

SCC HOLDINGS BERHAD (“SCC” OR “COMPANY”)

- (I) PROPOSED BONUS ISSUE; AND
- (II) PROPOSED SHARE SPLIT

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of SCC (“**Board**”), Mercury Securities Sdn Bhd (“**Mercury Securities**”) wishes to announce that the Company proposes to undertake the following:

- (i) proposed bonus issue of 4,277,580 new ordinary shares in SCC (“**SCC Shares**”) (“**Bonus Shares**”) on the basis of 1 Bonus Share for every 10 existing SCC Shares held on an entitlement date to be determined later (“**Entitlement Date**”) (“**Proposed Bonus Issue**”); and
- (ii) proposed share split involving the subdivision of every 1 SCC Share held after the Proposed Bonus Issue into 3 ordinary shares in SCC (“**Subdivided Shares**”) (“**Proposed Share Split**”).

Further details of the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Details of the Proposed Bonus Issue

The Proposed Bonus Issue entails the issuance of 4,277,580 Bonus Shares on the basis of 1 Bonus Share for every 10 existing SCC Shares held by the shareholders of SCC whose names appear in the Company’s Record of Depositors as at the close of business on the Entitlement date (“**Entitled Shareholders**”).

Fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded and shall be dealt with in such manner as the Board in their absolute discretion deem fit, expedient and in the best interest of the Company.

The Proposed Bonus Issue will not be implemented on a staggered basis and will be implemented concurrently with the Proposed Share Split. It is the Board’s intention to fix the Entitlement Date for the Proposed Bonus Issue and Proposed Share Split on the same date, which will be determined at a later date upon receipt of all relevant approvals for the Proposals.

2.1.2 Capitalisation of reserves

The Proposed Bonus Issue shall be effected by capitalising an amount of RM0.50 per Bonus Share or RM2.1 million from the Company's share premium account as follows.

Company level	Audited as at 31 December 2016 RM'000
Share premium	2,696
Less: Amount to be capitalised for the Proposed Bonus Issue	(2,139)
Less: Estimated expenses for the Proposals	(150)
	407

The Board confirms that the available reserves of the Company are unimpaired by losses on a consolidated basis and are adequate for the capitalisation of the Proposed Bonus Issue based on the Company's latest audited financial statements for the financial year ended 31 December ("FYE") 2016.

2.1.3 Ranking of Bonus Shares

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

2.1.4 Listing of and quotation for the Bonus Shares

The Company will make an application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Bonus Shares on the ACE Market of Bursa Securities.

The Bonus Shares will be listed and quoted on the ACE Market of Bursa Securities on the next market day following the Entitlement Date. The notice of allotment of the Bonus Shares will be issued and despatched to the Entitled Shareholders within 4 market days after the date of listing of and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

As SCC Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act, 1991, the Bonus Shares will be credited into the respective Central Depository System accounts of the Entitled Shareholders and no physical share certificate will be issued.

The Proposed Share Split will be undertaken immediately after the issuance of the Bonus Shares. Thus, the Bonus Shares to be listed shall be in the form of the Subdivided Shares.

2.2 Proposed Share Split

2.2.1 Details of the Proposed Share Split

The Proposed Share Split entails the subdivision of every 1 SCC Share held by the Entitled Shareholders after the Proposed Bonus Issue into 3 Subdivided Shares.

As at 18 April 2017, being the latest practicable date prior to this announcement (“**LPD**”), the issued share capital of SCC is RM21,387,900 comprising 42,775,800 SCC Shares. Upon completion of the Proposed Bonus Issue, the issued share capital of SCC will be RM23,526,690 comprising 47,053,380 SCC Shares. Subsequently, upon completion of the Proposed Share Split, the issued share capital of SCC will be RM23,526,690 comprising 141,160,140 Subdivided Shares.

For illustrative purposes, based on the last transacted market price of SCC Shares as at the LPD of RM1.70, the market price of the Subdivided Shares after the Proposals shall theoretically be adjusted as follows:

	Assumed no. of ordinary shares held	Market price / Theoretical price per share	Total value RM
As at the LPD	100	1.700	170
After the Proposed Bonus Issue	110	1.545	170
After the Proposed Share Split	330	0.515	170

As illustrated above, the Proposals are not expected to have any impact on the total value of ordinary shares held by the Entitled Shareholders.

2.2.2 Ranking of Subdivided Shares

The Subdivided Shares shall, upon allotment and issue, rank *pari passu* in all respects with each other.

2.2.3 Listing of and quotation for the Subdivided Shares

The Company will make an application to Bursa Securities for the listing of and quotation for the Subdivided Shares on the ACE Market of Bursa Securities.

No suspension will be imposed on the trading of SCC Shares on Bursa Securities for the purpose of implementing the Proposed Share Split as the Proposed Share Split is prescribed as a Specified Subdivision pursuant to Rule 13.04(3) of the ACE Market Listing Requirements of Bursa Securities.

The Subdivided Shares will be listed and quoted on the ACE Market of Bursa Securities on the next market day following the Entitlement Date. The notice of allotment of the Subdivided Shares will be issued and despatched to the Entitled Shareholders within 4 market days after the date of listing and quotation for the Subdivided Shares or such other period as may be prescribed by Bursa Securities.

3. RATIONALE FOR THE PROPOSALS

The Proposals are intended to:

- (i) reward the Company's shareholders for their continuing support by enabling them to have a greater participation in the equity of the Company in terms of the number of shares held, whilst maintaining their percentage equity interest;
- (ii) enhance the marketability and trading liquidity of SCC Shares on the ACE Market of Bursa Securities *via* a larger share base; and
- (iii) make SCC Shares more affordable as its reference market price will be adjusted downward and thus, potentially appeal to a wider group of public shareholders and/or investors to participate in the equity and growth of the Company.

4. EFFECTS OF THE PROPOSALS

4.1 Share Capital

The pro forma effects of the Proposals on the issued share capital of SCC are as follows:

	No. of Shares	RM
As at the LPD	42,775,800	21,387,900
To be issued pursuant to the Proposed Bonus Issue	4,277,580	2,138,790
	47,053,380	23,526,690
After the Proposed Share Split	141,160,140	23,526,690

4.2 Net Assets ("NA") and Gearing

Based on the latest audited consolidated financial statements of SCC for FYE 2016, the proforma effects of the Proposals on the NA per share and gearing are as follows:

	Audited as at 31 December 2016 RM'000	(I) After subsequent event ⁽¹⁾ RM'000	(II) After (I) and the Proposed Bonus Issue RM'000	After (II) and the Proposed Share Split RM'000
Share capital	21,388	21,388	23,527	23,527
Share premium	2,696	2,696	⁽²⁾ 407	407
Fair value reserve	58	58	58	58
Retained earnings	14,326	12,187	12,187	12,187
Shareholders' funds/ NA	38,468	36,329	36,179	36,179
No. of shares in issue ('000)	42,776	42,776	47,053	141,160
NA per share	0.90	0.85	0.77	0.26
Total borrowings	163	163	163	163
Gearing (times)	⁽³⁾	⁽³⁾	⁽³⁾	⁽³⁾

Notes:

- (1) *Being adjustment for an interim dividend paid on 20 January 2017 amounting to RM2.1 million.*
- (2) *After capitalisation of RM2.1 million pursuant to the Proposed Bonus Issue and deduction of estimated expenses amounting to RM150,000 in relation to the Proposals.*
- (3) *Less than 0.01 times.*

4.3 Substantial Shareholders' Shareholdings

The Proposals will not have any effect on the percentage shareholdings of SCC's substantial shareholders. However, the number of shares held by each substantial shareholder will increase proportionately as a result of the Proposals.

4.4 Earnings and Earnings per Share ("EPS")

The Proposals are not expected to have any material effect on the earnings of SCC and its subsidiaries ("**Group**") for the financial year ending 31 December 2017. However, there will be a corresponding dilution in the EPS of the Group as a result of the increase in the number of shares pursuant to the Proposals.

4.5 Convertible Securities

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

5. APPROVALS REQUIRED

The Proposals are conditional upon the following approvals being obtained

- (a) Bursa Securities for the listing of and quotation for the Bonus Shares and Subdivided Shares on the ACE Market of Bursa Securities;
- (b) shareholders of SCC for the Proposals at an extraordinary general meeting to be convened; and
- (c) any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue and the Proposed Share Split are inter-conditional upon each other.

Save for the above, the Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by SCC.

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

None of the Directors and/or major shareholders of SCC and/or persons connected with them have any interest, direct or indirect, in the Proposals, save for their respective entitlements as shareholders of the Company under the Proposals, which are also available to all other Entitled Shareholders.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, including the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

8. ESTIMATED TIMEFRAME FOR COMPLETION

The application to the relevant authorities in relation to the Proposals will be made within 1 month from the date of this announcement.

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals are expected to be completed by the third quarter of 2017.

9. ADVISER

Mercury Securities has been appointed as the Adviser for the Proposals.

This announcement is dated 19 April 2017.