

INFRAHARTA HOLDINGS BERHAD (“INFRAHARTA” OR THE “COMPANY”)

PROPOSED PRIVATE PLACEMENT

(Unless stated otherwise or defined herein, the abbreviations used in this Announcement shall be defined in Appendix I.)

1. INTRODUCTION

On behalf of the Board, TA Securities wishes to announce that the Company proposes to undertake a private placement of up to 49,880,000 new Infraharta Shares, representing up to approximately 10% of the total number of issued Shares, to third-party investor(s) to be identified later and at an issue price to be determined later.

2. PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

As at the LPD, the issued share capital of the Company is RM145,918,637 comprising 384,179,719 Shares. The Company has the following convertible securities outstanding / that may be granted as at the LPD:

- (i) up to 54,626,900 SIS Options which may be granted and exercised pursuant to the maximum allowable amount under the SIS; and
- (ii) up to 60,000,000 Warrants A which may be exercised into 60,000,000 Shares.

(collectively, the “**Outstanding Convertible Securities**”)

The Company does not have any treasury shares as at the LPD.

The Company had obtained the approval from its Shareholders at the last AGM convened on 29 August 2023, authorising the Board to allot and issue new Infraharta Shares not exceeding 10% of the total number of issued shares of the Company pursuant to Sections 75 and 76 of the Act (“**General Mandate**”). The said approval shall continue to be in force, unless revoked or varied by the Company at a general meeting, until the conclusion of the next AGM of the Company.

Pursuant to Section 85 of the Act read together with the Constitution of the Company, the Shareholders have statutory pre-emptive rights to be offered any new Shares which rank equally to the existing Shares (“**Statutory Pre-Emptive Rights**”). In this regard, the Company had in its proposed shareholders’ resolution for the General Mandate inserted the following additional resolution for the Shareholders to waive the Statutory Pre-Emptive Rights (“**Waiver Resolution**”):

AND THAT in connection with the above, pursuant to Section 85 of the Act to be read together with Clause 19 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of the new shares above by the Company.

The Waiver Resolution was approved by Shareholders at the Company’s AGM held on 29 August 2023. In doing so, the Company is of the view that Shareholders have been reminded of the Statutory Pre-Emptive Rights and in approving the General Mandate and the Waiver Resolution, the Statutory Pre-Emptive Rights had been waived by the Shareholders.

In the event the Proposed Private Placement transcends beyond the next AGM, approval will be sought from the Shareholders at the next AGM for renewal of the General Mandate.

In accordance with Paragraph 6.03(1) of the Listing Requirements, Infraharta must not issue any Shares or convertible securities under a General Mandate if the total number of those Shares or convertible securities, when aggregated with the total number of any such Shares or convertible securities issued during the preceding 12 months under a General Mandate, exceeds 10% of the total number of issued shares (excluding treasury shares) of Infraharta. The Board will ensure at all times that the Proposed Private Placement complies with Paragraph 6.03(1) of the Listing Requirements.

Premised on the above, the Proposed Private Placement shall entail the issuance of such number of Placement Shares as follows:

- (a) up to 38,417,000 Placement Shares, which represents up to approximately 10% of the Company's existing total number of issued Shares, assuming none of the Outstanding Convertible Securities are exercised into new Infraharta Shares prior to the implementation of the Proposed Private Placement ("**Minimum Scenario**"); or
- (b) up to 49,880,000 Placement Shares, which represents up to approximately 10% of the Company's enlarged total number of issued Shares, assuming all of the Outstanding Convertible Securities are exercised into new Infraharta Shares prior to the implementation of the Proposed Private Placement ("**Maximum Scenario**").

2.2 Placement arrangement

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. The Placement Shares are not intended to be placed to the following persons:

- (i) Interested Person;
- (ii) a person connected with an Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in one or multiple tranches. The implementation of the placement arrangement in multiple tranches serves to provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares expediently from time to time.

The issue price for each tranche of the Placement Shares will be determined separately. The basis of determining the issue price of the Placement Shares will be in accordance with market-based principles.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment, issuance and payment of the issue price, rank pari passu in all respects with the then existing issued Shares, save and except that the holders of such Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Placement Shares.

2.4 Listing and quotation of the Placement Shares

The Placement Shares will be listed on the Main Market of Bursa Securities.

2.5 Basis and justification of the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 10% to the 5-day VWAP of Infraharta Shares up to and including the last trading day immediately preceding the price-fixing date, to be determined by the Board after taking into consideration the prevailing market conditions. As the Proposed Private Placement may be implemented in several tranches within 6 months, there could potentially be several price-fixing dates and issue prices.

For illustrative purposes in this Announcement, the issue price is assumed to be RM0.091 per Placement Share, which represents a discount of approximately 9.00% to the 5-day VWAP of Infraharta Shares up to and including the LPD of RM0.100.

(Source: Bloomberg)

2.6 Details of fund-raising exercises undertaken by the Company in the past 12 months

The Company had issued a total of 165,000,000 RCPS pursuant to the Issuance of RCPS which commenced on 22 December 2020 and expired on 22 December 2023. The total proceeds of RM16.50 million raised have been utilised as follows:

Utilisation of proceeds	Actual proceeds raised (RM'000)	Actual utilisation as at the LPD (RM'000)	Balance unutilised (RM'000)
Funding for business segment			
- construction	10,236	10,236	-
- property development	(1)2,598	(1)2,598	-
Working capital	1,952	1,952	-
Expenses for the Issuance of RCPS	1,714	1,714	-
Total	16,500	16,500	-

Note:

(1) These proceeds were initially intended to be utilised to fund the Group's construction segment. The said utilisation was subsequently varied and the proceeds have been utilised to fund the Group's property development segment. Please refer to the Company's announcement dated 26 December 2023 for further information.

Save as disclosed above, the Company did not undertake any fund-raising exercise in the past 12 months preceding the LPD.

3. UTILISATION OF PROCEEDS

Based on an illustrative issue price of RM0.091 per Placement Share, the proceeds from the Proposed Private Placement are expected to be utilised as follows:

Details of utilisation	Expected timeframe for utilisation from completion of Proposed Private Placement	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
(i) Funding for ongoing construction and property development projects ("Ongoing Projects")	Within 3 months	2,276	2,999
(ii) Working capital	Within 3 months	1,000	1,300
(iii) Estimated expenses for the Proposed Private Placement	Immediate	220	240
Total proceeds⁽¹⁾		3,496	4,539

Note:

(1) In the event of any shortfall in the actual amount of proceeds raised from the Proposed Private Placement, the proceeds are intended to be utilised in the following order of priority, up to the respective maximum allocation:

- (i) estimated expenses for the Proposed Private Placement;
- (ii) Ongoing Projects; and
- (iii) working capital.

Any excess in the actual amount of proceeds to be raised from the Proposed Private Placement will be allocated for working capital.

Pending utilisation, the proceeds raised from the Proposed Private Placement may be placed in deposits with financial institutions and/or short-term money market instruments. The interest and/or any gains arising therefrom will be used as additional funds for the Group's working capital.

(i) Funding for Ongoing Projects

The Group intends to utilise proceeds of up to RM3.00 million to fund the Group's Ongoing Projects as set out below:

No.	Ongoing Projects	Contract value / GDV (RM million)	Percentage of completion as at the LPD	Estimated completion date
1.	Construction projects			
	Slope repair works in Penampang, Sabah focusing on design and build elements	11.01	71%	April 2024
2.	Slope repair works in Kota Belud, Sabah focusing on design and build including supply of materials, labor, machinery, equipment and fabrication works	19.39	48%	July 2024
3.	Slope repair works in Tuaran, Sabah focusing on design and build elements	10.20	61%	July 2024
4.	Construction of new road connecting FELDA Bukit Jalor to Gemas, Negeri Sembilan	45.25	41%	October 2024
	Total	85.85		
1.	Property development project			
	Pavilion Residence, being a 26-storey residential building project in Seberang Perai Tengah, Penang undertaken by the Group	49.00	85%	October 2024
	Total	49.00		

The proceeds earmarked for the Ongoing Projects above will be used towards, among others, payments to contractors, suppliers, material costs as well as payments to the relevant authorities. The Group has not determined the specific allocation of these proceeds for any of the projects above at this juncture. The use of these proceeds will be based on the actual funding requirement of the respective projects at the relevant time as well as the actual proceeds raised from the Proposed Private Placement. In

this respect, the allocation of proceeds between each project shall be adjusted accordingly as and when required.

Any shortfall in the Group's funding requirements for the respective projects are expected to be met via progress billings to be received, existing cash and bank balances, bank borrowings as well as other suitable funding options at the relevant time.

(ii) Working capital

The Group intends to utilise proceeds of up to RM1.30 million as working capital required for the day-to-day operations of the Group. These proceeds are intended to be used for general administrative and operating expenses such as salaries, statutory contributions for staff, office rental, utilities, and upkeep of office and office equipment. The exact allocation of the proceeds for each of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of the Group at the relevant point in time.

(iii) Estimated expenses for the Proposed Private Placement

The breakdown of the estimated expenses for the Proposed Private Placement is illustrated below:

Estimated expenses	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Professional fees ⁽¹⁾	170	191
Fees to relevant authorities	25	25
Miscellaneous expenses and contingencies	25	24
Total	220	240

Note:

- (1) These include advisory fees, placement fees and other professional fees payable to the Principal Adviser, company secretary and share registrar in relation to the Proposed Private Placement.

4. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

As detailed in Section 3 of this Announcement, the proceeds raised from the Proposed Private Placement will be utilised mainly for the Group's Ongoing Projects and working capital.

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 of fund raising at this juncture as it would enable the Group to raise additional funds expeditiously without having to incur interest costs or service principal repayments as compared to bank borrowings. In turn, this allows the Company to preserve its cash flow.

Further, the Group will be able to raise additional funds expeditiously and cost-effectively via a private placement as opposed to a pro-rata issuance of securities such as a rights issue. A rights issue will also require Infraharta to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares. Alternatively, the Company may have to procure underwriting arrangements to meet the minimum subscription level to raise the requisite funds which will incur additional costs.

In addition, a rights issue is likely to take a longer time to complete as compared to a private placement. In this respect, the Proposed Private Placement enables the Group to raise funds expeditiously to meet its immediate funding requirements, where proceeds raised will be used

to facilitate timely completion of the relevant Ongoing Projects as well as to supplement the Group's working capital for its day-to-day operations.

5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

Global growth is projected to moderate in 2023 and 2024 following slow growth in advanced economies; volatile financial market due to tightening monetary policy; prolonged geopolitical tensions; and increasing climatic changes. Nevertheless, inflation continues to soften as markets head towards supply chain stabilisation. In addition, world trade is projected to moderate in 2023 in line with weaker global demand. However, global trade is expected to increase in 2024 in tandem with improved trade activity in advanced economies and emerging market and developing economies.

In the case of Malaysia, the economy continued to expand amid these persistent challenges in the external environment. During the first half of 2023, gross domestic products (“GDP”) posted a growth of 4.2% supported by resilient domestic demand, in particular private expenditure. The services sector, the largest contributor to the economy, continued to lead growth following higher tourist arrivals and improved consumer spending. The construction sector continued to expand in tandem with the acceleration of infrastructure projects and realisation of investment in non-residential and residential developments. These developments helped to cushion the negative impact from the external sector following slow external demand, particularly from Malaysia's major trading partners.

The increased external uncertainties will pose risks to the economic growth. Notwithstanding these challenges, the economy continues reaping the benefit from policies and initiatives undertaken over the years to enhance resilience and competitiveness. Overall, the economy is projected to expand moderately in the second half of the year as external demand is expected to remain low and high base effect from the previous year. Nevertheless, domestic demand will continue to drive growth. Hence, the GDP is anticipated to register a growth of approximately 4% in 2023.

For 2024, the economy is projected to grow within the range of 4% to 5%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities.

(Source: Economic Outlook 2024, Macroeconomic Outlook, Ministry of Finance of Malaysia)

5.2 Overview and outlook of the construction sector in Malaysia

The construction sector improved steadily by 6.8% in the first half of 2023 mainly driven by the civil engineering and special construction activities subsectors. The civil engineering subsector rebounded, supported by the acceleration of ongoing infrastructure and utilities projects, which include East Coast Rail Link (ECRL) and Large Scale Solar 4 projects. The non-residential buildings and residential buildings subsectors also registered positive growth in line with vibrant economic activities.

The sector is forecast to expand by 5.9% in the second half of the year supported by growth in all subsectors. The residential buildings subsector is anticipated to remain encouraging on the back of Government's initiatives such as i-MILIKI and Housing Credit Guarantee Scheme in assisting first-time home buyers, spurring demand for home ownership. Similarly, the non-residential buildings subsector is envisaged to increase, particularly with the realisation of approved private investments. The continuous implementation of strategic infrastructure and utilities projects will further support the civil engineering subsector. For the year, performance of the sector is expected to remain steady and grow by 6.3%.

The construction sector is forecast to increase by 6.8% in 2024 following better performance in all subsectors. Civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road (CSR), the Pan Borneo Sabah Highway and acceleration of projects under the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan). Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector's growth. The implementation of New Industrial Master Plan 2030 is expected to further strengthen the performance of non-residential buildings subsector as the plan will provide a platform to attract more investments into the country. In addition, the residential buildings subsector is projected to improve further in line with the Government's effort to increase more affordable houses as outlined under the Mid-Term Review of the Twelfth Plan and the MADANI Neighbourhood scheme, as well as new launching by the private sector.

(Source: Economic Outlook 2024, Macroeconomic Outlook, Ministry of Finance of Malaysia)

5.3 Overview and outlook of the property market in Malaysia

The property market is expected to continue its momentum with various initiatives outlined by the government under the revised Budget 2023 which include, amongst others:

- (i) full stamp duty exemption on instrument of transfer and loan agreement for the purchase of the first residential home priced up to RM500,000 by Malaysia citizens remained until 31 December 2025;
- (ii) allocation of RM460.2 million for the building of new homes and home renovations in rural areas;
- (iii) allocation of RM389.5 million will be channelled to the People's Housing Programme; and
- (iv) increase the guarantees of up to RM5 billion via Syarikat Jaminan Kredit Perumahan (SJKP) in assisting gig workers such as e-hailing workers in obtaining home financing up to RM500,000.

As the country's GDP growth is projected to be moderately lower than the previous year and in line with other countries in the region, the property market performance is expected to be cautiously optimistic given the unpredictable external environment. The accommodative policies, continuous government support, well execution of measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under 12th Malaysia Plan (RMK-12) are expected to remain supportive of the property sector.

(Source: Property Market Report 2022, Valuation and Property Services Department, Ministry of Finance)

5.4 Prospects of Infraharta Group

Infraharta Group is principally involved in construction of buildings and other engineering projects, as well as the property development business. The Group had in December 2021 ventured into the property development business which complements its construction business to mitigate its reliance on a single business segment and create an additional source of income stream for the Group.

Following that, the Group had subsequently launched its maiden development project known as Pavilion Residence in Penang, with a total GDV of approximately RM49.00 million. As at the LPD, this project is approximately 85% completed.

In line with the Group's long-term expansion strategy, the Group has been on a constant lookout for new opportunities for both its construction and property development segments. The Group has been progressively securing projects and is currently engaged in 9 ongoing projects with total contract sum of RM172.12 million and balance unbilled amount of RM99.38 million as at the LPD.

Premised on the above as well as the outlook of the construction industry and property market in Malaysia as set out in Sections 5.2 and 5.3 above, the management is cautiously optimistic about the Group's future prospects.

(Source: Management of Infracarta)

6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Share capital

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

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	384,179,719	145,918,637	384,179,719	145,918,637
Assuming full granting and exercise of SIS Options ⁽¹⁾	-	-	54,626,900	8,516,334
Assuming full exercise of Warrants A ⁽²⁾	-	-	60,000,000	30,000,000
After full exercise of the Outstanding Convertible Securities	384,179,719	145,918,637	498,806,619	184,434,971
To be issued pursuant to the Proposed Private Placement ⁽³⁾	38,417,000	3,495,947	49,880,000	4,539,080
After the Proposed Private Placement	422,596,719	149,414,584	548,686,619	188,974,051

Notes:

- (1) Assuming all the 54,626,900 SIS Options that may be further granted are fully granted and exercised into new Shares at an illustrative exercise price of RM0.091 each. This represents a discount of approximately 9.00% to the 5-day VWAP of Infracarta Shares up to and including the LPD of RM0.100 and is after accounting for the reversal of SIS Options reserve.
- (2) Assuming all the outstanding 60,000,000 Warrants A are fully exercised into new Shares based on an exercise price of RM0.50 per Warrant A and after accounting for the reversal of warrants reserve.
- (3) Based on an illustrative issue price of RM0.091 per Placement Share.

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6.2 NA and gearing

The pro forma effects of the Proposed Private Placement on the NA and gearing of the Group are as follows:

Minimum Scenario

	Audited as at 31 March 2023	(I) After subsequent events ⁽¹⁾	(II) After (I) and the Proposed Private Placement ⁽²⁾
	(RM'000)	(RM'000)	(RM'000)
Share capital	144,743	145,918	149,414
Fair value reserve	(4,618)	(4,618)	(4,618)
Accumulated losses	(88,425)	(88,425)	⁽³⁾ (88,645)
Shareholders' equity / NA	51,700	52,875	56,151
Non-controlling interests	(501)	(501)	(501)
Total equity	51,199	52,374	55,650
No. of Infraharta Shares in issue ('000)	371,680	384,180	422,597
NA per Infraharta Share (RM'000)	0.14	0.14	0.13
Total borrowings (RM'000)	2,127	2,127	2,127
Gearing (times)	0.04	0.04	0.04

Notes:

- (1) After accounting for the issuance of 12,500,000 new Shares arising from the conversion of RCPS at a conversion price of RM0.10 each and deducting the expenses incurred in relation to the Issuance of RCPS of approximately RM0.08 million.
- (2) Based on an illustrative issue price of RM0.091 per Placement Share.
- (3) After deducting estimated expenses to be incurred in relation to the Proposed Private Placement of approximately RM0.22 million.

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Maximum Scenario

		(I)	(II) After (I) and assuming full exercise of the Outstanding Convertible Securities ⁽²⁾	(III) After (II) and the Proposed Private Placement ⁽³⁾
	Audited as at 31 March 2023	After subsequent events ⁽¹⁾		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	144,743	145,918	184,435	188,974
Fair value reserve	(4,618)	(4,618)	(4,618)	(4,618)
Accumulated losses	(88,425)	(88,425)	(91,971)	(92,211) ⁽⁴⁾
Shareholders' equity / NA	51,700	52,875	87,846	92,145
Non-controlling interests	(501)	(501)	(501)	(501)
Total equity	51,199	52,374	87,345	91,644
No. of Infraharta Shares in issue ('000)	371,680	384,180	498,807	548,687
NA per Infraharta Share (RM'000)	0.14	0.14	0.18	0.17
Total borrowings (RM'000)	2,127	2,127	2,127	2,127
Gearing (times)	0.04	0.04	0.02	0.02

Notes:

- (1) After accounting for the issuance of 12,500,000 new Shares arising from the conversion of RCPS at a conversion price of RM0.10 each and deducting the expenses incurred in relation to the Issuance of RCPS of approximately RM0.08 million.
- (2) After accounting for the following:
- (i) assuming all the 54,626,900 SIS Options that may be further granted and exercised into new Shares at an illustrative exercise price of RM0.091 each. This represents a discount of approximately 9.00% to the 5-day VWAP of Infraharta Shares up to and including the LPD of RM0.100 and is after accounting for the reversal of SIS Options reserve; and
 - (ii) assuming all the outstanding 60,000,000 Warrants A are fully exercised into new Shares based on an exercise price of RM0.50 per Warrant A and after accounting for the reversal of warrants reserve.
- (3) Based on an illustrative issue price of RM0.091 per Placement Share.
- (4) After deducting estimated expenses to be incurred in relation to the Proposed Private Placement of approximately RM0.24 million.

6.3 Earnings and EPS

The Proposed Private Placement is not expected to have an immediate material effect on the earnings of the Company, save for the dilution to EPS as a result of the increase in the number of Shares pursuant to the issuance of Placement Shares.

Although the EPS will be diluted as a result of the increase in the number of Shares, the Proposed Private Placement is expected to contribute positively to the earnings of the Company thereafter in view of the utilisation of proceeds as set out in Section 3 of this Announcement.

6.4 Substantial Shareholders' shareholdings

The pro forma effects of the Proposed Private Placement on the substantial Shareholders' shareholdings based on the register of substantial Shareholders as at the LPD are as follows:

Minimum Scenario

Substantial shareholder	As at the LPD				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Chee Wai Hong	346,400	0.09	⁽³⁾ 18,876,000	4.91	346,400	0.08	⁽³⁾ 18,876,000	4.47

Notes:

- (1) Computed based on 384,179,719 Shares as at the LPD.
- (2) Based on the enlarged number of 422,596,719 Shares after the Proposed Private Placement.
- (3) Deemed interested by virtue of his interests in Changing Horizons Sdn Bhd.

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Maximum Scenario

Substantial shareholder	As at the LPD				(I) Assuming full exercise of the Outstanding Convertible Securities			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Chee Wai Hong	346,400	0.09	⁽⁴⁾ 18,876,000	4.91	346,400	0.07	⁽⁴⁾ 18,876,000	3.78

Substantial shareholder	(II) After (I) and the Proposed Private Placement			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Chee Wai Hong	346,400	0.06	⁽⁴⁾ 18,876,000	3.44

Notes:

- (1) Computed based on 384,179,719 Shares as at the LPD.
- (2) Based on the enlarged number of 498,806,619 Shares after full exercise of the Outstanding Convertible Securities.
- (3) Based on the enlarged number of 548,686,619 Shares after the Proposed Private Placement.
- (4) Deemed interested by virtue of his interests in Changing Horizons Sdn Bhd.

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6.5 Convertible securities

Save for the Outstanding Convertible Securities, the Company does not have any other existing convertible securities as at the LPD. The Proposed Private Placement will not have any impact on the Outstanding Convertible Securities.

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Private Placement is subject to the following approvals being obtained:

- (i) the approval of Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities; and
- (ii) approvals / consents of any other relevant authorities / parties, if required.

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

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed by first quarter of 2024.

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

None of the directors, major Shareholders or chief executive of Infracore and/or persons connected with them have any interest, direct or indirect, in the Proposed Private Placement in view that the Placement Shares to be issued will be placed out to third-party investor(s).

10. DIRECTORS' STATEMENT

The Board, having considered the current and prospective financial position, needs and capacity of the Company as well as the rationale and all other aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interests of the Company.

11. APPLICATION TO AUTHORITIES

The listing application in relation to the Proposed Private Placement will be submitted to Bursa Securities on even date.

12. ADVISER AND PLACEMENT AGENT

TA Securities has been appointed by the Company to act as the Principal Adviser and the Placement Agent in relation to the Proposed Private Placement.

This Announcement is dated 15 January 2024.

APPENDIX I – DEFINITIONS

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

Act	:	Companies Act 2016, as amended from time to time including any re-enactment thereof
AGM	:	Annual general meeting
Announcement	:	This announcement in relation to the Proposed Private Placement
Board	:	The Board of Directors of Infraharta
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
Directors	:	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
EPS	:	Earnings per share
FPE	:	Financial period ended
FYE	:	Financial year(s) ended / ending
GDV	:	Gross development value
GL	:	Gross loss
GP	:	Gross profit
Infraharta or the Company	:	Infraharta Holdings Berhad (200701007217 (765218-V))
Infraharta Group or the Group	:	Collectively, the Company and its subsidiaries
Infraharta Shares or Shares	:	Ordinary shares in the Company
Interested Person	:	A director, major shareholder or chief executive of Infraharta
Issuance of RCPS	:	Issuance of up to 600,000,000 RCPS at the issue price of RM0.10 each, further details of which are set out in the circular to shareholders of the Company dated 19 November 2020
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	27 December 2023, being the latest practicable date prior to this Announcement
LPS	:	Loss per Share

APPENDIX I – DEFINITIONS (CONT'D)

NA	:	Net assets
Placement Shares	:	New Infraharta Shares to be issued pursuant to the Proposed Private Placement
Proposed Placement	Private :	Proposed private placement of up to approximately 10% of the total number of issued Shares to third party investor(s) to be identified later
RCPS	:	2% cumulative redeemable convertible preference shares in Infraharta issued pursuant to the Issuance of RCPS
RM and sen	:	Ringgit Malaysia and sen respectively
Shareholders	:	Registered holders of Infraharta Shares
SIS	:	Share issuance scheme of the Company which took effect on 18 December 2017 for a period of 5 years, which was subsequently extended for another 5 years to 17 December 2027
SIS Options	:	Options granted or which may be granted under the SIS pursuant to the By-Laws governing the SIS that are exercisable into new Infraharta Shares
TA Securities or the Principal Adviser	:	TA Securities Holdings Berhad (197301001467 (14948-M))
VWAP	:	Volume-weighted average market price
Warrants A	:	Existing warrants 2014 / 2024 of the Company which will expire on 31 March 2024. Each warrant holder is entitled the right to subscribe for 1 Infraharta Share at an exercise price of RM0.50

APPENDIX II – ADDITIONAL INFORMATION

1. HISTORICAL FINANCIAL INFORMATION OF INFRAHARTA GROUP

	Audited			Unaudited	
	FYE 31 March 2021	FYE 31 March 2022	FYE 31 March 2023	6-month FPE 30 September 2022	6-month FPE 30 September 2023
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	44,656	8,072	29,750	6,671	16,784
Cost of sales	(43,743)	(10,778)	(35,093)	(5,821)	(15,960)
GP / (GL)	913	(2,706)	(5,343)	850	824
Other operating income	7,177	121	197	123	145
Administrative expenses	(8,822)	(17,120)	(8,513)	(3,154)	(2,326)
Net gain / (allowance) for expected credit losses	(4,409)	(14,192)	(8,907)	155	-
Loss from operations	(5,141)	(33,897)	(22,566)	(2,026)	(1,357)
Net finance income / (costs)	(330)	417	(138)	(68)	(59)
Share in loss of equity accounted associate, net of tax	(2,104)	(3,492)	-	-	-
LBT	(7,575)	(36,972)	(22,704)	(2,094)	(1,416)
Income tax expense	(555)	(352)	(1,261)	(41)	-
Loss from continuing operations, net of tax	(8,130)	(37,324)	(23,965)	(2,135)	(1,416)
Loss from discontinued operation, net of tax	(11,701)	-	-	-	-
LAT	(19,831)	(37,324)	(23,965)	(2,135)	(1,416)
LAT attributable to					
- owners of the Company	(19,899)	(35,834)	(20,303)	(2,318)	(1,621)
- non-controlling interests	68	(1,490)	(3,662)	183	205
GP / (GL) margin (%)	2.04	(33.52)	(17.96)	12.74	4.91
LAT margin (%)	(44.41)	(462.39)	(80.55)	(32.00)	(8.44)
Weighted average no. of Shares in issue ('000)	211,970	279,392	324,152	319,180	377,909
Basic LPS (sen)	(9.39)	(12.83)	(6.26)	(0.73)	(0.43)

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Financial commentary**(a) 6-month FPE 30 September 2023 compared to 6-month FPE 30 September 2022**

The Group's revenue for the 6-month FPE 30 September 2023 increased by RM10.11 million or 151.60% to RM16.78 million from RM6.67 million in the previous corresponding period. This was mainly due to the increase in revenue from construction segment by RM6.96 million to RM11.98 million (6-month FPE 30 September 2022: RM5.02 million). Further, the revenue from property development segment increased by RM3.17 million to RM4.80 million (6-month FPE 30 September 2022: RM1.63 million). This was mainly due to the continued progression of the Group's ongoing projects in these segments.

Despite the increase in revenue, the Group recorded a lower GP of RM0.82 million (GP margin of 4.91%) for the 6-month FPE 30 September 2023 as compared to a GP of RM0.85 million (GP margin of 12.74%) in the previous corresponding period. This was mainly due to the revision of the budgeted cost of certain projects arising from the extension of project completion.

The Group recorded a LAT of RM1.42 million for the 6-month FPE 30 September 2023 as compared to a LAT of RM2.14 million in the previous corresponding period. The decrease in LAT was mainly attributable to the absence of impairment of goodwill on consolidation (6-month FPE 30 September 2022: RM0.66 million).

(b) FYE 31 March 2023 compared to FYE 31 March 2022

The Group's revenue for the FYE 31 March 2023 increased by RM21.68 million or 268.56% to RM29.75 million from RM8.07 million in the previous financial year. The increase in revenue was mainly due to the increase in revenue from construction segment by RM15.49 million to RM23.56 million (FYE 31 March 2022: RM8.07 million) arising from several new construction projects secured by the Group during the year. Further, the Group also generated new revenue stream amounting to RM6.15 million from its property development business following the sale of development properties (FYE 31 March 2022: nil).

Despite the increase in revenue, the Group recorded a GL of RM5.34 million (GL margin of 17.96%) for the FYE 31 March 2023 as compared to a GL of RM2.71 million (GL margin of 33.52%) in the previous financial year. This was mainly due to the downward adjustments of revenue recognised of approximately RM8.72 million during the FYE 31 March 2023 (FYE 2022: RM2.24 million) as a result of the mutual termination of Package 2 of the Penang Mega Infrastructure Project in December 2021.

The Group recorded a LAT of RM23.97 million for the FYE 31 March 2023 as compared to a LAT of RM37.32 million in the previous financial year. The decrease in LAT was mainly due to the following:

- (i) decrease in administrative expenses by RM8.61 million to RM8.51 million (FYE 31 March 2022: RM17.12 million) mainly attributable to the absence of the fair value loss on investment in associate (FYE 31 March 2022: RM9.94 million); and
- (ii) decrease in net allowance for expected credit losses by RM5.28 million to RM8.91 million (FYE 31 March 2022: RM14.19 million).

(c) FYE 31 March 2022 compared to FYE 31 March 2021

The Group's revenue for the FYE 31 March 2022 decreased by RM36.58 million or 81.92% to RM8.07 million from RM44.66 million in the previous financial year. This was due to the decrease in revenue from construction segment arising from the prolonged movement control order since 2020 and its reimplementation from 1 June 2021 for approximately 3 months which had significantly affected the progress of most construction works.

The Group recorded a GL of RM2.71 million (GL margin of 33.52%) in the FYE 31 March 2022 as compared to a GP of RM0.91 million (GP margin of 2.04%) in the previous financial year. The GL recorded was mainly due to the lower revenue as set out above, along with the rising costs of labour and material.

The Group recorded a LAT of RM37.32 million for FYE 31 March 2022 as compared to a LAT of RM19.83 million in the previous financial year. The increase in LAT was mainly due to the following:

- (i) GL as set out above;
- (ii) absence of gain on disposal of 60% equity interest in Kumpulan Voir Sdn Bhd ("KVSb") (FYE 31 March 2021: RM7.06 million);
- (iii) increase in administrative expenses by RM8.30 million to RM17.12 million (FYE 31 March 2021: RM8.82 million) mainly attributable to the impairment loss on investment in an associate of RM9.94 million (FYE 31 March 2021: nil); and
- (iv) increase in net allowance for expected credit losses by RM9.78 million to RM14.19 million (FYE 31 March 2021: RM4.41 million).

2. STEPS UNDERTAKEN OR TO BE UNDERTAKEN TO IMPROVE THE FINANCIAL CONDITION OF THE GROUP

In recent years, the Group has undertaken several initiatives to improve its financial condition, which include, amongst others:

- (i) On 24 December 2020, the Group completed the disposal of 60% equity interest in KVSb for a total cash consideration of RM16.41 million, which was used to fund the Group's working capital requirements. In view of the limited growth in the fashion retailing business and weak financial performance of KVSb, the said disposal represented a strategic move by the Group to reduce its exposure to KVSb which has been incurring consecutive losses since 2017 and in turn enabled the Group to redirect its resources and focus to its construction business;
- (ii) On 23 December 2021, the Group ventured into property development business through the incorporation of Wande Development Sdn Bhd and the subsequent acquisition of Greenview Pavilion Sdn Bhd. This had enabled the Group to partake in the development of a 26-storey luxury condominium known as Pavilion Residence strategically located in Seberang Prai, Penang, with a total GDV of approximately RM49 million;
- (iii) On 30 December 2021, the Group completed a 20% private placement exercise, raising proceeds of RM11.82 million. The proceeds raised were mainly utilised to fund the Group's new construction projects;

- (iv) On 16 August 2022, the Group completed the disposal of the remaining 40% equity interest in KVS B for a total cash consideration of RM9.00 million. The disposal allowed the Group to fully divest its exposure to KVS B to focus on its construction business. The cash consideration of RM9.00 million was used to fund the Group's working capital for its business operations; and
- (v) The Group has been actively and continuously looking out for new opportunities for its construction segment. In the FYE 31 March 2023, the Group has secured a total 8 projects with total project value of RM121.21 million. As at the LPD, the Group is in the process of negotiating for new construction projects to further strengthen its order book.

3. 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 for the purposes set out in Section 3 of this Announcement without incurring additional interest expense, thereby minimising cash flows commitment and preserving the Group's cash flows. In addition, the funds raised are intended to be utilised within a short timeframe of 3 months to facilitate further and prompt completion of the Group's Ongoing Projects. This is expected to contribute positively to the Group's revenue generation from both its construction and property development segments.

Notwithstanding the above, the consolidated EPS / LPS of the Group is expected to be diluted as a result of the increased number of Shares arising from the Proposed Private Placement. The effects of the Proposed Private Placement on the share capital, NA and gearing, earnings and EPS of the Group are set out in Section 6 of this Announcement.

4. ADEQUACY OF THE PROPOSED PRIVATE PLACEMENT IN ADDRESSING THE COMPANY'S FINANCIAL CONCERN

Premised on Sections 2 and 3 of Appendix II above as well as the effects of the Proposed Private Placement as set out in Section 6 of this Announcement, the Board is of the view that the Proposed Private Placement is an expeditious way to address the Group's current financial funding requirements and will adequately address the financial concerns of the Group at this juncture.

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