	<i>RM27.7 million</i>	<i>RM17.9 million</i>	<i>RM30.0 million</i>
<i>Description:</i>	<i>Execution and completion of upgrading works along Cheras-Kajang Expressway (CKE) for the proposed Emerald 9 Cheras development on Lot 809 and Lot 810, Mukim Cheras, Daerah Hulu Langat, Selangor Darul Ehsan</i>	<i>Design, construction, supply, installation, completion, testing, commissioning and maintenance of the electrified double track from Gemas to Johor Bahru</i>	<i>Open pit mining, waste removal, ore deliveries and associated works</i>
<i>Project status as at the LPD:</i>	<i>On-going and expected to be completed by October 2022</i>	<i>On-going and expected to be completed by October 2020</i>	<i>On-going and expected to be completed by June 2022</i>

- (2) Coral Power Sdn Bhd, a 70%-owned subsidiary of Minetech, has entered into an engineering, procurement, construction and commissioning contract to kick-start the development of the Solar Plant. As such, up to RM9.5 million of the proceeds will be used to develop the Solar Plant (refer Section 4.4(iii) of this announcement), as follows:

<i>Description</i>	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
<i>Initial working capital including advance payments for equipment and purchase of materials</i>	8,300	8,500
<i>Consultant fees and expenses</i>	700	1,000
Total	9,000	9,500

- (3) Up to RM3.6 million will be used as working capital for the Group's operation. The breakdown of the working capital is as follows:

<i>Description</i>	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
<i>Payroll, allowances and statutory contributions</i>	2,507	2,560
<i>Rental and administrative expenses</i>	400	400
<i>Legal, professional and consultant fees</i>	300	300
<i>Other operating expenses</i>	335	335
Total	3,542	3,595

- (4) Consisting of mainly professional fees, placement fees, fees payable to Bursa Securities and other ancillary expenses.

The actual amount of proceeds to be raised will depend on the number of Placement Shares to be issued and their issue price(s). Any actual surplus or shortfall to the amounts allocated for either the construction projects' expenditure, development of the Solar Plant or expenses for the Proposed Private Placement, will be adjusted against the amount allocated for the working capital of the Group.

After the proceeds have been raised and before usage, they will be placed in interest-bearing deposits with a financial institution or short-term money market instruments, as the Board may deem fit. Any interest income or capital gain arising therefrom will be used as the Group's working capital.

3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue to raise additional funds expeditiously to meet the purposes as stated in Section 2.6 of this announcement, without incurring interest cost as compared to bank borrowings or the issuance of debt instruments. The Proposed Private Placement is expected to strengthen the Company's capital base as well as improve the Group's financial position and future earnings when the economic and financial benefits from the use of proceeds are realised.

4. ADDITIONAL INFORMATION

4.1 Financial commentaries

The summary of the financial information of the Group for the financial years ended ("FYE") 31 March 2017 to 31 March 2019 and 9-month financial periods ended ("9M-FPE") 31 December 2018 and 2019 is as follows:

	(Audited)			(Unaudited)	
	FYE 31 March 2017 (RM)	FYE 31 March 2018 (RM)	FYE 31 March 2019 (RM)	9M-FPE 31 December 2018 (RM)	9M-FPE 31 December 2019 (RM)
Revenue	95,018,313	121,127,553	135,007,274	108,805,273	65,908,092
Profit before tax / (Loss before tax)	(25,409,024)	1,129,003	(12,352,414)	(2,513,232)	893,107
Loss after tax / Profit after tax attributable to the owners of the Company ("LAT")/("PAT")	(25,659,136)	(2,924,600)	(15,072,844)	(4,685,539)	451,321
Share capital	109,554,727	110,526,862	132,526,862	132,527,236	132,527,236
Shareholders' funds / Net assets ("NA") attributable to the owners of the Company	71,315,108	69,516,541	75,923,602	84,420,523	76,383,000
No. of Shares in issue	725,094,000	731,574,900	921,574,900	731,574,900	921,574,900
Weighted average number of Shares in issue	716,343,247	730,721,712	881,495,379	731,574,900	921,574,900
NA per Share (sen)*	9.96	9.51	8.61	11.54	8.29
Basic loss per Share (sen)*	(3.58)	(0.40)	(1.71)	(0.64)	(0.05)
Current assets	55,374,697	75,249,932	93,277,339	99,483,000	76,764,237
Current liabilities	37,342,896	51,416,741	73,416,322	76,923,438	44,877,803
Current ratio (times)	1.48	1.46	1.27	1.29	1.71
Borrowings	25,293,188	30,420,354	35,032,908	39,586,090	25,173,248
Gearing (times)	0.35	0.44	0.46	0.42	0.33

Notes:

* Based on the weighted average number of Minetech Shares in issue.

Commentaries:

(a) 9M-FPE 31 December 2019 vs 9M-FPE 31 December 2018

The Group recorded a lower revenue of RM65.9 million in 9M-FPE 31 December 2019 (9M-FPE 31 December 2018: RM108.8 million), representing a decrease of RM42.9 million or 39.4%. The decrease in revenue for the 9M-FPE 31 December 2019 was mainly due to:

- (i) lower revenue in the quarry segment of RM22.5 million (9M-FPE 31 December 2018: RM53.8 million) due to the loss of contribution arising from the disposal of certain subsidiaries as well as lower demand due to the competitive market environment; and
- (ii) lower revenue in the civil engineering segment of RM30.5 million (9M-FPE 31 December 2018: RM44.2 million) due to completed project (i.e. MRT Line 2 Chan Sow Lin Station) as well as less construction projects secured and undertaken as result of the slowdown in the construction industry.

The Group recorded a PAT of RM0.45 million in 9M-FPE 31 December 2019 (9M-FPE 31 December 2018: LAT of RM4.69 million), representing an improvement of RM5.14 million. The PAT recorded in 9M-FPE 31 December 2019 was mainly due to the gain on disposal of property, plant and equipment of RM2.02 million (9M-FPE 31 December 2018: RM0.16 million) and bad debts recovered of RM2.81 million (9M-FPE 31 December 2018: RM0.01 million).

(b) FYE 31 March 2019 vs FYE 31 March 2018

The Group recorded a higher revenue of RM135.0 million in FYE 31 March 2019 (FYE 31 March 2018: RM121.1 million), representing an increase of RM13.9 million or 11.5%. The increase in revenue for the FYE 31 March 2019 was mainly due to:

- (i) higher revenue in the quarry segment of RM69.2 million (FYE 31 March 2018: RM55.0 million) due to the inclusion of revenue amounting to RM20.1 million contributed by a newly acquired subsidiary (i.e. Bertam Capital Sdn Bhd) which owns a quarry located in Nilai, Negeri Sembilan. The acquisition was completed in 30 April 2018; and
- (ii) higher revenue in the civil engineering segment of RM54.0 million (FYE 31 March 2018: RM27.2 million) due to the contribution from the newly secured contract for a package of the LRT 3 project located in Klang, Selangor and a contract for bridge works at the MEX Expressway in Dengkil, Selangor.

The higher revenue was partially offset by the lower revenue contribution from the asphalt premix products segment of RM0.4 million (FYE 31 March 2018: RM24.4 million) as the Group has decided to match the selling price to maintain its market share due to the competitive nature of the business.

The Group recorded a higher LAT of RM15.1 million in FYE 31 March 2019 (FYE 31 March 2018: LAT of RM2.9 million), representing a wider loss of RM12.2 million or 420.7%. The higher LAT recorded in FYE 31 March 2019 was mainly due to:

- (i) decrease in profit margins from exports arising from one of the Group's quarries in Perak due to the competitive price in the market amid weak market sentiments; and
- (ii) provisions for impairment on property, plant and equipment, inventories and receivables amounting to RM5.3 million (FYE 31 March 2018: RM0.6 million) as well as write-off of property, plant and equipment and quarry development expenditure of RM1.1 million (FYE 31 March 2018: RM0.1 million).

(c) FYE 31 March 2018 vs FYE 31 March 2017

The Group recorded a higher revenue of RM121.1 million in FYE 31 March 2018 (FYE 31 March 2017: RM95.0 million), representing an increase of RM26.1 million or 27.5%. The increase in revenue for the FYE 31 March 2018 was mainly due to:

- (i) higher revenue in the quarry segment of RM55.0 million (FYE 31 March 2017: RM41.4 million) attributable to the new quarry operation in Bidor, Perak as well as higher revenue from the quarry located in Kuantan, Pahang after the installation and commissioning of a new and bigger capacity crushing plant; and
- (ii) higher revenue in the asphalt premix products segment of RM24.4 million (FYE 31 March 2017: RM17.0 million) due to higher demand from the local markets as well as better raw material costing.

The Group recorded a lower LAT of RM2.9 million in FYE 31 March 2018 (FYE 31 March 2017: LAT of RM25.7 million), representing an improvement of RM22.8 million or 88.7%. The lower LAT recorded in FYE 31 March 2018 was mainly due to:

- (i) improved earnings as a result of the Group's business restructuring exercise undertaken by in May 2017 to restructure the quarrying sub-contracting business (i.e. outsourcing of the quarrying operations to the previous management and staff who are now engaged as independent operators and who also acquired the relevant plants and machineries from the Group) which led to a reduction of overhead expenses and improvement in profitability in the quarry segment; and
- (ii) higher other income of RM20.1 million (FYE 31 March 2017: RM7.2 million) mainly due to the gain on disposal of property, plant and equipment of RM7.3 million (FYE 31 March 2017: RM0.4 million).

(d) FYE 31 March 2017 vs FYE 31 March 2016

The Group recorded a lower revenue of RM95.0 million in FYE 31 March 2017 (FYE 31 March 2016: RM105.1 million), representing a decrease of RM10.1 million or 9.6%. The decrease in revenue for the FYE 31 March 2017 was mainly due to lower revenue in the asphalt premix products segment of RM17.0 million (FYE 31 March 2016: RM24.5 million) as the Group has decided to match the selling price to maintain its market share due to the competitive nature of the business. As a whole, the Group recorded lower revenue for all segments except for bituminous products. The decrease in revenue is attributable to the overall slowdown in the property development and construction industries, which has led to the decrease in overall demand for the Group's products.

The Group recorded a higher LAT of RM25.7 million in FYE 31 March 2017 (FYE 31 March 2016: LAT of RM10.3 million), representing a wider loss of RM15.4 million or 149.5%. The increase in LAT for FYE 31 March 2017 was mainly due to a one-off group-wide rationalisation exercise involving write-downs of assets totalling RM10.6 million. The rationalisation exercise comprised written-off property, plant and equipment of RM1.8 million (FYE 31 March 2016: RM0.1 million), impairment on quarry development expenditure of RM7.3 million (FYE 31 March 2016: RM Nil) and writedown of inventories of RM1.5 million (FYE 31 March 2016: RM2.0 million).

4.2 Impact of the Proposed Private Placement and value creation to the Group and its shareholders

The Proposed Private Placement will enable the Group to raise funds to be used for the purposes as stated in Section 2.6 of this announcement without incurring interest costs associated with bank borrowings.

Despite the dilutive effects on the Group's earnings per share ("EPS") and the Company's shareholders' shareholdings, the Proposed Private Placement is expected to have a positive impact on the earnings of the Group when the benefits of the proceeds' usage are realised, which will then directly enhance the Company's shareholders' value.

4.3 Adequacy of the Proposed Private Placement in addressing the Group's financial concern

After taking into consideration of the current financial position of the Group, the Board is of the view that the Proposed Private Placement can support the Group's efforts in strengthening its financial performance and financial position as the proceeds will be used for the purposes as set out in Section 2.6 of this announcement. The Board is of the view that the Proposed Private Placement would be sufficient in addressing the Group's current financial needs in terms of the amount of proceeds to be raised.

4.4 Steps undertaken or to be undertaken by the Group to improve its financial position

Looking at the current economic sentiment, the Group has been facing challenges in its existing businesses especially in the quarry segment and civil engineering segment which have negatively affected the financial performance of the Group. Taking cognisance of these, the Group has undertaken and/or plans to undertake the following to improve its financial performance and strengthen its financial position:

- (i) The Group has been continuously monitoring its cost and cash flow management for each segment, maintaining its presence in the market and improving on its product delivery and customer satisfaction. The Group had made efforts to reduce its costs and expenses through optimising the allocation of current human resources, recruitment of additional staff when required and enhancement of management expertise.
- (ii) As part of the Group's long-term strategy to grow its earnings through recurring income, the Group has identified the renewable energy segment as a potentially stable source of recurring income. As such, on 24 April 2018, Coral Power Sdn Bhd, a 70%-owned subsidiary of Minotech, had accepted the letter of award from the Energy Commission to develop the Solar Plant consisting of a 9.99-megawatt AC solar power farm in Perak. Upon completion of the development, the Solar Plant will be one of the first system utilising floatation devices on a pond in Malaysia. The Solar Plant is expected to be commissioned in the 1st quarter of 2021. As at the LPD, the development of the Solar Plant is in the initial planning stage.
- (iii) The Group is constantly exploring potential business partnerships with the goal of improving the Group's industry and local business knowledge, broadening its target markets and clientele, increase in management expertise and assets to enhance and expand the Group's businesses. In line with this objective, the Group had on 30 April 2018 completed the acquisition of 60% equity interest in Bertam Capital Sdn Bhd which operates a quarry in Nilai, Negeri Sembilan and has contributed positively to the Group for the FYE 30 March 2019.

In view of the steps undertaken as mentioned above, the Board is of the opinion that the Group's effort to streamline its cost structure, expansion of income stream into the renewable energy segment as well as expansion of its existing quarry segment are expected to improve the financial position of the Group.

5. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

5.1 Share capital

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

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
As at the LPD	999,774,900	136,436,862	999,774,900	136,436,862
Treasury shares, at cost	(285,000)	(47,990)	(285,000)	(47,990)
Assuming full exercise of the Outstanding SIS Options	-	-	59,900,000 ⁽¹⁾	2,995,000 ⁽¹⁾
	999,489,900	136,388,872	1,059,389,900	139,383,872
To be issued pursuant to the Proposed Private Placement	99,948,900 ⁽²⁾	20,989,269 ⁽²⁾	105,938,900 ⁽²⁾	22,247,169 ⁽²⁾
Enlarged share capital	1,099,438,800	157,378,141	1,165,328,800	161,631,041

Notes:

- (1) Assuming full exercise of 59,900,000 Outstanding SIS Options at an exercise price of RM0.05 each into 59,900,000 new Minetech Shares.
- (2) Based on the indicative issue price of RM0.21 per Placement Share.

5.2 NA and gearing

The pro forma effects of the Proposed Private Placement on the NA and gearing of the Group, based on its audited consolidated financial statements as at 31 March 2019 are as follows:

Minimum Scenario

	(Audited) As at 31 March 2019 (RM)	(I) Subsequent events up to the LPD (RM)	(II) After (I) and the Proposed Private Placement (RM)
Share capital	132,526,862	136,436,862 ⁽¹⁾	157,426,131 ⁽³⁾
Treasury shares	(47,990)	(47,990)	(47,990)
Foreign currency translation reserve	70,737	70,737	70,737
Warrant reserve	21,971,937	-(2)	-
Other reserve	(21,971,937)	-(2)	-
Accumulated losses	(56,626,007)	(56,626,007)	(56,773,007) ⁽⁴⁾
Shareholders' funds/ NA	75,923,602	79,833,602	100,675,871
No. of Shares	921,574,900	999,774,900	1,099,723,800
NA per Share (sen)	8.24	7.99	9.15
Total borrowings (RM)	35,032,908	35,032,908	35,032,908
Gearing (times)	0.46	0.44	0.35

Notes:

- (1) After the exercise of 78,200,000 SIS Options at RM0.05 each into 78,200,000 new Minetech Shares.
- (2) After accounting for the expiry of warrants 2014/2019 on 27 November 2019 which resulted in the warrant reserve account being debited by RM22.0 million with a corresponding credit to the other reserve account. All outstanding warrants 2014/2019 had expired at 5.00 p.m., on 27 November 2019 and had been delisted from the Official List of Bursa Securities at 9.00 a.m. on 28 November 2019.
- (3) Based on the indicative issue price of RM0.21 per Placement Share.

(4) After deducting estimated expenses of RM147,000 for the Proposed Private Placement.

Maximum Scenario

	(Audited)	(I)	(II) After (I) and assuming full exercise of Outstanding SIS Options ⁽³⁾	(III) After (II) and the Proposed Private Placement
	As at 31 March 2019 (RM)	Subsequent events up to the LPD (RM)	(RM)	(RM)
Share capital	132,526,862	136,436,862 ⁽¹⁾	139,431,862	161,679,031 ⁽⁴⁾
Treasury shares	(47,990)	(47,990)	(47,990)	(47,990)
Foreign currency translation reserve	70,737	70,737	70,737	70,737
Warrant reserve	21,971,937	-(²)	-	-
Other reserve	(21,971,937)	-(²)	-	-
Accumulated losses	(56,626,007)	(56,626,007)	(56,626,007)	(56,778,007) ⁽⁵⁾
Shareholders' funds/ NA	75,923,602	79,833,602	82,828,602	104,923,771
No. of Shares	921,574,900	999,774,900	1,059,674,900	1,165,613,800
NA per Share (sen)	8.24	7.99	7.82	9.00
Total borrowings (RM)	35,032,908	35,032,908	35,032,908	35,032,908
Gearing (times)	0.46	0.44	0.42	0.33

Notes:

- (1) After the exercise of 78,200,000 SIS Options at RM0.05 each into 78,200,000 new Minetech Shares.
- (2) After accounting for the expiry of warrants 2014/2019 on 27 November 2019 which resulted in the warrant reserve account being debited by RM22.0 million with a corresponding credit to the other reserve account. All outstanding warrants 2014/2019 had expired at 5.00 p.m., on 27 November 2019 and had been delisted from the Official List of Bursa Securities at 9.00 a.m. on 28 November 2019.
- (3) Assuming full exercise of 59,900,000 Outstanding SIS Options at RM0.05 each into 59,900,000 new Minetech Shares.
- (4) Based on the indicative issue price of RM0.21 per Placement Share.
- (5) After deducting estimated expenses of RM152,000 for the Proposed Private Placement.

5.3 Earnings and EPS

The Proposed Private Placement is not expected to have any material effect on the Group's earnings and the Company's EPS for the financial year ending 31 March 2021 as the Proposed Private Placement may be completed within 6 months from the date of approval from Bursa Securities whilst the proceeds to be raised are expected to be used within 24 months from the date of listing of the Placement Shares.

The issuance of Placement Shares will cause the Company's EPS to be diluted as a result of the increase in the number of Minetech Shares. However, the Proposed Private Placement is expected to contribute positively to the future earnings and EPS of Minetech when the economic and financial benefits from the use of proceeds are realised.

5.4 Substantial shareholders' shareholdings

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

Minimum Scenario

	As at the LPD				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Awang Daud Bin Awang Putera	239,969,100	24.01	252,900 ⁽²⁾	0.03	239,969,100	21.83	252,900	0.02
Choy Sen @ Chin Kim Sang	182,097,020	18.22	48,056,100 ⁽³⁾	4.81	182,097,020	16.56	48,056,100	4.37
Chin Leong Choy Placee(s)	47,456,100 -	4.75 -	182,697,020 ⁽⁴⁾ -	18.28 -	47,456,100 99,948,900	4.32 9.09	182,697,020 -	16.62 -

Notes:

- (1) Excluding treasury shares.
- (2) Deemed interested by virtue of 252,900 Shares held by his son Awangku Mohammad Rezani Bin Awang Daud.
- (3) Deemed interested by virtue of 600,000 Shares held by his spouse Low Choon Lan and 47,456,100 Shares held by his son Chin Leong Choy.
- (4) Deemed interested by virtue of his parents' shareholdings in Minetech.

Maximum Scenario

Name	As at the LPD				(I) Assuming full exercise of Outstanding SIS Options			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Awang Daud Bin Awang Putera	239,969,100	24.01	252,900 ⁽²⁾	0.03	239,969,100	22.65	252,900	0.02
Choy Sen @ Chin Kim Sang	182,097,020	18.22	48,056,100 ⁽³⁾	4.81	182,097,020	17.18	48,056,100	4.54
Chin Leong Choy Placee(s)	47,456,100 -	4.75 -	182,697,020 ⁽⁴⁾ -	18.28 -	62,456,100 ⁽⁵⁾ -	5.90 -	182,697,020 -	17.25 -

Name	(II) After (I) and the Proposed Private Placement			
	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Awang Daud Bin Awang Putera	239,969,100	20.59	252,900	0.02
Choy Sen @ Chin Kim Sang	182,097,020	15.63	48,056,100	4.12
Chin Leong Choy Placee(s)	62,456,100 105,938,900	5.36 9.09	182,697,020 -	15.68 -

Notes:

- (1) *Excluding treasury shares.*
- (2) *Deemed interested by virtue of 252,900 Shares held by his son Awangku Mohammad Rezani Bin Awang Daud.*
- (3) *Deemed interested by virtue of 600,000 Shares held by his spouse Low Choon Lan and 47,456,100 Shares held by his son Chin Leong Choy.*
- (4) *Deemed interested by virtue of his parents' shareholdings in Minetech.*
- (5) *Assuming Chin Leong Choy fully exercised his 15,000,000 Outstanding SIS Options at RM0.05 each into 15,000,000 new Minetech Shares.*

5.5 Convertible securities

As at the LPD, the Company does not have any outstanding options, warrants or convertible securities except for the 59,900,000 Outstanding SIS Options.

The Proposed Private Placement will not give rise to any adjustment to the number and exercise price of the Outstanding SIS Options.

6. APPROVALS REQUIRED

The Proposed Private Placement is subject to and conditional upon approval being obtained from Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

Minetech had obtained the approval of its shareholders at the 17th Annual General Meeting (“AGM”) convened on 28 August 2019 whereby pursuant to Section 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Company’s directors were empowered to allot and issue shares in the Company from time to time, at such price, upon such terms and conditions for such purposes and to such person or persons whomsoever as the Company’s directors may deem fit provided that the aggregate number of shares issued pursuant to the resolutions does not exceed 10% of the total number of issued shares in the Company (excluding treasury shares) for the time being and that the Company’s directors be also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional share so issued and that such authority shall continue in force until the conclusion of the next AGM of the Company.

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

None of the Company’s directors, major shareholders and/or persons connected with them has any interest, direct and/or indirect, in the Proposed Private Placement in view of the fact that the Placement Shares will not be placed to them as mentioned in Section 2.2 of this announcement.

8. DIRECTORS’ STATEMENT

After having considered all aspects of the Proposed Private Placement, including but not limited to the rationale, use of proceeds and effects of the Proposed Private Placement, the Board is of the opinion that the Proposed Private Placement is in the best interests of the Company.

9. ADVISER AND PLACEMENT AGENT

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

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Board expects the Proposed Private Placement to be completed within 6 months from the date of approval from Bursa Securities.

11. APPLICATIONS TO THE RELEVANT AUTHORITIES

Application to Bursa Securities in relation to the Proposed Private Placement is expected to be submitted within 2 weeks from the date of this announcement.

This announcement is dated 12 May 2020.