

THIS CIRCULAR TO THE SHAREHOLDERS OF BINA PURI HOLDINGS BHD ("BINA PURI" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the next course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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BINA PURI HOLDINGS BHD

Registration No: 199001015515 (207184-X)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

PART A

- (I) **PROPOSED ACQUISITION OF 2,022,593 ORDINARY SHARES IN IDEAL HEIGHTS PROPERTIES SDN BHD ("IHP"), REPRESENTING 44.50% EQUITY INTEREST IN IHP, BY BINA PURI PROPERTIES SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF BINA PURI) FOR A TOTAL PURCHASE CONSIDERATION OF RM26,938,000 TO BE SATISFIED IN CASH AND ISSUANCE OF NEW ORDINARY SHARES IN BINA PURI ("PROPOSED ACQUISITION"); AND**
- (II) **PROPOSED PRIVATE PLACEMENT OF UP TO 260,523,000 NEW ORDINARY SHARES IN BINA PURI, REPRESENTING 30% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES OF BINA PURI, TO INDEPENDENT THIRD-PARTY INVESTOR(S) TO BE IDENTIFIED LATER AND AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED PRIVATE PLACEMENT")**

PART B

INDEPENDENT ADVICE LETTER FROM MIDF AMANAH INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS OF BINA PURI IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A of this Circular



MERCURY SECURITIES SDN BHD

Registration No: 198401000672 (113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B of this Circular



MIDF AMANAH INVESTMENT BANK BERHAD

Registration No: 197501002077 (23878-X)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("EGM") will be held on a fully virtual basis and entirely via remote participation and voting.

If you decide to appoint a proxy or proxies for the EGM, you must complete the Form of Proxy for the EGM strictly in accordance with the instructions contained therein and lodge the Form of Proxy at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. You can also have the option to lodge the proxy appointment electronically via TIH Online at <https://tth.online> before the proxy form lodgement cut-off time as mentioned below. For further information on the electronic lodgement of proxy form, kindly refer to the Administrative Details. The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so.

Last day, date and time for lodging the Form of Proxy for the EGM	:	Monday, 5 April 2021 at 11:00 a.m.
Day, date and time of the EGM	:	Wednesday, 7 April 2021 at 11:00 a.m.
Broadcast Venue of the EGM	:	Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

This Circular is dated 23 March 2021

DEFINITIONS

Except where the context otherwise requires or defined herein, the following definitions shall apply throughout this Circular:-

Act	- Companies Act 2016 of Malaysia, as amended from time to time and any re-enactment thereof
Bina Puri or the Company	- Bina Puri Holdings Bhd [Registration No: 199001015515 (207184-X)]
Bina Puri Group or the Group	- Collectively, the Company and its subsidiaries
Bina Puri Properties or Purchaser	- Bina Puri Properties Sdn Bhd [Registration No: 199201014654 (246157-M)], a wholly-owned subsidiary of the Company
Bina Puri Shares or Shares	- Ordinary shares in the Company
Board	- Board of Directors of the Company
Bursa Securities	- Bursa Malaysia Securities Berhad [Registration No: 200301033577 (635998-W)]
Cheston	- Cheston International (KL) Sdn Bhd [Registration No. 200401008741 (647245-W)], an independent valuer
Circular	- This circular to Shareholders in relation to the Proposals
Consideration Shares	- 280,000,000 new Shares to be issued to the Vendors as part satisfaction of the Purchase Consideration
COVID-19	- Coronavirus disease 2019
Datuk Matthew Tee	- Datuk Matthew Tee Kal Woon, the Group Executive Director of Bina Puri and one of the Vendors in relation to the Proposed Acquisition
Dr. Tony Tan	- Dr. Tan Cheng Kiat, the Founder Director of Bina Puri and one of the Vendors in relation to the Proposed Acquisition
Directors	- Directors of the Company for the time being
EGM	- An extraordinary general meeting of the Company to be convened for the Proposals
EPS	- Earnings per Share
FPE	- Financial period ended
FYE	- Financial year ended
GDC	- Gross development cost
GDV	- Gross development value
HOA	- Heads of agreement dated 25 November 2020 entered into between Bina Puri, Bina Puri Properties and the Vendors in relation to the Proposed Acquisition

DEFINITIONS (CONT'D)

IAL	- Independent advice letter by MIDF Investment to the non-interested Shareholders in relation to the Proposed Acquisition as set out in Part B of this Circular
IHP	- Ideal Heights Properties Sdn Bhd [Registration No: 198401015146 (127701-D)]
IHP Group	- Collectively, IHP and its subsidiaries
IHP Properties	- Properties held by IHP which were the subject of the valuation exercise carried out by the Valuers
IHP Shares	- Ordinary shares in IHP
Interested Directors	- Collectively, Tan Sri Datuk THS, Dr. Tony Tan and Datuk Matthew Tee
Irhamy	- Irhamy International Sdn Bhd [Registration No: 200201033885 (601550-V)], an independent valuer
KWRC Land	- A parcel of 13 acres of leasehold land situated off Jalan Kuantan - Tanjung Lumpur in Kuantan, Pahang
LAT	- Loss after tax
Listing Requirements	- Main Market Listing Requirements of Bursa Securities
LPD	- 10 March 2021, being the latest practicable date before the printing of this Circular
LPS	- Loss per share
LTD	- 24 November 2020, being the last trading day before the date of the HOA
MCO	- Movement control order
Mercury Securities or Principal Adviser or Placement Agent	- Mercury Securities Sdn Bhd [Registration No: 198401000672 (113193-W)]
MIDF Investment or Independent Adviser	- MIDF Amanah Investment Bank Berhad [Registration No: 197501002077 (23878-X)], being the independent adviser appointed to advise the non-interested Directors and non-interested Shareholders in relation to the Proposed Acquisition
NA	- Net assets
NIG	- Newston International Group Sdn Bhd [Registration No: 201001035994 (919918-H)]
PAT	- Profit after tax
PBT	- Profit before tax
Placement Shares	- Up to 260,523,000 new Shares to be issued pursuant to the Proposed Private Placement
Private Placement 2020	- Private placement exercise which involved the issuance of 76,907,900 Shares and was completed on 21 September 2020

DEFINITIONS (CONT'D)

Proposals	- Collectively, the Proposed Acquisition and Proposed Private Placement
Proposed Acquisition	- Proposed acquisition of 2,022,593 IHP Shares, representing 44.50% equity interest in IHP, by Bina Puri Properties from the Vendors for the Purchase Consideration
Proposed Private Placement	- Proposed private placement of up to 260,523,000 Placement Shares, representing 30% of the total number of issued shares of Bina Puri, to independent third-party investor(s) to be identified later and at an issue price to be determined later
Purchase Consideration	- The total consideration in relation to the Proposed Acquisition of RM26,938,000 to be satisfied in cash and issuance of the Consideration Shares
Rights Issue with Warrants	- A rights issue exercise undertaken by the Company which involved the issuance of 382,039,550 new Shares and 382,039,550 Warrants and was completed on 30 December 2019
Sale Shares	- 2,022,593 ordinary shares in IHP, representing 44.50% of the total number of issued shares in IHP
Shareholders	- Registered holders of the Shares
SIS	- Share issuance scheme of the Company which took effect on 1 March 2019 for a period of 5 years
SIS Options	- Options granted under the SIS pursuant to the by-laws governing the SIS, where each option holder can subscribe for 1 new Share for every 1 SIS Option held
SPA	- Conditional share purchase agreement dated 22 January 2021 entered into between Bina Puri, Bina Puri Properties and the Vendors in relation to the Proposed Acquisition
Tan Sri Datuk THS	- Tan Sri Datuk Tee Hock Seng, JP, Group Managing Director and one of the Vendors in relation to the Proposed Acquisition
TIH Online	- Tricor's propriety-owned application to facilitate shareholders for the lodging of the proxy appointment form
Tricor or Share Registrar	- Tricor Investor & Issuing House Services Sdn Bhd [Registration No: 197101000970 (11324-H)]
sq ft	- square feet
sqm	- square metres
Valuers	- Collectively, Cheston and Irhamy
Vendors	- Collectively, Tan Sri Datuk THS, Dr. Tony Tan, Datuk Matthew Tee, Tee Kai Soon and Datuk Tee Hock Hin
VWAP	- Volume-weighted average market price

DEFINITIONS (CONT'D)

Warrants

- Warrants 2019 / 2022 issued by the Company pursuant to the deed poll constituting the Warrants and expiring on 22 December 2022. Each Warrant holder is entitled to subscribe for 1 new Share at the exercise price of RM0.10, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the deed poll constituting the Warrants

All references to "you" in this Circular are to the shareholders of the Company.

Words importing 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. Reference 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 amounts stated and the totals in this Circular are due to rounding. "RM" and "sen" refer to Ringgit Malaysia and sen respectively.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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PART A

LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS



BINA PURI HOLDINGS BHD

Registration No: 199001015515 (207184-X)
(Incorporated in Malaysia)

Registered Office:

Wisma Bina Puri
88, Jalan Bukit Idaman 8/1
Bukit Idaman
68100 Selayang
Selangor Darul Ehsan

23 March 2021

Board of Directors

Tan Sri Dato' Ir. Wong Foon Meng (Chairman / Independent Non-Executive Director)
Tan Sri Datuk Tee Hock Seng, JP (Group Managing Director)
Dr. Tony Tan Cheng Kiat (Founder Director)
Datuk Matthew Tee Kai Woon (Group Executive Director)
Ir. Ghazali Bin Bujang (Independent Non-Executive Director)
Mohd Najib Bin Abdul Aziz (Independent Non-Executive Director)

To: The Shareholders

Dear Sir / Madam,

- (I) **PROPOSED ACQUISITION; AND**
- (II) **PROPOSED PRIVATE PLACEMENT**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 25 November 2020, the Board announced that the Company had on the same day entered into the HOA in relation to the Proposed Acquisition.

Subsequently on 22 January 2021, Mercury Securities had, on behalf of the Board, announced that the Company and Bina Puri Properties had on the same day entered into the SPA with the Vendors and that the Company proposes to undertake the Proposals.

On 11 March 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 10 March 2021, granted its approval for the listing and quotation for the Consideration Shares and Placement Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8.1, Part A of this Circular.

The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of certain Directors as set out in Section 11, Part A of this Circular. Accordingly, MIDF Investment was appointed as the Independent Adviser for the Proposed Acquisition.

For information, on 28 August 2018, the Board announced that the Company intends to undertake the following:-

- (i) the proposed acquisition of 54.50% in IHP, for a total consideration of RM42.68 million to be satisfied via a combination of new Bina Puri Shares and redeemable preference shares ("RPS") ("**Proposed Acquisition 2018**"); and
- (ii) the proposed amendments to the memorandum and articles of association of Bina Puri to facilitate the issuance of the RPS to be issued pursuant to the Proposed Acquisition 2018 ("**Proposed Amendments**").

(Collectively, referred to as the "**Previous Proposals**").

However, at the EGM of the Company held on 24 December 2018, whilst the Proposed Acquisition 2018 was approved by the non-interested Shareholders, the shareholders' resolution in relation to the Proposed Amendments was not carried. Due to the inter-conditionality of the Proposed Acquisition 2018 and the Proposed Amendments, the Company could not proceed with the Previous Proposals.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATIONS 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 EGM AND THE FORM OF PROXY ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AND PART B CONSISTING OF THE IAL BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Proposed Acquisition

The Proposed Acquisition involves the acquisition by Bina Puri Properties of the Sale Shares from the Vendors for the Purchase Consideration, which will be satisfied in cash and issuance of 280,000,000 Consideration Shares at an issue price of RM0.085 per Consideration Share.

As at the LPD, Bina Puri Properties holds a total of 545,418 IHP Shares, representing 12.00% equity interest in IHP. Upon completion of the Proposed Acquisition, Bina Puri Properties will hold a total of 2,568,011 IHP Shares, representing 56.50% equity interest in IHP. Accordingly, IHP will become a subsidiary of Bina Puri Properties.

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The Purchase Consideration shall be fully satisfied in the following manner:-

Vendors	Shareholdings in IHP		Mode of settlement		
	No. of Sale Shares	% of total issued IHP Shares	Purchase Consideration (RM)	No. of Consideration Shares	Cash (RM)
Tan Sri Datuk THS	568,146	12.50	7,566,879	78,651,948	881,464
Dr. Tony Tan	545,418	12.00	7,264,175	75,505,571	846,202
Datuk Matthew Tee	454,515	10.00	6,053,480	62,921,309	705,168
Tee Kai Soon	227,257	5.00	3,026,733	31,460,586	352,583
Datuk Tee Hock Hin	227,257	5.00	3,026,733	31,460,586	352,583
Total	2,022,593	44.50	26,938,000	280,000,000	3,138,000

Please refer to Section 2.5, Part A of this Circular for the salient terms and conditions of the SPA.

For information, the Company had also extended the same offer to acquire IHP Shares from the remaining shareholders, namely Tay Hock Lee, Cheo Chet Lan, Low Seng Swee and Syarikat Masyakin Sdn Bhd, of IHP however they had declined to be a party to the SPA.

2.2 Background information on IHP

IHP was incorporated in Malaysia on 1 October 1984 under the Companies Act, 1965 and deemed incorporated under the Act as a private limited company. The IHP Group is principally involved in property development, project management and property management.

2.2.1 Property development

The IHP Group is currently involved in the development of the KWRC Land. The KWRC Land is a parcel of 13 acres of leasehold land located in Kuantan, Pahang within the planned Kuantan Waterfront Resort City development.

On 27 February 2012, Ideal Heights Development Sdn Bhd ("IHD"), a 70%-owned subsidiary of IHP, entered into a memorandum of agreement with NIG to jointly undertake the development of the Kuantan Waterfront Resort City project, which is intended to be developed into mixed, commercial and residential units on the KWRC Land and additional land to be reclaimed in Kuantan, Pahang in phases over 10 years. The development was to be carried out in phases, with Phase 1 on the KWRC Land and Phase 2 on the additional land to be reclaimed. For information, IHD and NIG did not subsequently commence development of Phase 2 due to slowdown in property market for the last couple of years.

Subsequent to the above, pursuant to a supplemental agreement dated 6 July 2020 between IHD and NIG, IHD has relinquished its rights and obligations in respect of its rights to the development of Phase 2 and NIG will reimburse IHD for the costs incurred in respect of the project upon NIG securing another investor to take over their stake in the Kuantan Waterfront Resort City project. As at the LPD, NIG has not secured another investor.

Pursuant to a deed of novation cum assignment dated 29 July 2020, IHD had novated its rights and interests in relation to the above agreements to Ideal Heights Hotel Management Sdn Bhd ("IHHM"), a wholly-owned subsidiary of IHP. In addition, NIG had on the same day, granted IHHM the power of attorney to develop the KWRC Land.

Information on NIG

NIG incorporated in Malaysia on 27 October 2010 under the Act as a private limited company and has commenced its business operations since the date of incorporation.

NIG is principally involved in property development, civil construction and engineering services.

As at the LPD, the shareholders of NIG and their shareholdings are as follows:-

Name	Nationality	Direct		Indirect	
		No. of shares	(1)%	No. of shares	(1)%
Dato' Sri Zailan Bin Abdul Ghapar	Malaysian	2,600,000	20.0	-	-
Dato' Sri Sim See Hua	Malaysian	650,000	5.0	-	-
Shahkeer Azzat Bin Zailan	Malaysian	1,950,000	15.0	-	-
Heap Wei Guan	Malaysian	3,250,000	25.0	-	-
Y.A.M Tengku Fahad Mua'Adzam	Malaysian	3,900,000	30.0	-	-
Shah Ibnu Sultan Haji Ahmad Shah					
Dato' Sri Noorhuda Binti Alias	Malaysian	650,000	5.0	-	-

Note:-

(1) Based on the issued share capital of 13,000,000 ordinary shares in NIG ("NIG Shares") as at the LPD.

As at the LPD, the directors of NIG and their shareholdings are as follows:-

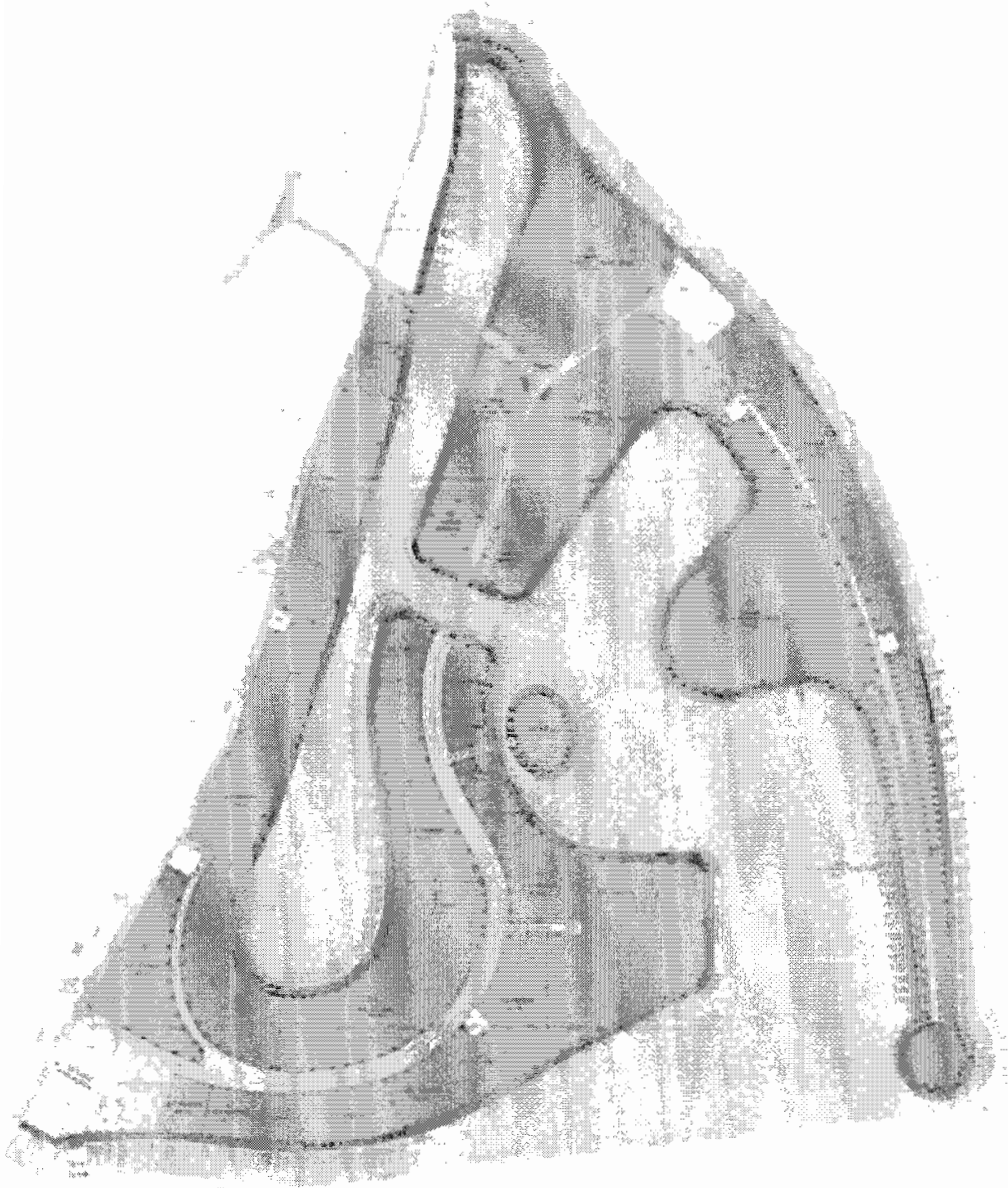
Name	Nationality	Direct		Indirect	
		No. of shares	(1)%	No. of shares	(1)%
Shahkeer Azzat Bin Zailan	Malaysian	1,950,000	15.0	-	-
Heap Wei Guan	Malaysian	3,250,000	25.0	-	-
Dato' Sri Zailan Bin Abdul Ghapar	Malaysian	2,600,000	20.0	-	-

Note:-

(1) Based on the issued share capital of 13,000,000 NIG Shares as at the LPD.

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The following is the layout plan for the KWRC Land:-



The KWRC Land has been subdivided as follows:

- Lot 159850 ("**Plot A**");
- Lot 159851 ("**Plots B & C**");
- Lot 159852 ("**Plot D**"); and
- sewerage treatment plant reserve.

Plots A, B and C are vacant while Plot D has been developed into 2 blocks of 23-storey serviced apartments on top of a 6-storey podium block with 5 units of commercial lots ("**Commercial Lots**") together with car park bays.

Further information on the development portion of the KWRC Land is as follows:-

	Plot A	Plots B & C	Plot D
Registered owner	NIG ⁽¹⁾		
Title details	Pajakan Mukim 32880 (formerly HS(M) 79798)	Pajakan Mukim 32879 (formerly HS(M) 79799)	Pajakan Mukim 32881 (formerly HS(M) 79797)
Lot number and location	Lot 159850 (formerly PT No. 120620), Mukim Kuala Kuantan, Tanjung Lumpur, Kuantan, Pahang	Lot 159851 (formerly PT No. 120621), Mukim Kuala Kuantan, Tanjung Lumpur, Kuantan, Pahang	Lot 159852 (Formerly PT No. 120622), Mukim Kuala Kuantan, Tanjung Lumpur, Kuantan, Pahang
Title Land area	4,575 sqm / 1.13 acres	27,820 sqm / 6.87 acres	15,596 sqm / 3.85 acres
Tenure	Leasehold land expiring on 11 December 2112		
Existing use	Vacant commercial land	Vacant commercial land	Mixed development
Net book value	Not applicable as the registered owner of the lands is NIG		
Encumbrances	Charged by NIG to Malaysia Building Society Berhad ⁽²⁾		Nil

Notes:-

- (1) In 2012, NIG was awarded the ownership rights to a piece of unreclaimed land located at Tanjung Lumpur, Mukim Kuala Kuantan, Pahang for the development of the Kuantan Waterfront Resort City project. NIG had on 29 July 2020, granted IHHM the power of attorney to develop the KWRC Land.
- (2) Pursuant to the SPA, this will be discharged prior to the completion of the Proposed Acquisition.

(i) Information on Plots A, B & C

Plots A, B & C are presently vacant. Majlis Perbandaran Kuantan vide its letter dated 18 January 2018, granted its conditional approval for the building plans for the development of a commercial area comprising 35 commercial units. However, this approval has since lapsed as IHP had subsequently decided that the development of service apartments with a retail podium would enable IHP to generate a higher potential return from this parcel of land.

IHP intends to carry out the development of the land in two phases, i.e. Phase 1A and Phase 1B. Phase 1A with an acreage of 4.32 acres is intended to be developed into a mixed development comprising 456 units of 21-storey and 31-storey serviced apartment on top of a podium with 17 retail units together with car park bays. Meanwhile, IHP is still in the midst of planning its development for Phase 1B.

As at the LPD, IHP is still in the midst of finalising its new development plans and building plans for the development of Phase 1A and expects to submit the same to the local authorities by May 2021. The estimated commencement date and completion date for Phase 1A is March 2022 and March 2025 respectively. The estimated timeframe for the commencement date and completion date for Phase 1B cannot be determined at this juncture. However, IHP intends to complete the development of Phase 1B within the next 5 years.

As at the LPD, the estimated gross development value and gross development cost for the land is RM836.0 million and RM627.0 million respectively. The cost of development is expected to be funded via progressive sales of the developed units, bank borrowings and/or internally generated funds.

(ii) Information on Plot D

Plot D has been developed by IHP into a mixed development known as the Imperium Residence (Block A) and Swiss-Bel Hotel (Block B). Both towers were constructed on top of a 6-storey podium block with 5 Commercial Lots together with car park bays. The development of the Swiss-Bel Hotel (Block B) was completed on October 2019 while Imperium Residence (Block A) was completed on February 2020.

Imperium Residence (Block A) together with the podium block are managed by Rahim & Co International Sdn. Bhd., whilst Swiss-Bel Hotel (Block B) and the 5 Commercial Lots are managed by Swiss-Belhotel International Limited, a global hotel chain.

As at 30 September 2020 (being the date of valuation), the breakdown of the sold and unsold serviced apartment units are as follows:-

	Sold units	Unsold units	Total
Block A	246	96	342
Block B	348	24	372
Total	594	120	714

Further information on the 120 units of unsold serviced apartments and 5 Commercial Lots held by the IHP Group as at 30 September 2020 is as follows:-

Description	: 120 units of serviced apartments together with 6 units of terraces, 82 units of air-conditioner ledges and 221 car park bays as accessory parcels, 5 Commercial Lots together with 9 units of terraces / foyers and 36 car park bays as accessory parcels located within Podium Block, Imperium Residence (Block A) and Swiss-Bel Hotel (Block B), Kuantan Waterfront Resort City, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur.
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Description (cont')	Imperium Residence (Block A) – 96 units A-03-16, A-05-01, A-05-02, A-05-03, A-05-3A, A-05-05, A-05-06, A-05-07, A-05-08, A-06-01, A-06-08, A-07-01, A-07-08, A-07-16, A-08-01, A-08-05, A-08-08, A-09-01, A-09-07, A-09-08, A-09-09, A-10-01, A-10-08, A-10-16, A-11-01, A-11-08, A-12-01, A-12-08, A-12-09, A-12-16, A-13-01, A-13-02, A-13-08, A-13-16, A-13A-03, A-13A-06, A-13A-08, A-15-01, A-15-08, A-15-16, A-16-01, A-16-03, A-16-07, A-16-08, A-16-09, A-16-16, A-17-01, A-17-3A, A-17-08, A-17-09, A-17-16, A-18-01, A-18-3A, A-19-01, A-19-07, A-19-08, A-20-01, A-20-02, A-20-05, A-20-07, A-21-01, A-21-07, A-21-16, A-22-01, A-22-02, A-22-3A, A-22-05, A-22-10, A-23-01, A-23-02, A-23-03, A-23-3A, A-23-05, A-23-10, A-23A-01, A-23A-02, A-23A-3A, A-23A-05, A-25-01, A-25-02, A-25-03, A-25-3A, A-25-05, A-26-01, A-26-02, A-26-03, A-26-3A, A-26-05, A-27-01, A-27-02, A-27-03, A-27-3A, A-27-05, A-27-10, A-28-01, A-28-02 Swiss-Bel Hotel (Block B) – 24 units B-03-01, B-03-3A, B-03-05, B-03-10, B-06-16, B-10-01, B-10-08, B-11-01, B-11-08, B-12-08, B-13-08, B-13A-01, B-15-08, B-17-08, B-20-01, B-21-01, B-23-08, B-23A-01, B-23A-08, B-25-07, B-25-08, B-26-08, B-27-01, B-27-08 Commercial Lots – 5 units CO-01, CO-02, CO-03, CO-04, CO-05										
Postal address	: The development is located within Kuantan Waterfront Resort City, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur										
Total saleable area / Main parcel area / Accessory parcel area	<table border="1"> <thead> <tr> <th></th><th>Saleable area / Main parcel area / Accessory parcel area</th></tr> </thead> <tbody> <tr> <td>Imperium Residence (Block A)</td><td>7,914 sqm / 85,173 sq ft</td></tr> <tr> <td>Swiss-Bel Hotel (Block B)</td><td>1,749 sqm / 18,827 sq ft</td></tr> <tr> <td>Commercial Lots</td><td>5,806 sqm / 62,496 sq ft</td></tr> <tr> <td>Total</td><td>15,469 sqm / 166,496 sq ft</td></tr> </tbody> </table>		Saleable area / Main parcel area / Accessory parcel area	Imperium Residence (Block A)	7,914 sqm / 85,173 sq ft	Swiss-Bel Hotel (Block B)	1,749 sqm / 18,827 sq ft	Commercial Lots	5,806 sqm / 62,496 sq ft	Total	15,469 sqm / 166,496 sq ft
	Saleable area / Main parcel area / Accessory parcel area										
Imperium Residence (Block A)	7,914 sqm / 85,173 sq ft										
Swiss-Bel Hotel (Block B)	1,749 sqm / 18,827 sq ft										
Commercial Lots	5,806 sqm / 62,496 sq ft										
Total	15,469 sqm / 166,496 sq ft										
Age of building	: Approximately 7.37 months for the Imperium Residence (Block A) and 11.50 months for the Swiss-Bel Hotel (Block B)										
Market value	: RM80.30 million ⁽¹⁾ based on the valuation report prepared by Cheston										
Audited net book value	: RM20.11 million (as at 31 December 2019)										

Note:-

(1) The market value was derived based on 120 units of unsold serviced apartments.

For information, from the date of valuation up to the LPD, IHP had entered into agreements with third-party buyers for the sale of 32 units of serviced apartments, of which 13 were subsequently terminated or cancelled. As at the LPD, there remains 101 units of serviced apartments available for sale at an indicative selling price ranging from RM0.36 million to RM1.07 million per unit. For information, based on the valuation report prepared by Cheston, the market value for the remaining 101 unsold serviced apartments is RM52.04 million.

Save as disclosed above, as at the LPD, the IHP Group does not have any other property development projects.

2.2.2 Project management

The IHP Group is involved in the provision of project management consultancy services for the property development industry. The IHP Group provides project management services from the planning phase up to the completion of the property development project.

As at the LPD, the IHP Group is involved in the project management of a property development project with an estimated GDV of RM112 million. The said project is a gated and guarded high-end strata development of 22 units of villas and 20 units of condovillas, located next to Mont' Kiara. The development of the project will be carried out in two phases, Phase 1 and Phase 2.

The development of the villas, being Phase 1 of the project, was completed in January 2017. Meanwhile, the development of the condovillas, being Phase 2 of the project, has commenced in August 2018 and is expected to be completed in July 2022.

2.2.3 Property management

The IHP Group is involved in the provision of property management services for certain of its past completed projects. These services include managing the maintenance, accounting, service charge & sinking fund collection and customer service functions of the low-cost apartment buildings.

As at the LPD, the IHP Group provides property management services for 2 low-cost apartments, both in Bukit Idaman, Selangor.

Please refer to Appendix I of this Circular for further information on IHP.

2.3 Basis and justification for the Purchase Consideration

The Purchase Consideration of RM26,938,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:

- (i) the audited consolidated NA of IHP as at 31 December 2019 of RM12,167,805;
- (ii) the net valuation surplus for the IHP Properties, being:-
 - (a) the difference between the carrying values of the IHP Properties as at 31 December 2019 and the market value of the IHP Properties as appraised by the Valuers; and
 - (b) after adjusting for the corresponding estimated deferred taxation arising from the revaluation of the IHP Properties; and
- (iii) the rationale and benefits of the Proposed Acquisition as set out in Section 4.1, Part A of this Circular.

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For illustrative purposes, the IHP Group's adjusted NA as at 31 December 2019 after adjusting for the valuation surplus and the corresponding estimated deferred taxation arising from the revaluation of the properties held by the IHP Group is as follows:-

	(RM'000)
Audited consolidated NA of IHP as at 31 December 2019	12,168
Add: Revaluation surplus ⁽¹⁾	63,642
Less: Deferred taxation arising from the revaluation ⁽²⁾	(15,274)
Adjusted consolidated NA of IHP	60,536
Adjusted consolidated NA of IHP – 44.50%	26,938

Notes:-

(1) In conjunction with the Proposed Acquisition, the Company had appointed the Valuers to undertake a valuation exercise on the IHP Properties. The revaluation surplus was derived from a valuation exercise conducted by the Valuers for the purposes of the Proposed Acquisition and will not be incorporated into the financial statements of IHP.

The revaluation surplus of the IHP Properties is calculated as follows:-

IHP Properties	Market value (RM'000)	Audited NBV (RM'000)	Valuation surplus (RM'000)
Properties held by IHP			
- 5 Commercial Lots	15,000	5,957	9,043
- Casa Mita Club House	4,500	1,096	3,404
- Casa Venicia Club House	5,000	1,909	3,091
- 2 shop offices	1,900	355	1,545
- 1 residential unit above the shop offices	110	64	46
			17,129
Properties held by IHD			
- 120 units of serviced apartments	65,300	34,260	31,040
- Undeveloped portions of the KWRC Land	37,700	2,293	35,407
			66,447
			Less: 30% interest held by minority interests
			(19,934)
			46,513
			Total
			63,642

For information, as at the LPD, there remains 101 units of serviced apartments for sale. However, this is not expected to impact the Purchase Consideration as the adjusted consolidated NA of IHP assumes the serviced apartments are able to be sold at their fair market values and the proceeds from any such sale will be recognised in the NA of IHP.

(2) Based on the corporate income tax rate of 24%.

Please refer to Appendix II of this Circular for further details on the IHP Properties and Appendix IV of this Circular for the valuation certificates of the IHP Properties.

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2.4 Basis of determining and justification for the issue price of the Consideration Shares

The issue price of RM0.085 per Consideration Share was agreed upon between the Company and the Vendors immediately prior to the execution of the HOA after taking into consideration that it represents:-

- (i) a discount of 11.18% to the 5-day VWAP of Bina Puri Shares of RM0.0957 up to and including the LTD; and
- (ii) a discount of 7.10% to the 1-month VWAP of Bina Puri Shares of RM0.0915 up to and including the LTD.

For information, the issue price of RM0.085 per Consideration Share represents a discount of 10.43% to the 5-day VWAP of Bina Puri Shares up to 21 January 2021, being the last trading day before the date of the SPA of RM0.0949.

Notwithstanding the above, the issue price of RM0.085 per Consideration Share is within the highest and lowest traded market prices of the Shares in the past 12 months preceding the LTD of RM0.125 and RM0.030 respectively.

In addition, the settlement of the Purchase Consideration via the issuance of Consideration Shares allows the Group to conserve its cash as well as put the Group on a stronger financial footing to facilitate its existing property development and construction projects and day-to-day working capital.

2.5 Salient terms of the SPA

2.5.1 Sale and purchase of the IHP Shares

Subject to the terms and conditions of the SPA, the Vendors shall sell and the Purchaser shall purchase, the Sale Shares free from all encumbrances and together with all rights now or hereafter attaching thereto including all dividends and distributions declared, made or paid or payable on or after the completion of the SPA.

2.5.2 Consideration and payment

(i) Payment of Purchase Consideration

The Purchase Consideration of the Sale Shares shall be payable in the following manner:

- (a) by way of allotment and issuance of the Consideration Shares to the Vendors or their nominees at the issue price of RM0.085 in the respective amounts and proportions as set out in the SPA on the completion date; and
- (b) cash consideration of Ringgit Malaysia Three Million One Hundred and Thirty Eight Thousand (RM3,138,000) Only to be paid by the Purchaser to the Vendors within 6 months from the completion date.

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(ii) Adjustment of Purchase Consideration

The parties agree that the Purchase Consideration is based on the audited accounts of IHP for the financial year ended 31 December 2019 and the valuation of the IHP Properties and is subject to adjustments, if any, should any of the following events occur:

- (a) if the final valuation of the IHP Properties is varied/adjusted pursuant to any comments provided by the relevant authorities on the valuation reports from the Valuers (if any) ("Final Valuation"), the Purchase Consideration shall be adjusted based on the formula as stated below:

$$\text{Adjustment to the Purchase Consideration} = \left(\frac{\text{Final Valuation}}{\text{Valuation}} - \text{Valuation} \right) \times (1 - 24\%)$$

- (b) if IHP and/or its subsidiaries declares or pays any dividend or distribution to its shareholders such that the current or capital assets of IHP and/or its subsidiaries may or shall be depleted or the financial position and the net assets position of IHP may and shall be rendered less favourable than as at the date of the SPA, and the entitlement date for such dividend or distribution is after the date of the SPA and prior to the completion date, the Purchase Consideration shall be adjusted accordingly.

(iii) Adjustment of issue price of the Consideration Shares

The parties agree that the issue price of the Consideration Shares shall be subject to adjustment in the event that Bina Puri declares or pays any dividend or distribution to its shareholders whereby the entitlement date for such dividend or distribution is after the date of the SPA and prior to the completion date, the issue price shall be reduced by the amount of dividend or distribution declared or paid by Bina Puri on a per ordinary share basis.

(iv) Adjustment of Consideration Shares

In the event the Purchase Consideration and/or the Issue Price is adjusted pursuant to items (ii) or (iii) above, the number of Consideration Shares to be issued will be adjusted by the adjustment to the number of Consideration Shares (rounded down to the nearest 1 share) which is based on the formula as stated below:

$$\text{Adjustment to the number of Consideration Shares} = \left(\frac{\text{Adjusted Purchase Consideration}}{\text{Purchase Consideration}} - \text{Purchase Consideration} \right) \times \text{Issue Price}$$

In the event the formula above results in an upwards adjustment to the number of Consideration Shares, the value represented by that upwards adjustment will be satisfied by the Purchaser in cash based on the formula as stated below:

$$\text{Amount to be satisfied in cash} = \text{Additional number of Consideration Shares} \times \text{Issue Price}$$

2.5.3 Conditions precedent

The SPA shall be conditional upon the following conditions having been fulfilled within the conditional period as specified in the SPA:

- (a) satisfaction of the due diligence exercise on the IHP Group;
- (b) where required, agreement, consent or approval being obtained by the Vendors from the relevant authorities, banks, financiers and/or the creditors of IHP Group and any third-party, whose consent are necessary for the change in shareholding in IHP;
- (c) the Vendors shall procure NIG to discharge the charge registered by NIG in favour of MBSB Bank Berhad in respect of Plots A, B and C of the KWRC Land (for information, the charge has been discharged on 29 December 2020);
- (d) Bursa Securities' approval for the listing and quotation of the Consideration Shares;
- (e) approval of the shareholders of the Purchaser for the acquisition of the Sale Shares;
- (f) approval of the non-interested shareholders of Bina Puri at an extraordinary general meeting to be convened for the acquisition of the Sale Shares by the Purchaser; and
- (g) board of directors of IHP approving the transfer of the Sale Shares from the Vendors to the Purchaser and the registration of the transfer of the Sale Shares in the register of members of IHP.

2.5.4 Valuation

The Purchase Consideration is based on the audited accounts of IHP for the financial year ended 31 December 2019 and the market value of the development on the KWRC Land and the other property related assets owned by the IHP Group.

2.5.5 Warranties and representations

The Vendors and the Purchaser warrant to each other that:

- (a) they each have full power and authority to enter into and perform the SPA which when accepted will constitute binding obligations upon it in accordance with its terms; and
- (b) each of them is not insolvent / bankrupt and is able to pay all their debts when due.

Additionally, the Vendors acknowledge that the Purchaser has entered into the SPA upon the Purchaser's reliance on the Vendors further warranties as set out in the first schedule of the SPA.

2.5.6 Termination

- (a) Any party shall be entitled to terminate the SPA by issuing a notice in writing to the other party, in the event any of the conditions precedent are not fulfilled by the expiry of the conditional period as stipulated in the SPA.
- (b) If either party to the SPA is unable to comply with its obligations on the completion date, the non-defaulting party shall be entitled to terminate the SPA without prejudice to any other rights or remedies which the non-defaulting party may be entitled to at law, in equity or otherwise.
- (c) If before or on the completion date:-

 - (i) the Purchaser breaches its obligations in the SPA and the same is not remedied within the stipulated time; or
 - (ii) a winding-up is presented against the Purchaser and the Purchaser fails to take such steps to oppose or set aside such petition; or
 - (iii) an administrator, a receiver and/or manager is appointed by the Court or any creditor pursuant to a debenture over the undertaking, assets and properties of the Purchaser or any part of its assets and properties; or
 - (iv) any of the representations or warranties given by the Purchaser is found at any time to be untrue or inconsistent,

the Vendors shall be entitled to terminate the SPA with immediate effect.
- (d) If before or on the completion date:-

 - (i) the Vendors default in effecting the transfer of the Sale Shares in favour of the Purchaser; or
 - (ii) there is a breach of the Vendors' warranties as set out in the SPA; or
 - (iii) there is a material breach of any terms or conditions of the SPA or a material failure to perform the obligation by the Vendors; or
 - (iv) a petition for bankruptcy is presented against the Vendors and the Vendors fail to take such steps to oppose or set aside such petition; or
 - (v) petition for bankruptcy is presented against IHP Group and IHP Group fails to take such steps to oppose or set aside such petition; or
 - (vi) an administrator, a receiver and/or manager is appointed by the Court or any creditor pursuant to a debenture over the undertaking, assets and properties of IHP Group or any part of their assets and properties,

the Purchaser shall be entitled to terminate the SPA with immediate effect.

2.6 Source of funding

The cash consideration of RM3,138,000 will be funded via internally generated funds and/or bank borrowings, the proportions of which will be determined later after taking into consideration the Group's gearing level, interest costs and cash reserves.

As at the LPD, the cash and bank balances and bank borrowings of the Group stood at approximately RM5.64 million and RM431.30 million respectively.

2.7 Ranking of the Consideration Shares

The Consideration Shares shall, upon issuance and allotment, rank equally in all respects with the then existing issued Shares.

2.8 Listing of the Consideration Shares

The Consideration Shares to be issued will be listed on the Main Market of Bursa Securities.

2.9 Liabilities to be assumed

Save for the liabilities stated in IHP's statement of financial position, which will be consolidated into the financial statements of Bina Puri following completion of the Proposed Acquisition, the Company will not assume any other liabilities, including contingent liabilities and guarantees, pursuant to the Proposed Acquisition.

2.10 Additional financial commitment

No additional financial commitment is required to put the assets of IHP on-stream immediately after completion of the Proposed Acquisition.

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2.11 Original cost and date of investment

The original cost and date of investment by the Vendors in IHP are as follows:

Vendors	Date of investment	No. of shares acquired / transferred	Consideration (RM)
Tan Sri Datuk THS	6 November 1985	18,060	1,000
	7 January 1986	182,000	182,000
	21 April 1986	38,220	38,220
	21 July 1986	52,000	52,000
	14 August 1986	39,780	39,780
	15 December 1986	(14,147)	(14,147)
	3 February 1987	(122,896)	(122,896)
	13 September 1994	200,896	200,896
	17 November 1994	196,957	196,957
	19 April 2000	113,630	113,630
	3 March 2004	227,258	340,887
	7 March 2011	90,903	150,000
	15 November 2016	(454,515)	(1)
		568,146	1,315,326
Dr. Tony Tan	7 January 1986	273,000	273,000
	21 July 1986	60,000	60,000
	15 December 1986	4,515	4,515
	10 January 1987	(151,505)	(191,906)
	3 February 1987	(37,535)	(37,535)
	13 September 1994	154,535	154,535
	17 November 1994	151,505	151,505
	7 March 2011	90,903	150,000
		545,418	564,114
Datuk Matthew Tee	15 November 2016	454,515	1
Datuk Tee Hock Hin	7 January 1986	91,000	91,000
	21 July 1986	20,000	20,000
	15 December 1986	1,505	1,505
	3 February 1987	(38,268)	(38,268)
	13 September 1994	77,268	77,268
	17 November 1994	75,752	75,752
		227,257	227,257
Tee Kai Soon	6 September 2016	227,257	1
Total		2,022,593	2,106,699

2.12 Implication of Rules on Take-overs, Mergers and Compulsory Acquisitions

The Proposed Acquisition will not give rise to any consequences relating to a mandatory general offer obligation under the Rules on Take-overs, Mergers and Compulsory Acquisitions.

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2.13 Public shareholding spread requirement

Pursuant to Paragraph 8.02(1) of the Listing Requirements, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

The pro forma effects of the Proposed Acquisition on the public shareholding spread of the Company is as follows:-

	As at the LPD		After the Proposed Acquisition	
	No. of Shares	%	No. of Shares ⁽¹⁾	%
Issued share capital	872,080,000	100.00	1,152,080,000	100.00
<u>Less:</u> Directors, substantial shareholders and their associates	(213,062,100)	(24.43)	(493,062,100)	(42.80)
Public shareholding spread	659,017,900	75.57	659,017,900	57.20

Note:-

(1) Based on the enlarged issued share capital of 1,152,080,000 Shares pursuant to the issuance of 280,000,000 Consideration Shares.

Based on the above, the Proposed Acquisition is not expected to result in any breach in the public shareholding spread requirement by the Company.

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3. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

3.1 Size of placement

The Proposed Private Placement involves the issuance of up to 260,523,000 new Shares, representing 30% of the existing total number of issued Shares, at an issue price to be determined later.

Based on the total number of 868,410,500 issued Shares as at 14 January 2021, being the latest practicable date prior to the announcement of the Proposals, the issuance of up to 260,523,000 Placement Shares under the Proposed Private Placement would represent 30% of such total number of issued Shares (after rounding down to the nearest 1,000 Shares).

The effects of the Proposed Private Placement are set out in Section 7, Part A of this Circular.

3.2 Placement arrangement

The Placement Shares are intended to be placed to independent third-party investor(s) to be identified later. Such investor(s) shall qualify under Schedules 6 and 7 of the CMSA. The Placement Shares are not intended to be placed to the following persons:-

- (i) a director, major shareholder or chief executive of the Company or a holding company of the Company ("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 1 or more tranches (as the placee(s) may be identified and procured over a period of time rather than simultaneously) within a period of 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares or any extended period as may be approved by Bursa Securities, subject to the prevailing market conditions.

3.3 Ranking of the Placement Shares

The Placement Shares shall, upon issuance and allotment, rank equally in all respects with the then existing issued Shares.

3.4 Listing of the Placement Shares

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

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3.5 Basis of determining and justification of the issue price of the Placement Shares

The Placement Shares will be issued based on a discount of not more than 20% to the 5-day VWAP of the 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 prevailing market conditions. The maximum discount has been set at 20% to provide the Company with more flexibility when fixing the issue price of the Placement Shares. With this, the Company expects to be able to procure investor(s) more easily, depending on prevailing market conditions at the relevant time.

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 only, based on an illustrative issue price of RM0.0753 per Placement Share, the issue price of the Placement Shares would represent a discount of 19.98% to the 5-day VWAP of the Shares up to and including the LPD of RM0.0941 (Source: Bloomberg).

3.6 Utilisation of proceeds

Based on an illustrative issue price of RM0.0753 per Placement Share, the Group expects to utilise the gross proceeds to be raised from the Proposed Private Placement in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Proposed Private Placement	⁽¹⁾ RM'000
(i) Funding for existing and future construction and property development projects	Within 24 months	17,847
(ii) Estimated expenses for the Proposals	Immediate	⁽²⁾ 1,770
Total		⁽³⁾ 19,617

Notes:-

- (1) Any proceeds raised will be allocated up to its respective maximum allocation in the following order:-
 - (i) estimated expenses for the Proposals; and
 - (ii) funding for existing and future construction and property development projects.
- (2) If the actual expenses incurred for the Proposals are higher than this budgeted amount, the deficit will be funded via the amount earmarked for funding for existing and future construction and property development projects. Conversely, any surplus of funds following payment of expenses will be utilised in the order set out in Note (1) above.
- (3) Any additional proceeds raised in excess of this amount will be allocated for working capital. Conversely, if the proceeds raised are less than this amount, the amount earmarked for working capital will be reduced accordingly. Please refer to item (i) below for further details of the construction and property development projects of the Group.

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(i) Funding for existing and future construction and property development projects

The Group intends to utilise proceeds of up to RM17.85 million to fund the following construction and property development projects currently undertaken by the Group as well as any other new construction and property development projects to be undertaken by the Group in the future:-

No.	Project / Location	Description	Contract value (RM' million)	Total value completed as at the LPD (RM' million)	Estimated value of unbuilt work order (RM' million)	Estimated completion date
Construction projects						
1.	Construction works for Thailand High Speed Railway Project ⁽¹⁾	Civil works for the Khok Kruat-Nakhon Ratchasima section	(2) 1,036.00	-	1,036.00	December 2023
2.	Upgrading works for Pan Borneo Highway, Sarawak ⁽¹⁾	Road upgrading works for Bukit Sebangkoi section (37.3 km) and Sarikei section (27.5 km)	601.80	324.40	277.40	September 2022
3.	Malaysian Embassy, Moscow, Russia ⁽¹⁾	Chancery block, multi-purpose hall and ambassador's residence	155.00	120.08	34.92	June 2021
4.	Hotel Kerajaan Negeri Terengganu, Pulau Pah, Tasik Kenyir, Terengganu ⁽¹⁾	150 room hotel with banquet hall, restaurants and swimming pool	94.30	70.60	23.70	June 2021
5.	Program Perumahan Rakyat Pitas, Sabah ⁽¹⁾	440 units of 5-storey walk-up flats	80.00	65.10	14.90	June 2021
6.	Iraq Roadwork project	Al-Isiah Junction to Al-Jabayish	303.0	45.00	258.00	July 2022
TOTAL			2,270.10	625.18	1,644.92	

Notes:-

- (1) This project is carried out by SPTK Joint Venture Company Limited, a 30% joint-venture company of Bina Puri.
(2) Representing Bina Puri's share.

No.	Project / Location	Description	Estimated GGV (RM' million)	Estimated balance GDC to be incurred (RM' million)	Percentage completed as at the LPD (%)	Estimated completion date
Property development projects						
1.	Cheras Pertama, Kuala Lumpur	318 units of condominium	314.19	251.53	-	December 2024
2.	The Valley @ Bentong, Pahang	1,597 acres homestead plots and durian plantation	347.50	55.18	66	December 2022
3.	8 Avenue, Kota Kinabalu, Sabah	306 units of 30-storey service suites with 2-storey commercial retails and 6-storey carparks	265.66	211.39	-	November 2024
4.	Puri Residences, Masai, Johor ⁽¹⁾	384 units of double-storey link houses	219.75	19.20	85	June 2021 (Phase 1) July 2021 (Phase 2) August 2021 (Phase 3)
5.	One Jesselton Condominium, Kota Kinabalu, Sabah ⁽¹⁾	125 units of 11-storey condominium	119.40	8.30	89	April 2022
6.	Petrie Villa, Johor Bahru, Johor ⁽¹⁾	23 units of 4-storey pool villas and 1 unit of clubhouse	82.66	12.00	67	April 2022
7.	1Puri Commercial Centre, Kuching, Sarawak ⁽¹⁾	28 units of 4 & 5-storey shoplots	66.00	13.00	80	December 2021
TOTAL			1,415.16			

Note:-
(1)

The Company had previously undertaken the Rights Issue with Warrants and Private Placement 2020, in which RM22.0 million and RM4.15 million was allocated respectively, to fund for these construction projects and property development projects. However, such proceeds were insufficient to meet the funding requirements for these projects and these amounts have been fully utilised by the Group as at the LPD. As such, the Group intends to undertake the Proposed Private Placement to raise additional funding for the construction projects and property development projects as set out above. In turn, these projects are expected to contribute positively to the future earnings of the Group.

The proceeds from the Proposed Private Placement have not been earmarked for specific projects at this juncture and 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.

For property development projects, the proceeds are expected to be utilised for, amongst others, payments to contractors, suppliers, consultants as well as payment to the relevant authorities.

For construction projects, the proceeds are expected to be utilised for, amongst others, payments to contractors, material costs, earthwork, piling works, site clearing, building and external works as well as payment to the relevant authorities.

Any surplus proceeds will be allocated for new construction and/or property development projects to be undertaken by the Group in the future. Any shortfall in the Group's funding requirement for the respective projects are expected to be met via progress billings / progressive sales billings to be received, internally generated funds and/or bank borrowings.

(iii) Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals is illustrated below:-

Estimated expenses	Amount (RM'000)
Professional fees ⁽¹⁾	1,620
Fees to relevant authorities	60
Printing, despatch and advertising expenses	30
Miscellaneous expenses and contingencies	60
Total	1,770

Note:-

(1) These include advisory fees payable to the Principal Adviser and management fees and placement commission payable to the Placement Agent for the management of the placement process and identification of placees respectively, and other professional fees payable to the Independent Adviser, company secretary, share registrar, solicitors, Valuers and reporting accountants in relation to the Proposals.

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4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Acquisition

The Proposed Acquisition will:-

- (i) enable the Group to strengthen its earnings base and enhance its cash flow arising from the sales of the serviced apartments held by IHP; and
- (ii) allow the Group to expand its landbanks for future property development projects, namely Plots A, B & C of the KWRC Land.

As at the LPD, the Company owns 12.00% equity interest in IHP. Upon completion of the Proposed Acquisition, IHP will become a 56.50% subsidiary of the Group and the Company will be able to consolidate the assets and earnings of IHP in the Group's accounts.

Based on the total market value of the 120 serviced apartment units together with 6 units of terraces, 82 units of air-conditioner ledges and 221 car park bays as accessory parcels of the Imperium Residence (Block A) and Swiss-Bel Hotel (Block B) held by IHP as stated in the valuation certificate of approximately RM65.30 million, the Proposed Acquisition will enable the Group to generate revenue, profits and cash flows from the sale of the remaining serviced apartment units to fund its other property development projects.

In addition, the Proposed Acquisition represents a strategic opportunity for the Group to increase its participation share in the future development of the KWRC Land in view of the potential development of Plots A, B & C of the KWRC Land in view of the strategic location of the KWRC Land located within the future Kuantan Waterfront Resort City project, near the Kuantan city centre and with beach frontage. For information, the Company is only acquiring 44.50% equity interest in IHP because the remaining shareholders of IHP do not intend to sell their shares at this juncture.

The settlement of the Purchase Consideration via the Issuance of Consideration Shares allows the Group to conserve its cash as well as put the Group on a stronger financial footing to facilitate its existing property development and construction projects and day-to-day working capital.

4.2 Proposed Private Placement

The Group is principally involved in the property development and construction industries. As at the LPD, the Group is involved in 6 construction projects with a total estimated value of unbuilt book order of RM1.64 billion and 7 ongoing property development projects in Johor, Pahang, Sabah and Sarawak with a total estimated GDV of RM1.42 billion. These projects are expected to contribute positively to the future earnings of the Group.

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, thereby allowing the Company to preserve its cash flow.

In addition, other fund-raising exercises such as a rights issue may not be suitable as it will involve a cash call from existing Shareholders. Moreover, it will also require the Company to identify certain Shareholders to provide irrevocable undertakings to subscribe for a minimum number of rights shares or, alternatively, procure underwriting arrangements (which will incur additional cost), in order to achieve a minimum subscription level. In addition, a rights issue exercise is likely to take a longer time to complete as compared to a private placement exercise.

Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of the Company.

For information, the fund-raising exercises undertaken by the Group in the past 12 months are as follows:-

(i) **Rights Issue with Warrants**

On 30 December 2019, the Company completed the Rights Issue with Warrants, raising a total of RM34.38 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 30 December 2019	Proposed utilisation (RM'000)	Amount utilised as at LPD (RM'000)
Funding for existing property development and construction projects	Within 24 months	22,000	⁽¹⁾ 22,000
Repayment of borrowings	Within 6 months	5,000	5,000
Working capital	Within 6 months	5,984	⁽²⁾ 6,074
Expenses for the Rights Issue with Warrants	Immediate	1,400	⁽²⁾ 1,310
Total		34,384	34,384

Notes:-

(1) The details of the actual utilisation of the proceeds above are as follows:-

Project name	Description	Amount utilised (RM'000)
Property development projects^(a)		
- Puri Residence, Masai, Johor	384 units of double-storey houses	5,100
- One Jesselton, Kota Kinabalu, Sabah	125 units of 11-storey condominium	800
- 1 Puri Commercial Centre, Kuching, Sarawak	28 units of 4 & 5-storey shoplots	500
- Petrie Villa, Johor Bahru, Johor	23 units of 4-storey pool villas and 1 unit of clubhouse	100
Construction projects^(b)		
- Upgrading works for Pan Borneo Highway, Sarawak	Road upgrading works for Bukit Sebangkol section (37.3 km) and Sarikei section (27.5 km)	8,700
- Malaysian embassy in Moscow, Russia	Chancery block, multi-purpose hall and ambassador's residence	5,500
- Hotel Kerajaan Negeri Terengganu in Pulau Poh, Tasik Kenyir, Terengganu	150 room hotel with banquet hall, restaurants and swimming pool	1,000
- Program Perumahan Rakyat Pitas, Sabah	440 units of 5-storey walk-up flats	300
Total		22,000

Sub-notes:-

(a) The funds were utilised mainly for payments to contractors, suppliers, consultants and relevant authorities.

(b) The funds were utilised mainly for payments to contractors, material costs, earthwork, piling works, site clearing, building and external works and payments to relevant authorities.

(2) In view that the actual expenses for the Rights Issue with Warrants was lower than the estimated expenses, the balance was reallocated to working capital.

(ii) Private Placement 2020

On 21 September 2020, the Company completed the Private Placement 2020, raising a total of RM5.21 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 21 September 2020	Proposed utilisation (RM'000)	Amount utilised as at LPD (RM'000)
Funding for existing property development and construction projects	Within 6 months	4,150	⁽¹⁾ 4,150
Repayment of bank borrowings	Within 6 months	500	500
Working capital	Within 6 months	481	481
Estimated expenses for the Private Placement 2020	Within 1 month	83	83
Total		5,214	5,214

Note:-

(1) The details of the actual utilisation of the proceeds above are as follows:-

Project name	Description	Amount utilised (RM'000)
Property development projects^(a)		
- Puri Residence, Masai, Johor	384 units of double-storey houses	1,650
- 1 Puri Commercial Centre, Kuching, Sarawak	28 units of 4 & 5-storey shoplots	20
Construction projects^(a)		
- Upgrading works for Pan Borneo Highway, Sarawak	Road upgrading works for Bukit Sebangkol section (37.3 km) and Sarikei section (27.5 km)	1,950
- Malaysian embassy in Moscow, Russia	Chancery block, multi-purpose hall and ambassador's residence	530
Total		4,150

Sub-notes:-

(a) The funds were utilised mainly for payments to contractors, suppliers, consultants and relevant authorities.

- (b) *The funds were utilised mainly for payments to contractors, material costs, earthwork, piling works, site clearing, building and external works and payments to relevant authorities.*

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2020, Bank Negara Malaysia, published on 11 February 2021)

Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's gross domestic product ("GDP") is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

5.2 Overview and outlook of the construction industry in Malaysia

The construction sector contracted by 25.9% in the first half of 2020 and is expected to shrink by 11.8% in the second half with all segments declining significantly. At the same time, prolonged property overhangs continue to weigh down the performance of the sector. However, civil engineering and specialised construction activities subsectors are expected to improve gradually, cushioned by various measures under the economic stimulus packages. Overall, for the year, the sector is projected to contract by 18.7%.

The construction sector is expected to rebound by 13.9% in 2021 on account of the acceleration and revival of major infrastructure projects, coupled with affordable housing projects. The civil engineering subsector will continue to be the main driver of the construction sector. Among the major infrastructure projects include Mass Rapid Transit 2 (MRT2), Light Rail Transit 3 (LRT3), West Coast Expressway (WCE) and Bayan Lepas Light Rail Transit (LRT) as well as Pan Borneo and Coastal Highways in Sarawak. Utility projects include the Langat 2 Water Treatment Plant, Baleh Hydroelectric Dam and Sarawak Water Supply Grid Programme (Phase 1).

The residential subsector is anticipated to improve, supported by various measures taken by the Government to address the property overhang situation. Among the measures include the extension of Home Ownership Campaign ("HOC"), exemption of real property gains tax ("RPGT"), the introduction of rent-to-own scheme as well as reduction of foreign ownership threshold. The performance of the non-residential subsector is expected to recover marginally, supported by on-going commercial projects, including Bukit Bintang City Centre, Cyberjaya City Centre, Forest City and Malaysia Vision Valley 2.0.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

5.3 Overview and outlook of the property market in Malaysia

The Malaysian economy contracted by 17.1% in Q2 2020 (Q1 2020: 0.7%). The performance for Q2 2020 was the lowest recorded since Q4 1998 (-11.2%). On the production side, all sectors recorded negative growth in Q2 2020 with the exception of agriculture (1.0%), services (-16.2%), manufacturing (-18.3%), mining & quarrying (-20%), construction (-44.5%). On the demand side, all final demand components declined except for Government expenditure which recorded a positive growth of 2.3 %, according to the Department of Statistics Malaysia.

Under budget 2020, the government introduced several measures aimed to improve property market activities:

1. the revision of the base year for RPGT to 1 January 2013 (initially 1 January 2000) for property purchased before the date (i.e. 1 January 2013).
2. the reduction of price threshold for foreign purchase from RM1. million to RM600,000 for unsold completed high-rise properties in urban areas. Consequently, several states have revised the minimum price for foreign purchase.

The positive signs in the 2019 property market are seen to have diluted due the aftermath of COVID-19 pandemic. The pandemic has immensely taken its toll on the world economies and the Malaysian economy, in particular tourism-related sectors such as airlines, retail, food and beverage and hospitality as well as the manufacturing and selected services sector.

The nationwide lockdowns and international travel restrictions imposed by countries to curb the spread of the outbreak has led to the severe decline in tourist arrivals in Q1 2020. According to Tourism Malaysia, the country recorded 4.23 million International tourist arrivals in Q1 2020, a decrease of 36.8% compared to Q1 2019. The tourist expenditure for Q1 2020 recorded a total of RM12.5 billion, a decrease of 41.5% compared to RM21.4 billion registered in Q1 2019. In line with the MCO, the Ministry of Tourism, Arts and Culture has cancelled the Visit Malaysia 2020 campaign with effect from 18 March 2020.

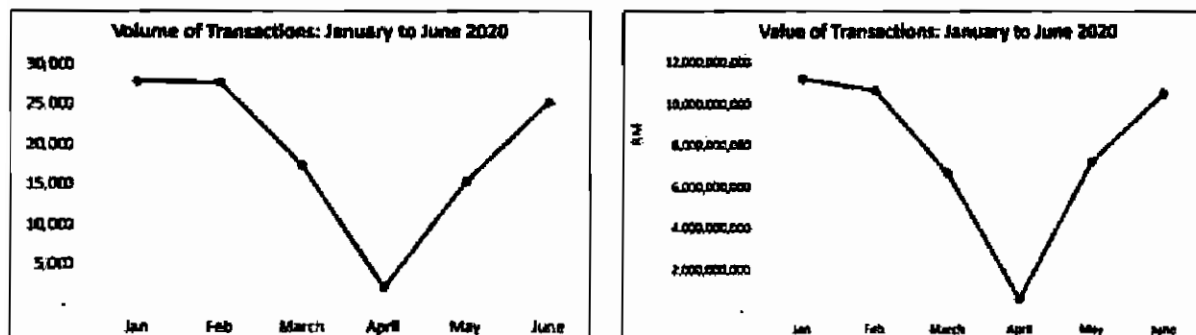
To stimulate Malaysia's economy and mitigate the impact of COVID-19 and the MCO, the Government introduced the Prihatin Rakyat Economic Stimulus Package or PRIHATIN. The financial initiatives introduced by the government which have helped soften the impact on property market include:

1. An automatic six-month loan moratorium for individual borrowers and small and medium sized-enterprises from 1 April 2020 ending on 30 September 2020.
2. The overnight policy rate cut with a cumulative 125 basis points would help lower the borrowing cost; thus, lower the monthly repayment amount.

On the demand-side, the amount of loan application and total loan approval for the purchase of residential property in H1 2020 decreased by 24.1% and 39.1% respectively. For the non-residential property, the amount of loan application and total loan approval saw similar pattern, decreased by 36.3% and 46.9% respectively. The ratio of loans approvals against loans applications for the purchase of residential property and non-residential property stood at 34.1% and 33.0% respectively in H1 2020 as against 42.4% and 39.6% in H1 2019.

The property market performance recorded a sharp decline in the first half of 2020 (H1 2020). The sharp decline was in consonant with the Malaysian economic performance, which contracted by 17.1% in Q2 2020 (Q1 2020: 0.7%). According to Bank Negara Malaysia report, Malaysian economy is expected to recover gradually in H2 2020 as the economy progressively re-opens and external demand improves. The Malaysia's GDP is projected to grow within the range of -3.5% to -5.5% in 2020 and 5.5% to 8.0% in 2021.

With the resuming of economic activities since early May 2020, property market activities recorded in the month of May and June 2020 saw a turnaround.



Further assistance from the government, initiated under a new short-term Economic Recovery Plan or Penjana, proposed a recovery plan which is related to property which include:

1. Reintroduction of the HOC - Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM 1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1st June 2020 to 31st May 2021.
2. RPGT exemption for disposal of residential homes from 1st June 2020 to 31st December 2021 (This exemption is limited to the disposal of three units of residential homes per individual).
3. The uplifting of the current 70 percent margin of financing limit applicable for the third housing loan onwards for property valued at RM800,000 and above, during the period of the HOC, subject to internal risk management practices of financial institutions. (Ministry of Finance).

Notwithstanding the upturn of market activity and the proposed measures under Penjana, the property market is more than likely to remain soft for the rest of the second half 2020. The pace of improvement, will be depend on both domestic and external factors such as political stability, global oil and commodity prices as well as the COVID-19 pandemic development.

(Source: Property Market Report First Half 2020, Valuation and Property Services Department, Ministry of Finance)

5.4 Overview and outlook of the property development industry in Pahang

In 1H 2020, Pahang's property market has softened. There were 6,219 transactions worth RM2.03 billion recorded in the review period, decreased by 31.7% in volume and 27.4% in value as compared to 1H 2019 (9,108 transactions worth RM2.79 billion during the similar period as at 1H 2019).

The performance of all sub-sectors recorded double-digit decrease for agriculture sub-sector at 40.4%. The residential sub-sector decreased by 27.6% and followed by commercial sub-sector at 25.6%. In terms of value, all sub-sectors showed downtrend in Pahang. The residential sub-sector recorded 33.5%, followed by agriculture sub-sector at 32.5% and commercial sub-sector at 5.7%.

The property market outlook in year 2020 for Pahang is expected to be impacted by the COVID-19 pandemic. However, the impact of the COVID-19 pandemic is expected to be mitigated by the Short-Term Economic Recovery Plan and stimulus packages announced by the Government and various ongoing and future developments in the pipeline.

(Source: Valuation report prepared by Cheston)

5.5 Prospects of the IHP Group

IHP is principally involved in property development, project management and property management. As set out in Section 2.2.1, Part A of this Circular, the IHP Group has the rights to develop the KWRC Land.

A portion of the KWRC Land has been developed as Imperium Residence and Swiss-Bel Hotel, a mixed development comprising serviced apartments and commercial units. Despite the softening in the Pahang property market as set out in Section 5.4 above, the units have been well-received with 85.85% of the serviced apartment units sold as at the LPD.

The remaining undeveloped portion of the KWRC Land measuring 8 acres is located in a strategic location near Kuantan town centre and has beach frontage. It is located in the immediate vicinity of Teruntum Shopping Mall and KPJ Pahang Specialist Hospital. In addition, the KWRC Land is expected to benefit from the development of the Kuantan Waterfront Resort City project, due to its close proximity to the planned development.

Upon completion of the Proposed Acquisition, IHP will become a subsidiary of the Company and as such, the Company will be able to consolidate the revenues and cash flows generated from the sales of the remaining serviced apartment units owned by IHP in addition to participating in the development of the KWRC Land.

In light of the above, the Board believes that the Proposed Acquisition will contribute positively to the earnings and cash flow of the Group in the future.

(Source: Management of Bina Puri)

5.6 Prospects of the Bina Puri Group

The Group is involved in various business divisions, including construction, property development, quarrying and power generation. However, for the past few years, construction and property development have been the main focus of the Group. The audited segmental revenue and PAT of the Group for the FYE 30 June 2020 are as follows:-

	Construction	Property development	Quarry	Power supply
Revenue (RM'000)	219,311	152,194	37,781	11,442
PBT / LBT (RM'000)	(39,221)	55,146	(190)	(4,670)

As at the LPD, the Group's construction division is involved in several projects domestically and overseas. The current unbuilt book order of the Group stands at approximately RM1.64 billion, which is expected to provide a steady stream of revenue for the Group over the next 2 to 3 years.

For the property development division, as at the LPD, the Group has several ongoing projects in Johor, Pahang, Sabah and Sarawak with a combined estimated GDV of RM1.42 billion. The property development division is expected to be further bolstered by the Proposed Acquisition through the development of the undeveloped portion of the KWRC Land in Kuantan.

Premised on the above as well as the overview and outlook of the construction industry and property market in Malaysia as set out in Sections 5.2 and 5.3 above, the Board is optimistic of the future prospects of the Group moving forward.

(Source: Management of Bina Puri)

6. RISK FACTORS

The Bina Puri Group is primarily involved in the property development and construction industries. As such, the Group is already exposed to similar risks as those faced by IHP. The potential risk factors relating to the Proposed Acquisition are as follows:-

6.1 Non-completion of the Proposed Acquisition

There is a possibility that the Proposed Acquisition may not be completed due to failure in fulfilling the conditions precedent of the SPA as set out in Section 2.5.3, Part A of this Circular within the timeframe prescribed therein. In the event that the fulfilment conditions precedent are delayed, not met or waived, the completion of the Proposed Acquisition may be delayed or the SPA may lapse and the Company will not be able to complete the Proposed Acquisition.

Nevertheless, the Group endeavours to take reasonable steps to ensure that the conditions precedents are met within the stipulated timeframe and that every effort is made to obtain all necessary approvals in order to complete the Proposed Acquisition in a timely manner.

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6.2 Business and operational risk

The Proposed Acquisition is subject to inherent risks in the property development industry, of which the Group is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, amongst others, adverse changes in real estate market prices, changes in economic, social and political condition (including the recent COVID-19 pandemic), fluctuations in the prices of building material and costs of labour charges, and performance of third-party sub-contractors. Any adverse changes in these conditions may have an adverse material effect on the property sector in Malaysia and the Group. The Group will adopt prudent management and efficient operating procedures to adapt to any negative changes in the property development industry. However, no assurance can be given that any changes in these factors will not have any material adverse effect on the Group's business and financial performance.

In addition, a prolonged decline in Malaysian economic conditions as a result of the recent COVID-19 pandemic as well as the MCO may affect the demand for the remaining serviced apartment units held by IHP. There is no assurance that there will be no fallout in the property market as a result of a prolonged economic slowdown or that such fallout would not have an adverse impact to the Group's operations or financials.

6.3 Investment risk

Although the Proposed Acquisition is expected to contribute positively to the future earnings of the Group as mentioned in Section 5.5, Part A of this Circular, there is no guarantee that the expected benefits from the Proposed Acquisition will materialise or that the Group would be able to generate sufficient returns from the sale of the remaining serviced apartment units held by IHP and/or from the development of Plots A, B & C of the KWRC Land to offset the associated cost of Investment.

Nevertheless, the Board has exercised due care in considering the potential risks and benefits associated with the Proposed Acquisition and the Board believes that the Proposed Acquisition will be value accretive and synergistic to the enlarged Group after taking into consideration, amongst others, the prospects of IHP.

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7. EFFECTS OF THE PROPOSALS

7.1 Share capital

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

	No. of Shares	Share capital RM
Issued share capital as at the LPD	872,080,000	189,478,286
Consideration Shares to be issued pursuant to the Proposed Acquisition	280,000,000	⁽¹⁾ 23,800,000
Issued share capital after the Proposed Acquisition	1,152,080,000	213,278,286
No. of Placement Shares to be issued pursuant to the Proposed Private Placement	260,523,000	⁽²⁾ 19,617,382
Enlarged issued share capital after the Proposed Private Placement	1,412,603,000	232,895,668

Notes:-

(1) Based on the issue price of RM0.085 per Consideration Share.

(2) Based on an illustrative issue price of RM0.0753 per Placement Share.

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7.2 NA and gearing

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

	Audited as at 30 June 2020 RM'000	(I) After subsequent events ⁽¹⁾ RM'000	(II) After (I) and the Proposed Acquisition ⁽²⁾ RM'000	(III) After (II) and the Proposed Private Placement ⁽³⁾ RM'000
Share capital	180,856	189,478	213,278	232,895
Warrants reserve	10,039	10,039	10,039	10,039
Exchange reserve	(10,084)	(10,084)	(10,084)	(10,084)
Share option reserve	3,287	2,243	2,243	2,243
Retained earnings	86,562	86,479	93,199	91,429
Shareholders' equity / NA	270,660	278,155	308,675	326,522
Non-controlling interest	123,267	123,267	166,987	166,987
Total equity	393,927	401,422	475,662	493,509
No. of Shares in issue ('000)	764,079	872,080	1,152,080	1,412,603
NA per Share (RM)	0.35	0.32	0.27	0.23
Total borrowings (RM'000)	441,475	440,975	447,157	447,157
Gearing (times)	1.12	1.10	0.94	0.91

Notes:-

(1) After accounting for the following:-

- (i) issuance of 24,000,000, 30,000,000 and 22,907,900 new Shares at the issue price of RM0.065, RM0.063 and RM0.077 each on 27 July 2020, 12 August 2020 and 18 September 2020 respectively pursuant to the Private Placement 2020;
- (ii) repayment of outstanding amount of borrowings of RM0.50 million from the proceeds raised from the Private Placement 2020; and
- (iii) issuance of 31,093,000 new Shares arising from the exercise of ESOS Options at the exercise price of RM0.076 each from 1 July 2020 up to the LPD.

(2) After accounting for the issuance of 280,000,000 Consideration Shares at the issue price of RM0.085 per Consideration Share and the consolidation of IHP Group's balance sheet upon completion of the Proposed Acquisition.

(3) After accounting for the issuance of 260,523,000 Placement Shares at an illustrative issue price of RM0.0753 each and the estimated expenses incidental to the Proposals of RM1.77 million.

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7.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the substantial Shareholders' shareholdings in the Company based on the register of substantial Shareholders of the Company as at the LPD are as follows:-

Substantial Shareholders	(I) As at the LPD			(II) After the Proposed Acquisition		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽¹⁾		No. of Shares	% ⁽²⁾	
Ooi Chieng Sim	59,293,586	6.80	-	59,293,586	5.15	-
Dato' Neoh Soo Keat	68,380,700	7.84	-	68,380,700	5.94	-
Tan Sri Datuk THS	47,479,556	5.44	⁽⁴⁾ 12,997,850	126,131,504	10.95	⁽⁴⁾ 75,919,159
Datuk Matthew Tee	12,197,850	1.40	⁽⁵⁾ 48,279,556	75,119,159	6.52	⁽⁵⁾ 126,931,504
Dr. Tony Tan	9,668,902	1.11	-	85,174,473	7.39	-

Substantial Shareholders	(II) After (I) and the Proposed Private Placement		
	Direct		Indirect
	No. of Shares	% ⁽³⁾	
Ooi Chieng Sim	59,293,586	4.20	-
Dato' Neoh Soo Keat	68,380,700	4.84	-
Tan Sri Datuk THS	126,131,504	8.93	⁽⁴⁾ 75,919,159
Datuk Matthew Tee	75,119,159	5.32	⁽⁵⁾ 126,931,504
Dr. Tony Tan	85,174,473	6.03	-

Notes:-

- (1) Based on the issued share capital of 872,080,000 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 1,152,080,000 Shares after the Proposed Acquisition.
- (3) Based on the enlarged issued share capital of 1,412,603,000 Shares after the Proposed Private Placement.
- (4) Deemed interest by virtue of his interest in Tee Hock Seng Holdings Sdn Bhd and his son's shareholdings in the Company.
- (5) Deemed interest by virtue of his interest in Tee Hock Seng Holdings Sdn Bhd and his father's shareholdings in the Company.

7.4 Losses and LPS

7.4.1 Proposed Acquisition

For illustrative purposes, assuming that the Proposed Acquisition had been completed at the beginning of the FYE 30 June 2020, the pro forma effects of the Proposed Acquisition on the consolidated losses and LPS of Bina Puri would be as follows:-

	Audited FYE 30 June 2020 (RM'000)	After the Proposed Acquisition (RM'000)
LAT attributable to owners of Bina Puri	(19,015)	(19,015)
Less: LAT attributable to owners of IHP ⁽¹⁾	-	⁽²⁾ (1,222)
Proforma LAT attributable to owners of Bina Puri	(19,015)	(20,237)
Weighted average no. of Shares ('000)	573,059	853,059
LPS (sen)	(3.32)	(2.37)

Notes:-

- (1) Based on IHP's audited consolidated financial statements for the FYE 31 December 2019.
- (2) Based on Bina Puri's 56.50% stake in IHP Group upon the completion of the Proposed Acquisition.

Moving forward, the impact of the Proposed Acquisition on the consolidated losses and LPS of the Company is dependent on the financial performance of the IHP Group which in turn is dependent on, amongst others, market and industry conditions affecting the business in which the IHP Group is operating.

Nevertheless, the Proposed Acquisition is expected to contribute positively to the future earnings of the Group, premised on the prospects of the IHP Group as set out in Section 5.5, Part A of this Circular.

7.4.2 Proposed Private Placement

For illustrative purposes, assuming that the Proposed Private Placement had been completed at the beginning of the FYE 30 June 2020, the pro forma effects of the Proposed Private Placement on the consolidated losses and LPS of Bina Puri would be as follows:-

	Audited FYE 30 June 2020 (RM'000)	After the Proposed Private Placement (RM'000)
LAT attributable to owners of Bina Puri	(19,015)	⁽¹⁾ (20,785)
Weighted average no. of Shares ('000)	573,059	833,582
LPS (sen)	(3.32)	(2.50)

Note:-

- (1) After deducting the estimated expenses for the Proposals of RM1.77 million.

Moving forward, the impact of the Proposed Private Placement on the consolidated earnings of the Company is dependent on amongst others, the number of Placement Shares to be issued and the benefits to be derived from the utilisation of proceeds to be raised from the Proposed Private Placement.

Nevertheless, the Proposed Private Placement is expected to contribute positively to the future earnings of the Group, premised on the utilisation of proceeds primarily to fund the Group's construction and property development projects.

7.5 Convertible securities

Save for the following, the Company does not have any other outstanding convertible securities as at the LPD:-

- (i) 382,039,550 outstanding Warrants; and
- (i) 66,740,500 granted SIS Options which have not been exercised.

In accordance with the provisions of the by-laws governing the SIS and the deed poll governing the Warrants, the Proposals will not result in any adjustment to the exercise price and/or number of granted SIS Options and Warrants.

8. APPROVALS REQUIRED AND CONDITIONALITY

8.1 Approvals required

8.1.1 Proposed Acquisition

The Proposed Acquisition is subject to approvals being obtained from the following:-

- (i) Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities, which was obtained vide its letter dated 10 March 2021 subject to, amongst others, the following conditions:-

Conditions	Status of compliance
(a) Bina Puri and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	To be complied
(b) Bina Puri / Mercury Securities to furnish Bursa Securities with the certified true copy of the resolutions passed by the Shareholders at an extraordinary general meeting approving the Proposals;	To be complied
(c) Bina Puri and Mercury Securities to inform Bursa Securities upon the completion of the Proposals;	To be complied
(d) Bina Puri and Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied

Conditions	Status of compliance
(e) Payment of additional listing fee, if any, based on the final issue price together with a copy of the details of the computation of the amount of listing fees payable; and	To be complied
(f) To incorporate / address Bursa Securities' comments adequately and comprehensively as provided in the attachment in respect of the draft circular to Shareholders.	To be complied

(ii) the non-interested Shareholders at the forthcoming EGM; and

(iii) any other relevant authorities and/or parties, if required.

8.1.2 Proposed Private Placement

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

- (i) Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities, which was obtained vide its letter dated 10 March 2021 subject to, amongst others, the following conditions:-

Conditions	Status of compliance
(a) Bina Puri and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	To be complied
(b) Bina Puri / Mercury Securities to furnish Bursa Securities with the certified true copy of the resolutions passed by the Shareholders at an extraordinary general meeting approving the Proposals;	To be complied
(c) Bina Puri and Mercury Securities to inform Bursa Securities upon the completion of the Proposals;	To be complied
(d) Bina Puri and Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied
(e) Payment of additional listing fee, if any, based on the final issue price together with a copy of the details of the computation of the amount of listing fees payable; and	To be complied
(f) To incorporate / address Bursa Securities' comments adequately and comprehensively as provided in the attachment in respect of the draft circular to Shareholders.	To be complied

(ii) the Shareholders at the forthcoming EGM; and

(iii) any other relevant authorities and/or parties, if required.

8.2 Conditionality

The Proposed Acquisition is not conditional upon the Proposed Private Placement and *vice versa*.

The Proposals are not conditional upon any other corporate exercise being or proposed to be undertaken by the Company.

9. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 32.64% calculated based on the Purchase Consideration compared with the market value of Bina Puri Shares (excluding treasury shares) based on the 5-day VWAP of the Shares up to and including 21 January 2021, being the last full trading day prior to the date of the announcement of the Proposed Acquisition on 22 January 2021.

10. CORPORATE EXERCISE 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 before the printing of this Circular.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Private Placement.

Save as disclosed below, none of the Directors, major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition:-

- (i) Tan Sri Datuk THS, the Group Managing Director and substantial shareholder of Bina Puri, is one of the Vendors of the Proposed Acquisition. He is also the brother of Datuk Tee Hock Hin, the father of Datuk Matthew Tee and the nephew of Dr. Tony Tan;
- (ii) Datuk Matthew Tee, the Group Executive Director and substantial shareholder of Bina Puri, is one of the Vendors of the Proposed Acquisition. He is also the son of Tan Sri Datuk THS, the nephew of Datuk Tee Hock Hin and the grandnephew of Dr. Tony Tan;
- (iii) Dr. Tony Tan, the Founder Director and shareholder of Bina Puri, is one of the Vendors of the Proposed Acquisition. He is also the uncle of Tan Sri Datuk THS, Datuk Tee Hock Hin and the granduncle of Datuk Matthew Tee;
- (iv) Datuk Tee Hock Hin, a shareholder of Bina Puri is one of the Vendors of the Proposed Acquisition. He is also the brother of Tan Sri Datuk THS, the uncle of Datuk Matthew Tee and the nephew of Dr. Tony Tan; and
- (v) Tee Kai Soon, one of the Vendors of the Proposed Acquisition is a nephew of Tan Sri Datuk THS.

As at the LPD, the shareholdings of the Interested Directors in the Company are as follows:-

Interested Directors	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(11)%
Tan Sri Datuk THS	47,479,556	5.44	(2)12,997,850	1.49
Datuk Matthew Tee	12,197,850	1.40	(3)48,279,556	5.54
Dr. Tony Tan	9,668,902	1.11	-	-

Notes:-

- (1) Based on the issued share capital of 872,080,000 Shares as at the LPD.
- (2) Deemed interested by virtue of his interest in Tee Hock Seng Holdings Sdn Bhd and his son's direct shareholdings in Bina Puri.
- (3) Deemed interested by virtue of his father's interest in Tee Hock Seng Holdings Sdn Bhd and his father's direct shareholdings in Bina Puri.

The Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of the Company in respect of the Proposed Acquisition.

The Interested Directors will abstain and will undertake to ensure that persons connected with them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

12.1 Proposed Acquisition

The Board (save for the Interested Directors), having considered all aspects of the Proposed Acquisition, including the salient terms of the SPA, the basis and justification for the Purchase Consideration, the rationale and all other aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is:-

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested Shareholders.

Accordingly, the Board (save for the Interested Directors) recommends that you **vote in favour** of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

12.2 Proposed Private Placement

The Board, having considered all aspects of the Proposed Private Placement, including the utilisation of the proceeds from the Proposed Private Placement, the rationale and all other aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

Accordingly, the Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Bina Purl, having considered all aspects of the Proposed Acquisition, including the salient terms of the SPA, the basis and justification for the Purchase Consideration, the rationale, the prospects in relation to the Proposed Acquisition as well as the evaluation of MIDF Investment, is of the opinion that the Proposed Acquisition is:-

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested Shareholders.

14. INDEPENDENT ADVISER

The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors as set out in Section 11, Part A of this Circular. Accordingly, MIDF Investment has been appointed as the Independent Adviser in accordance with the Listing Requirements to undertake the following in relation to the Proposed Acquisition:-

- (i) comment as to:-
 - (a) whether the Proposed Acquisition is fair and reasonable so far as the non-interested Shareholders are concerned; and
 - (b) whether the Proposed Acquisition is to the detriment of the non-interested Shareholders,and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) advise the non-interested Shareholders on whether they should vote in favour of the Proposed Acquisition; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in subsections (i) and (ii) above.

The IAL from MIDF Investment is set out in Part B of this Circular. You should read the contents of this Circular (including the IAL) carefully before voting on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

15. TRANSACTIONS WITH RELATED PARTIES IN THE PAST 12 MONTHS

There were no other related party transactions entered into between the Company and the related parties for the 12 months preceding the LPD.

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16. HISTORICAL SHARE PRICES

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

	High RM	Low RM
2020		
February	0.090	0.075
March	0.080	0.030
April	0.080	0.040
May	0.085	0.060
June	0.075	0.060
July	0.095	0.060
August	0.105	0.065
September	0.115	0.075
October	0.105	0.075
November	0.105	0.075
December	0.125	0.095
2021		
January	0.115	0.090
February	0.105	0.085
Last transacted market price on the LTD	0.095	
Last transacted market price on the LPD	0.100	

(Source: Bloomberg)

17. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the second quarter of 2021.

The tentative timetable for the Proposals is as follows:-

Date	Events
7 April 2021	• EGM for the Proposals
April 2021	• Listing and quotation of the Consideration Shares on the Main Market of Bursa Securities and completion of the Proposed Acquisition
May 2021	• Listing and quotation of the Placement Shares on the Main Market of Bursa Securities and completion of the Proposed Private Placement

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18. EGM

The EGM, the notice of which is enclosed in this Circular, will be held on a fully virtual basis and entirely via remote participation and voting from the Broadcast Venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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.

Day, date and time of the EGM	: Wednesday, 7 April 2021 at 11:00 a.m.
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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 in accordance with the instructions contained therein as soon as possible, so as to arrive at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the date and time set for holding the EGM as indicated above or any adjournment thereof.

You can also have the option to lodge the proxy appointment electronically via TIH Online at <https://tih.online> before the proxy form lodgement cut-off time as mentioned above. For further information on the electronic lodgement of proxy form, kindly refer to the Administrative Details.

The lodgement of the Form of Proxy shall not preclude you from attending and voting at the virtual EGM should you subsequently wish to do so.

19. FURTHER INFORMATION

Shareholders are requested to refer to Part B of this Circular and the attached appendices for further information.

Yours faithfully

For and on behalf of the Board of Directors of
BINA PURI HOLDINGS BHD

TAN SRI DATO' IR WONG FOON MENG

Chairman / Independent Non-Executive Director

PART B

**IAL FROM MIDF INVESTMENT TO THE NON-INTERESTED SHAREHOLDERS OF BINA PURI
IN RELATION TO THE PROPOSED ACQUISITION**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meanings as the words and expressions as defined in the 'Definitions' section of the Circular, except where the content otherwise requires or where otherwise defined herein. All reference to "you" are references to the non-interested shareholders of the Company, whilst references to "we", "us" or "our" in this IAL are references to MIDF Investment, being the Independent Adviser for the Proposed Acquisition.

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE PERTINENT INFORMATION OF THE PROPOSED ACQUISITION. THE NON-INTERESTED SHAREHOLDERS OF BINA PURI ARE ADVISED TO READ AND UNDERSTAND THE IAL AND THE LETTER FROM THE BOARD AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

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.

1. INTRODUCTION

On 25 November 2020, the Board announced that the Company and Bina Puri Properties, a wholly-owned subsidiary of the Company, had entered into the HOA with the Vendors for the Proposed Acquisition.

On 22 January 2021, Mercury Securities had, on behalf of the Board, announced that the Company and Bina Puri Properties, had entered into the SPA with the Vendors for the Proposed Acquisition.

On 11 March 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 10 March 2021, granted its approval for the listing and quotation for the Consideration Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8.1.1, Part A of the Circular.

In view of the interests of Interested Directors in the Proposed Acquisition as set out in Section 11, Part A of the Circular, the Proposed Acquisition is deemed to be a related party transaction under Paragraph 10.08 of the Listing Requirements. Accordingly, the Board (save for Interested Directors) had, on 16 March 2020, appointed MIDF Investment as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Bina Puri in respect of the Proposed Acquisition.

This IAL is prepared solely for the use of the non-interested shareholders of Bina Puri for the purpose of considering the merits of the Proposed Acquisition and should not be used or relied upon by any other party for any other purposes.

Please refer to Section 1 of the IAL for further details.

2. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have assessed and considered the following factors:

Section in the IAL	Consideration factors	Our evaluation
Section 6.1	Rationale for the Proposed Acquisition	<p>We are of the opinion that the rationale for the Proposed Acquisition is reasonable and not detrimental to the non-interested shareholders of Bina Puri as the Proposed Acquisition:</p> <ul style="list-style-type: none"> ▪ will enable the Group to strengthen its earnings base and enhance its cash flow arising from the sales of the Serviced Apartments held by IHP; ▪ will allow the Group to consolidate the assets of IHP in the Group's statement of financial position and expand its landbanks for future property development projects, namely Plots A, B and C of the KWRC Land; ▪ represents a strategic opportunity for the Group to increase its participation share in the future development of the KWRC Land in view of the potential development of Plots A, B and C of the KWRC Land in view of its strategic location which is located within the future Kuantan Waterfront Resort City project; and ▪ the settlement for the Purchase Consideration will mainly be via issuance of Consideration Shares and a minor portion to be paid via cash, which will allow the Group to conserve its cash as well as put the Group on a stronger financial footing to facilitate its existing property development and construction projects and day-to-day working capital. <p>In evaluating the rationale for the Proposed Acquisition, we have taken into consideration that the Proposed Acquisition is in line with Bina Puri Group's business direction and will enable the Group to expand its core business in property development.</p> <p>In view of the positive outlook of construction sector as well as the residential and non-residential subsectors, we are of the opinion that the Proposed Acquisition will provide value creation to Bina Puri Group moving forward.</p>
Section 6.2	Evaluation of the Purchase Consideration	<p>On an overall basis, we are of the view that the Purchase Consideration for the Proposed Acquisition is fair. We take note that the Purchase Consideration was arrived between the parties on a willing-buyer willing-seller basis and after taking into consideration, among others, the adjusted NA of IHP Group as at 31 December 2019 of RM60.54 million (RM26.94 million for 44.5% equity interest in IHP), which we are of the view that the method of adjustments used in the aforementioned calculation is a common industry practice in deriving the adjusted consolidated NA.</p>

EXECUTIVE SUMMARY (CONT'D)

Section In the IAL	Consideration factors	Our evaluation
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A summary table of the methods adopted by Cheston and Irhamy to arrive at the market value of the KWRC Land and Other Properties respectively are set out below:

IHP Properties	Valuation Method	Cross check method
KWRC Land		
(a) Buildings		
- Serviced Apartments	Market/ Comparison approach	-
- Commercial Lots	Market/ Comparison approach	Income approach by investment method
(b) Lots 159850 and 159851	Market/ Comparison approach	-
Other Properties		
(c) 2 adjoining units of 2 ½ storey shop offices	Comparison method	-
(d) A residential unit within shop offices	Comparison method	-
(e) Casa Mila Club House	Comparison method (Land) Depreciated Replacement Cost method (Building)	-
(f) Casa Venicia Club House	Comparison method (Land) Depreciated Replacement Cost method (Building)	-

EXECUTIVE SUMMARY (CONT'D)

Section in the IAL	Consideration factors	Our evaluation
		<p>We have also reviewed and are satisfied with the bases, assumptions and valuation methodology applied by Cheston and Irhamy for the appraisal of the market value of the KWRC Land and Other Properties, respectively. We are of the view that the adoption of abovementioned valuation methods are reasonable, appropriately applied and are consistent with the generally applied valuation methodologies for property in conformity with the relevant guidelines. Hence, we are of the opinion that the total market value derived by the Valuers for the KWRC Land and Other Properties are fair.</p>
Section 6.3	Evaluation of the Issue Price of the Consideration Shares	<p>On an overall basis, we are of the view that the Issue Price of the Consideration Shares is justifiable and fair.</p> <p>We note that the Issue Price of RM0.085 per Consideration Share was agreed upon between the Company and the Vendors immediately prior to the execution of the HOA after taking into consideration that it represents:</p> <ul style="list-style-type: none">(i) a discount of 11.18% to the 5-day VWAP of Bina Puri Shares of RM0.0957 up to and including the LTD; and(ii) a discount of 7.10% to the 1-month VWAP of Bina Puri Shares of RM0.0915 up to and including the LTD. <p>We have further evaluated the Issue Price of the Consideration Shares based on the following assessment:</p> <ul style="list-style-type: none">(i) Historical market price of Bina Puri Shares;(ii) VWAP analysis; and(iii) NA per Bina Puri Share. <p>We noted that the Issue Price of RM0.085 is within the highest and lowest traded market prices of Bina Puri Shares for the past 12 months preceding to the LPD. In relation to the foregoing, we are of the opinion that the Issue Price is reflective of the prevailing market price of Bina Puri Shares.</p> <p>We also noted that the Issue Price is at a discount to the last traded market price of Bina Puri Shares as at the LPD as well as NA per Bina Puri Share as at 30 June 2020.</p> <p>In view that the Issue Price is based on a market-based approach and there is no assurance that Bina Puri may be able to realise the NA per Bina Puri Share at its full value, we are of the view that the Issue Price is justifiable.</p>

EXECUTIVE SUMMARY (CONT'D)

Section in the IAL	Consideration factors	Our evaluation
		<p>The Issue Price for the Proposed Acquisition which was agreed upon between the Company and the Vendors based on the discounts of 11.18% and 7.10% respectively to the 5-day VWAP and 1-month VWAP of Bina Puri Shares up to and including the LTD is comparably lower than the discount of the issue price of Placement Shares (i.e. not more than 20% to the 5-day VWAP of Bina Puri Shares up to and including the last trading day immediately preceding the price-fixing date) for the Proposed Private Placement as disclosed in Section 3.5, Part A of the Circular. Based on the foregoing, we are of the view that the Issue Price is justifiable and fair to the non-interested shareholders of Bina Puri.</p>
Section 6.4	Salient terms of the SPA	<p>We are of the view that the salient terms and conditions of the SPA, taken as a whole, are considered reasonable and not detrimental to the interests of the non-interested shareholders of Bina Puri.</p>
Section 6.5	Financial effects of the Proposed Acquisition	<p>We are of the view that the financial effects of the Proposed Acquisition are not detrimental to the interest of the non-interested shareholders of Bina Puri as the Proposed Acquisition:</p> <ul style="list-style-type: none">▪ will result in an increase in the issued share capital of the Company;▪ the pro forma NA per Share will decrease from RM0.32 to RM0.27 whereas the pro forma gearing of Bina Puri Group will decrease from 1.10 times to 0.94 times;▪ will result in a dilution in the shareholdings of the existing shareholders of Bina Puri, save for the Vendors, to whom the Consideration Shares will be issued to; and▪ the pro forma LPS of the Group will decrease from 3.32 sen to 2.37 sen. <p>Moving forward, the impact of the Proposed Acquisition on the consolidated losses and LPS of the Company is dependent on the financial performance of the IHP Group. Nevertheless, the Proposed Acquisition is expected to contribute positively to the future earnings of the Group.</p>
Section 6.6	Industry outlook and prospects	<p>The Malaysia economy recorded a negative growth of 3.4% in the fourth quarter of 2020, largely attributable to the imposition of the CMCO on a number of states since mid-October. We note that the growth trajectory is projected to improve from the second quarter of 2021 onwards. The vaccine rollout from February 2021 onwards is expected to lift sentiments.</p>

EXECUTIVE SUMMARY (CONT'D)

Section in the IAL	Consideration factors	Our evaluation
		<p>The property development industry in Pahang has softened in the first half of 2020 as compared to the first half in 2019. Nonetheless, the introduction of Prihatin Rakyat Economic Stimulus Package (PRIHATIN), new short-term Economic Recovery Plan (PENJANA) Bantuan Prihatin Nasional 2.0 (KITA PRIHATIN), Budget 2021 and Perlindungan Ekonomi Dan Rakyat Malaysia (PERMAI) Assistance Package by the Government are expected to stimulate Malaysia's economy and mitigate the impact of COVID-19 and the MCO.</p> <p>We noted that the management of Bina Puri expects its property development division to be further bolstered by the Proposed Acquisition through the development of the undeveloped portion of the KWRC Land in Kuantan.</p> <p>We are of the view that the long term prospects of the IHP Group and Bina Puri Group pursuant to the Proposed Acquisition appears to be favourable and expected to improve its financial performance in the future, barring any unforeseen circumstances.</p> <p>Nonetheless, we wish to highlight that the construction and property development industries are subject to uncertainties which are not within the Board's control, such as changes in Government policies, changes in financing conditions and implementation of stricter standard operating procedures during the MCO period. The occurrence of any of such events may materially impact the construction and property development industries and may adversely affect the Group's financial performance.</p>
Section 6.7	Risk factors associated with the Proposed Acquisition	<p>The non-interested shareholders of Bina Puri are advised to give due and careful regard to the risk factors as disclosed in Section 6, Part A of the Circular as follows:</p> <ul style="list-style-type: none">(i) Non-completion of the Proposed Acquisition;(ii) Business and operational risk; and(iii) Investment risk <p>We wish to highlight that although measures may be taken by the Board to attempt to limit all such risks, no assurance can be given that one or a combination of such risk factors will not crystallise, and give rise to material and adverse impact on the financial performance/position or prospects of the Group.</p>

3. CONCLUSION AND RECOMMENDATION

Premised on the foregoing and our overall evaluation and assessment of the Proposed Acquisition based on information available to us up to the LPD, we are of the opinion that, taken as a whole, the Proposed Acquisition is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of Bina Puri.

Accordingly, we recommend the non-interested shareholders of Bina Puri to **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Registered Office:
Level 21, Menara MIDF
82 Jalan Raja Chulan
50200 Kuala Lumpur

23 March 2021

To: The Non-Interested Shareholders of Bina Puri

Dear Sir/Madam,

BINA PURI HOLDINGS BHD ("BINA PURI" OR THE "COMPANY")

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF BINA PURI
IN RELATION TO THE PROPOSED ACQUISITION**

This IAL is prepared for inclusion in the Circular and should be read in conjunction with Part A of the Circular. All definitions used in this IAL shall have the same meanings as the words and expressions as defined in the 'Definitions' section of the Circular, except where the content otherwise requires or where otherwise defined herein. All reference to "you" are references to the non-interested shareholders of the Company, whilst references to "we", "us" or "our" in this IAL are references to MIDF Investment, being the Independent Adviser for the Proposed Acquisition.

1. INTRODUCTION

On 25 November 2020, the Board announced that the Company and Bina Puri Properties, a wholly-owned subsidiary of the Company, had entered into the HOA with the Vendors for the Proposed Acquisition.

On 22 January 2021, Mercury Securities had, on behalf of the Board, announced that the Company and Bina Puri Properties, had entered into the SPA with the Vendors for the Proposed Acquisition.

On 11 March 2021, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 10 March 2021, granted its approval for the listing and quotation for the Consideration Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8.1.1, Part A of the Circular.

In view of the interests of Interested Directors in the Proposed Acquisition as set out in Section 11, Part A of the Circular, the Proposed Acquisition is deemed to be a related party transaction under Paragraph 10.08 of the Listing Requirements. Accordingly, the Board (save for Interested Directors) had, on 16 March 2020, appointed MIDF Investment as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Bina Puri in respect of the Proposed Acquisition.

The purpose of this IAL is to:

- (i) comment as to:
 - (a) whether the Proposed Acquisition is fair and reasonable so far as the non-interested Shareholders are concerned; and
 - (b) whether the Proposed Acquisition is to the detriment of the non-interested Shareholders,

and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

- (ii) advise the non-interested Shareholders on whether they should vote in favour of the Proposed Acquisition;
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in subsections (i) and (ii) above.

Nonetheless, the non-interested shareholders of Bina Puri should rely on their own evaluation of the merits of the Proposed Acquisition before making a decision on the course of action to be taken at Bina Puri's forthcoming EGM.

This IAL is prepared solely for the use of the non-interested shareholders of Bina Puri for the purpose of considering the merits of the Proposed Acquisition and should not be used or relied upon by any other party for any other purposes.

NON-INTERESTED SHAREHOLDERS OF BINA PURI ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND THE LETTER FROM THE BOARD AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

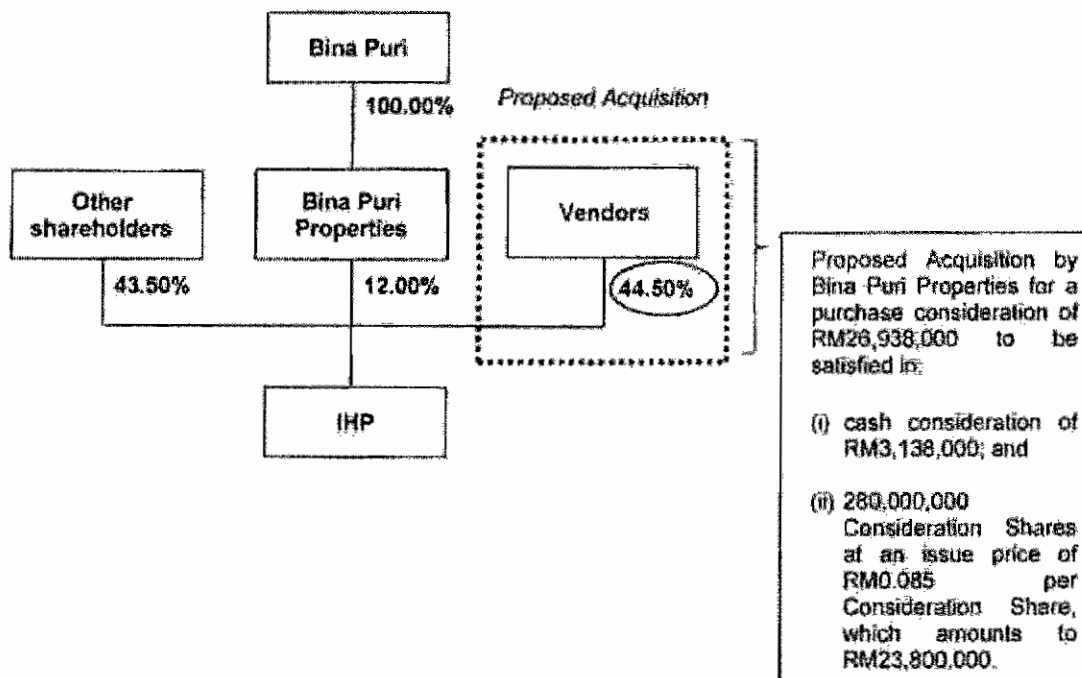
IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition of 2,022,593 IHP Shares from the Vendors for the Purchase Consideration, which will be satisfied in the following manner:

Vendors	Shareholdings in IHP		Mode of settlement		
	No. of Sale Shares	% of total Issued IHP Shares	Purchase Consideration (RM)	No. of Consideration Shares	Cash (RM)
Tan Sri Datuk THS	568,146	12.50	7,566,879	78,651,948	881,464
Dr. Tony Tan	545,418	12.00	7,264,175	75,605,571	846,202
Datuk Matihaw Tee	454,515	10.00	6,053,480	62,921,309	705,168
Tee Kai Soon	227,257	5.00	3,026,733	31,460,586	352,583
Datuk Tee Hock Hin	227,257	5.00	3,026,733	31,460,586	352,583
Total	2,022,593	44.50	26,938,000	280,000,000	3,138,000

The diagrammatic structure of the Proposed Acquisition is summarised as follows:



As at the LPD, Bina Puri Properties holds a total of 545,418 IHP Shares, representing 12.00% equity interest in IHP. Upon completion of the Proposed Acquisition, Bina Puri Properties will hold a total of 2,568,011 IHP Shares, representing 56.50% equity interest in IHP. Pursuant thereto, IHP will become a 56.50%-owned subsidiary of Bina Puri Properties.

For further details of the Proposed Acquisition, please refer to Section 2, Part A of the Circular.

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

Save as disclosed in Section 11, Part A of the Circular, none of the Directors, major Shareholders, chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

The Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of the Company in respect of the Proposed Acquisition.

The Interested Directors will abstain and will undertake to ensure that persons connected with them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

4. SCOPE AND LIMITATIONS OF OUR EVALUATION AND DECLARATION FROM MIDF INVESTMENT

MIDF Investment has not been involved in any formulation or any deliberation and negotiation on the terms and conditions of the Proposed Acquisition nor have we participated in the Board's deliberation on the Proposed Acquisition. The terms of reference of our appointment as the Independent Adviser to the non-interested directors and non-interested shareholders of Bina Puri in relation to the Proposed Acquisition are in accordance with the requirements set out in Paragraphs 10.08(2) and 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

MIDF Investment's scope as the Independent Adviser is limited to express an independent opinion on the fairness and reasonableness of the Proposed Acquisition based on and in reliance upon information, documents and representations/confirmations provided or made available to us (the accuracy of which the Board or other advisers of Bina Puri are solely responsible), including but not limited to the following:

- (i) information contained in Part A of the Circular and the accompanying appendices in relation to the Proposed Acquisition;
- (ii) the HOA;
- (iii) information derived from the announcements dated 25 November 2020 and 22 January 2021 in relation to the Proposed Acquisition;
- (iv) the SPA;
- (v) the audited financial statements of IHP for the FYE 31 December 2019;
- (vi) the valuation reports dated 14 October 2020 prepared by Cheston for the KWRC Land (collectively referred to as "**Valuation Report 1**");
- (vii) the valuation reports dated 30 September 2020 prepared by Irhamy for the Other Properties (as defined in Section 6.2 of this IAL) (collectively referred to as "**Valuation Report 2**");
- (viii) the valuation certificate dated 14 October 2020 prepared by Cheston for the KWRC Land ("**Valuation Certificate 1**");
- (ix) the valuation certificate dated 30 September 2020 prepared by Irhamy for the Other Properties (as defined in Section 6.2 of this IAL) ("**Valuation Certificate 2**");
- (x) other relevant information documents, confirmations and/or representations provided by the Board, the management of the Company and Principal Adviser, as well as representations/confirmations obtained in or derived from discussions with the management of the Company; and
- (xi) other publicly available information that we deemed relevant to our evaluation.

In respect of items (vi), (vii), (viii) and (ix) above, Cheston and Irhamy have been given and have not been subsequently withdrawn their consent, for the inclusion of its name and all references thereto in the form and context in which they appear, before the issuance of the Circular.

We have relied on the Board and management of the Company to exercise due care to ensure that all the information, documents, confirmations and representations provided to us by them to facilitate our evaluation of the Proposed Acquisition are accurate, complete and free from material omission. We have also made due enquiries and carried out discussions with the Valuers to facilitate our evaluation of the Proposed Acquisition. We have relied on the accuracy of the information and documents furnished to us by the Board and management of the Company, and have not independently verified such information and documents for their validity, reliability, accuracy and/or completeness.

We have also obtained written confirmation from the Board that the Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this IAL (save and except for analyses made and opinions expressed by MIDF Investment) and confirm that after making all reasonable enquiries, to the best of their knowledge and belief, there are no facts the omission of which would make any statement herein misleading.

The Board has also provided written confirmation that all facts and information in respect of the Company and IHP Group which are relevant to MIDF Investment's evaluation of the Proposed Acquisition have been disclosed to MIDF Investment, and that there are no facts or information the omission of which would make any written information provided to us misleading in any respect. With due consideration to the foregoing and after making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied that all information, documents and representations/confirmations necessary for our evaluation of the Proposed Acquisition have been disclosed to us and that such information is reasonable, accurate, complete and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

We are satisfied that sufficient information has been disclosed to us in enabling us to formulate our recommendation. After making all reasonable check and corroborating such information with independent sources, where possible, to the best of our knowledge and belief, the information used is reasonable, accurate, complete and free from material omission. Notwithstanding that, MIDF Investment shall not be under any responsibility or liability for any misstatement of fact or from any omissions therein.

In our evaluation of the Proposed Acquisition, we have considered factors which are made known to us and which we believe are of general importance to an assessment of the financial implications of the Proposed Acquisition and would be of significant relevance and general concern to the non-interested shareholders of Bina Puri as a whole in arriving at our advice.

The scope of MIDF Investment's responsibility with regard to our evaluation and opinion contained herein is confined to the Proposed Acquisition. Where our comments or points of consideration are included on certain pertinent matters which may be qualitative or commercial in nature, these are incidental to our overall financial evaluation and concern matters which we may deem material for disclosure and/or which may have possible financial implications on the Group.

MIDF Investment's opinion contained in this IAL is provided to the non-interested shareholders of Bina Puri at large and not to any shareholder individually. Hence, we have not given regard to the specific investment or financial objectives, financial situation and/or particular needs of any individual shareholder or any specific group of shareholders. We recommend that any individual shareholder or specific group of shareholders who require specific advice within the context of their individual objectives, financial situation and particular needs should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers at their own costs.

Our evaluation and recommendation expressed in this IAL are based on prevailing economic, market, political conditions and other conditions, as well as the information and documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed in this IAL does not take into consideration information, events and conditions arising after the LPD.

We will notify the non-interested shareholders of Bina Puri if, after the despatch of this IAL, in the event we become aware that the information or document previously circulated or provided:

- (a) contains a material statement which is false or misleading;
- (b) contains a statement from which there is a material omission; or
- (c) does not contain a statement relating to a material development.

If circumstances require, a supplementary IAL will be despatched to the non-interested shareholders of Bina Puri.

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

Malaysian Industrial Development Finance Berhad ("MIDF") is the holding company of MIDF Investment. MIDF, MIDF Investment and other subsidiaries of MIDF (collectively referred to as "MIDF Group") and its related and associated companies are involved in diversified financial activities. In addition to MIDF Investment's role as the Independent Adviser for the Proposed Acquisition, any member of the MIDF Group may at any time in the ordinary course of business offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Group, or any other entity or transactions for its own account or the account of its customer. The transactions are in the ordinary course of business of MIDF Investment's investment banking and related financial services.

Notwithstanding the above, MIDF Investment is of the opinion that the aforesaid relationship would not give rise to a conflict of interest situation in its capacity as the Independent Adviser for the Proposed Acquisition due to the following:

- (i) MIDF Investment is a licensed investment bank which provides its customers with extensive range of financial solutions. MIDF Investment offers investment banking services which include, among others, corporate finance and advisory, underwriting services, loan syndications, capital market and treasury products;
- (ii) the conduct of MIDF Investment is regulated strictly by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and its internal control policies and procedures to ensure that conflict of interest does not arise; and
- (iii) MIDF Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which among others requires segregation between dealing and advisory activities, and the presence of "Chinese Walls" between the different business divisions.

Further thereto, we confirm that there is no conflict of interest situation or potential conflict of interest situation arising from us carrying out the role of Independent Adviser to advise the non-interested shareholders of Bina Puri in respect of the Proposed Acquisition.

Save for the Proposed Acquisition which is the subject matter of the Circular, we do not have any other professional relationships between MIDF Investment and Bina Puri in the past two (2) years prior to the date of this IAL.

Our credentials and experience as an Independent Adviser, since 2018 and up to the date of this IAL, include, among others, the following:

- (i) disposal by HICOM Holdings Berhad, a wholly-owned subsidiary of DRB-HICOM Berhad, of 97.37% equity interest in Alam Flora Sdn Bhd, to Tunas Pancar Sdn Bhd, a wholly-owned subsidiary of Malakoff Corporation Berhad, for a cash consideration of RM944,610,000, where our independent advice letter was issued on 26 September 2018; and

- (ii) disposal by Pertama Land & Development Sdn Bhd, a wholly-owned subsidiary of Duta Plantations Sdn Bhd, which in-turn is wholly-owned by DutaLand Berhad, of the plantation assets in the district of Beluran (Labuk-Sugut) and Tongod, Sabah to Boustead Rimba Nilai Sdn Bhd, a wholly-owned subsidiary of Boustead Plantations Berhad, where our independent advice letter was issued on 28 March 2018;

We have also acted/are acting as Principal Adviser for the following related party transactions undertaken by public listed companies in the past two (2) years prior to the date of this IAL:

- (i) acquisition by Eversendai Corporation Berhad of 100% equity interest in Vahana Offshore (M) Sdn Bhd from Vahana Holdings Sdn Bhd for a purchase consideration of RM235,000,000, whereby the circular to shareholders was issued on 18 August 2020;
- (ii) proposed acquisition by PUC Berhad of 67% equity interest in Picturaworks Holdings Sdn Bhd for a total purchase consideration of RM142.04 million, whereby the circular to shareholders was issued on 23 January 2020; and
- (iii) issuance of 1.5 billion new ordinary shares in Marine & General Berhad amounting to RM150.0 million upon the surrender of 150.0 million irredeemable preference shares in Jasa Merin (Malaysia) Sdn Bhd, whereby the circular to shareholders was issued on 16 December 2019.

Premised on the foregoing, we are capable and competent in carrying out our role and responsibilities as the Independent Adviser to advise you and your non-interested directors in relation to the Proposed Acquisition.

6. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, and taking into consideration the reliance and limitation set out in Section 4 of this IAL, we have considered the following factors:

Factor	Section in this IAL
(i) Rationale for the Proposed Acquisition	Section 6.1
(ii) Evaluation of the Purchase Consideration	Section 6.2
(iii) Evaluation of the Issue Price of the Consideration Shares	Section 6.3
(iv) Salient terms of the SPA	Section 6.4
(v) Financial effects of the Proposed Acquisition	Section 6.5
(vi) Industry outlook and prospects	Section 6.6
(vii) Risk factors associated with the Proposed Acquisition	Section 6.7