

Company No.  
198401015146 (127701-D)

**IDEAL HEIGHTS PROPERTIES SDN. BHD.**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Significant accounting estimates and judgements**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

**(i) Depreciation and useful lives of property, plant and equipment**

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

**(ii) Impairment of non-financial assets**

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

**(iii) Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires Management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

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**NOTES TO THE FINANCIAL STATEMENTS**

**4 Significant accounting estimates and judgements (continued)**

**(iv) Impairment of investment in subsidiaries, associates and unquoted shares**

The Group and the Company carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**(v) Revenue from property development contracts**

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. It is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement is used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

**(vi) Capitalisation of borrowing costs**

The Group capitalised borrowings cost during the period in which development activities are being undertaken or where there is on-going development activities which benefits an entire township.

Significant judgement is involved in determining whether the development activities carried out meet the criteria of an active development in ascertaining whether or not borrowing costs incurred should be capitalised. Besides that, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

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**4 Significant accounting estimates and judgements (continued)**

**(vii) Determination of transaction prices**

The Group is required to determine the transaction price in respect of each its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

**(viii) Expected credit losses of receivables**

An expected credit loss is recognised when there is objective evidence that a receivable is impaired. Management specifically reviews its receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for the expected credit losses. Where there is objective evidence of expected credit losses, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

**(ix) Measurement of income taxes**

Certain transaction and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

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**4 Significant accounting estimates and judgements (continued)**

**(x) Assessment of significant influence on equity investments**

Judgements is involved in determining whether the Group has any significant influence on equity investments. The directors considered the Group's power to participate in the financial and operating policy decisions. Where there is significant influence, the equity investment will be accounted for as an associate using the equity method.

**(xi) Write down for obsolete or slow moving inventories**

Reviews are made periodically by Management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

**(xii) Classification of finance and operating leases**

The Group and the Company classify a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, the Group and the Company recognise a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group and the Company consider whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% the remaining economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is specialised asset which can only be used by the lease without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

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**NOTES TO THE FINANCIAL STATEMENTS**

**4 Significant accounting estimates and judgements (continued)**

(xiii) Provisions

The Group and the Company use a “best estimate” as the basis for measuring a provision. Management evaluates the estimates based on the Company’s historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of single estimate (such as a provision for site restoration cost), a reference contractor’s price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

**5 Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Property development revenue	85,525,983	37,087,163	-	-
Sales of manganese	-	9,399,879	-	-
	<u>85,525,983</u>	<u>46,487,042</u>	<u>-</u>	<u>-</u>

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**6 (Loss)/profit before tax**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
The following items have been charged/ (credited) in arriving at (loss)/profit before tax:				
Auditors' remuneration	32,500	42,100	8,000	8,000
Directors' remuneration:				
- fees	60,000	60,000	-	-
- other emoluments	240,000	908,487	-	7,287
Staff costs:				
- salaries, wages, bonus and allowances	854,973	1,215,289	285,412	501,150
- wages	19,468	16,631	19,468	16,631
- EPF, Socso and EIS	129,402	265,443	38,470	64,101
Rental of premises	3,500	7,600	3,500	4,000
Rental of equipment	11,650	8,680	-	-
Hire of excavator and lorry	-	16,849	-	-
Hire purchase interest	-	50	-	-
Interest expenses on term loans	39,709	-	-	-
Allowance for expected credit losses	-	408,247	-	408,247
Loss/(gain) on disposal of investments in:				
- subsidiary	833,842	-	(976,365)	-
- associates	1,996,787	-	(2,019,919)	-
Property, plant and equipment:				
- depreciation	177,163	182,686	132,078	134,056
- gain on disposals	(999)	(30,998)	(999)	-
Dividend income	(225,000)	(360,000)	(225,000)	(360,000)
Rental income	(88,200)	(52,158)	(130,200)	(136,158)
Legal fee income	212	(17,490)	212	(17,490)
Maintenance income	(38,400)	(38,400)	(38,400)	(38,400)
Project management fee income	(60,000)	(60,000)	(60,000)	(480,000)
Services charge income	(975,699)	(322,137)	(975,699)	(322,137)
Sub-labour income	-	(261,649)	-	-
Interest income	(138,131)	(83,527)	(55,258)	(33,005)
Reversal of allowance for expected credit losses	(98,556)	(188,303)	(98,556)	(188,303)

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**NOTES TO THE FINANCIAL STATEMENTS**

**7 Tax**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax				
- income tax for the year	457,115	685,560	26,946	18,204
- under/(over)provision of income tax in prior year	15,181	7,913	(9,875)	-
	<u>472,296</u>	<u>693,473</u>	<u>17,071</u>	<u>18,204</u>
Deferred tax (Note 12)				
- current year	59,380	3,522	129,297	(1,334)
- prior year	(56)	9,070	-	6,816
	<u>531,620</u>	<u>706,065</u>	<u>146,368</u>	<u>23,686</u>

Numerical reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable Malaysian tax rates as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
(Loss)/profit before tax	<u>(1,577,624)</u>	<u>2,077,018</u>	<u>3,751,794</u>	<u>110,235</u>
Tax at applicable Malaysian tax rate of 24%	(378,630)	485,299	900,430	26,456
Tax effect of:				
- expenses not deductible for tax purposes	1,040,451	316,115	52,575	76,814
- non-taxable income	(147,210)	(89,658)	(796,762)	(86,400)
- movement of taxable temporary differences not provided	122	122	-	-
- movement of unrecognised tax losses	1,689	1,325	-	-
- movement of unrecognised tax credits	24	24	-	-
Under/(over) provision of income tax in prior year	15,181	7,913	(9,875)	-
(Over)/under provision of deferred tax liabilities in prior year	(56)	91	-	-
Over recognised deferred tax assets in prior year	-	8,979	-	6,816
Effects on opening deferred tax resulting from changes in tax rate	49	(182)	-	-
Tax effect of different tax rates	-	(23,963)	-	-
Tax expense	<u>531,620</u>	<u>706,065</u>	<u>146,368</u>	<u>23,686</u>

**APPENDIX III – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF IHP FOR FYE 31 DECEMBER 2019 (CONT'D)**

Company No.  
198401015146 (127701-D)

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**NOTES TO THE FINANCIAL STATEMENTS**

**8 Property, plant and equipment**

Group	Leasehold land and buildings RM	Leasehold commercial outlets RM	Recreational club house RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM	Balance carried forward RM
<b>Carrying amount at 01 January 2018</b>	430,137	-	3,250,118	50,787	2	6,586	3,737,630
Additions	-	-	-	13,500	-	2,935	16,435
Disposals	-	-	-	(2)	-	-	(2)
Depreciation charge	(5,698)	-	(122,802)	(27,461)	-	(3,237)	(159,198)
<b>Carrying amount at 31 December 2018</b>	424,439	-	3,127,316	36,824	2	6,284	3,594,865
Additions	-	5,957,181	-	-	39,000	-	5,996,181
Disposals of subsidiary	-	-	-	(36,822)	(2)	-	(36,824)
Disposals	-	-	-	(1)	-	-	(1)
Depreciation charge	(5,698)	-	(122,802)	-	(650)	(2,772)	(131,922)
<b>Carrying amount at 31 December 2019</b>	418,741	5,957,181	3,004,514	1	38,350	3,512	9,422,299
<b>At 31 December 2018</b>							
Cost	569,717	-	6,140,102	434,737	200,000	275,128	7,619,684
Accumulated depreciation	(145,278)	-	(3,012,786)	(397,913)	(199,998)	(268,844)	(4,024,819)
Carrying amount	424,439	-	3,127,316	36,824	2	6,284	3,594,865
<b>At 31 December 2019</b>							
Cost	569,717	5,957,181	6,140,102	5,193	39,000	275,128	12,986,321
Accumulated depreciation	(150,976)	-	(3,135,588)	(5,192)	(650)	(271,616)	(3,564,022)
Carrying amount	418,741	5,957,181	3,004,514	1	38,350	3,512	9,422,299



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**NOTES TO THE FINANCIAL STATEMENTS**

**8 Property, plant and equipment (continued)**

Group	Balance brought forward	Furniture and fittings	Maintenance equipment	Computer and signboard	Kitchen and hotel equipment	Office renovation	Total
	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount at 01 January 2018</b>	3,737,630	16,022	6,299	15,037	-	18,697	3,793,685
Additions	16,435	-	-	14,260	-	-	30,695
Disposals	(2)	-	-	-	-	-	(2)
Depreciation charge	(159,198)	(8,402)	(1,575)	(9,578)	-	(3,933)	(182,686)
<b>Carrying amount at 31 December 2018</b>	3,594,865	7,620	4,724	19,719	-	14,764	3,641,692
Additions	5,996,181	507,193	-	77	954,470	50,000	7,507,921
Disposals of subsidiary	(36,824)	-	-	-	-	-	(36,824)
Disposals	(1)	-	-	-	-	-	(1)
Depreciation charge	(131,922)	(16,668)	(1,575)	(6,323)	(15,908)	(4,767)	(177,163)
<b>Carrying amount at 31 December 2019</b>	9,422,299	498,145	3,149	13,473	938,562	59,997	10,935,625
<b>At 31 December 2018</b>							
Cost	7,619,684	146,732	23,676	327,193	-	367,017	8,484,302
Accumulated depreciation	(4,024,819)	(139,112)	(18,952)	(307,474)	-	(352,253)	(4,842,610)
<b>Carrying amount</b>	3,594,865	7,620	4,724	19,719	-	14,764	3,641,692
<b>At 31 December 2019</b>							
Cost	12,986,321	653,925	23,676	327,270	954,470	417,017	15,362,679
Accumulated depreciation	(3,564,022)	(155,780)	(20,527)	(313,797)	(15,908)	(357,020)	(4,427,054)
<b>Carrying amount</b>	9,422,299	498,145	3,149	13,473	938,562	59,997	10,935,625

**APPENDIX III – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF IHP FOR FYE 31 DECEMBER 2019 (CONT'D)**

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**NOTES TO THE FINANCIAL STATEMENTS**

**8 Property, plant and equipment (continued)**

Company	Leasehold land and buildings	Recreational club house	Motor vehicles	Office equipment	Maintenance equipment	Balance carried forward
	RM	RM	RM	RM	RM	RM
<b>Carrying amount at 01 January 2018</b>						
Depreciation charge	430,137	3,250,118	2	5,307	6,299	3,691,863
	(5,698)	(122,802)	-	(2,306)	(1,575)	(132,381)
<b>Carrying amount at 31 December 2018</b>						
Additions	424,439	3,127,316	2	3,001	4,724	3,559,482
Disposals	-	-	-	-	-	-
	-	-	(1)	-	-	(1)
Depreciation charge	(5,698)	(122,802)	-	(2,003)	(1,575)	(132,078)
<b>Carrying amount at 31 December 2019</b>						
	418,741	3,004,514	1	998	3,149	3,427,403
<b>At 31 December 2018</b>						
Cost	569,717	6,140,102	44,832	263,253	23,676	7,041,580
Accumulated depreciation	(145,278)	(3,012,786)	(44,830)	(260,252)	(18,952)	(3,482,098)
<b>Carrying amount</b>						
	424,439	3,127,316	2	3,001	4,724	3,559,482
<b>At 31 December 2019</b>						
Cost	569,717	6,140,102	5,193	263,253	23,676	7,001,941
Accumulated depreciation	(150,976)	(3,135,588)	(5,192)	(262,255)	(20,527)	(3,574,538)
<b>Carrying amount</b>						
	418,741	3,004,514	1	998	3,149	3,427,403

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**NOTES TO THE FINANCIAL STATEMENTS**

**8 Property, plant and equipment (continued)**

Company	Balance brought forward RM	Furniture and fittings RM	Computer RM	Signboard RM	Renovation RM	Total RM
<b>Carrying amount at 01 January 2018</b>						
Depreciation charge	3,691,863 (132,381)	1,927 (1,181)	559 (494)	88	11	3,694,448 (134,056)
<b>Carrying amount at 31 December 2018</b>						
Additions	3,559,482	746	65	88	11	3,560,392
Disposals	-	-	77	-	-	77
Depreciation charge	(1)	-	-	-	-	(1)
<b>Carrying amount at 31 December 2019</b>						
	(132,078)	-	-	-	-	(132,078)
	3,427,403	746	142	88	11	3,428,390
<b>At 31 December 2018</b>						
Cost	7,041,580	107,441	183,001	66,065	347,347	7,745,434
Accumulated depreciation	(3,482,098)	(106,695)	(182,936)	(65,977)	(347,336)	(4,185,042)
Carrying amount	3,559,482	746	65	88	11	3,560,392
<b>At 31 December 2019</b>						
Cost	7,001,941	107,441	183,078	66,065	347,347	7,705,872
Accumulated depreciation	(3,574,538)	(106,695)	(182,936)	(65,977)	(347,336)	(4,277,482)
Carrying amount	3,427,403	746	142	88	11	3,428,390

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**NOTES TO THE FINANCIAL STATEMENTS**

**8 Property, plant and equipment (continued)**

The carrying amount of property, plant and equipment pledged for banking facilities granted to the Company as disclosed in Note 21 to the financial statements are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Leasehold commercial outlets	<u>5,957,181</u>	<u>-</u>

**9 Investment in subsidiary companies**

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Unquoted shares at cost:</b>		
At 01 January	4,337,505	4,337,505
Disposal during the financial year	(600,000)	-
At 31 December	<u>3,737,505</u>	<u>4,337,505</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**9 Investment in subsidiary companies (continued)**

The details of the subsidiaries which incorporate in Malaysia are as follows:

<u>Name of Company</u>	<u>Effective interest</u>		<u>Principal activities</u>
	<u>2019</u>	<u>2018</u>	
	<u>%</u>	<u>%</u>	
<b>Held by the Company</b>			
Ideal Heights Sdn. Bhd. ("IHSB")	100	100	Inactive
Ideal Heights Property Management Sdn. Bhd. ("IHPMSB")	100	100	Property management
Ideal Heights Development Sdn. Bhd. ("IHDSB")	70	70	Property development
Ideal Mining Sdn. Bhd. ("IMSB")	-	60	Mining contractor
<b>Held through Ideal Heights Development Sdn. Bhd. ("IHDSB")</b>			
Ideal Heights Hotel Management Sdn. Bhd. ("IHHMSB")	100	100	Hotel management <i>The Company did not trade during the financial year.</i>
Imperium Residence Property Management Sdn. Bhd. (formerly known as Bina Puri Hotel Management Sdn. Bhd.) ("TRPMSB")	100	100	Property management <i>The Company was inactive during the financial year.</i>

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**9 Investment in subsidiary companies (continued)**

- (a) In the previous financial year, IHDSB acquired 100% controlling interests in equity shares of IHHMSB for a total consideration of RM2. Consequently, IHHMSB became a wholly owned subsidiary of IHDSB.

During the financial year, IHDSB increased its investment in IHHMSB by subscribing an additional 999,998 new ordinary shares for a total consideration of RM999,998 while retaining its equity interest of 100% in IHHMSB.

- (b) During the financial year, IHDSB acquired 100% controlling interests in equity shares of IRPMSB for a total consideration of RM1,000. Consequently, IRPMSB became a wholly owned subsidiary of IHDSB.
- (c) During the financial year, the Company entered into a sale agreement to dispose of its entire equity interest in Ideal Mining Sdn. Bhd. for a total consideration of RM1,576,365.

The value of assets and liabilities of Ideal Mining Sdn. Bhd. at the date of disposal and the effects of the disposal were:

	<u>Group</u> <u>At date of</u> <u>disposal</u> <u>RM</u>
Total assets	5,299,445
Total liabilities	<u>(2,889,238)</u>
Total identifiable net liabilities	2,410,207
Add: Loss on disposal	<u>(833,842)</u>
Total disposal consideration	1,576,365
Less: Cash and bank balances	<u>(9,804)</u>
Cash flow on disposal, net cash of cash disposed	<u>1,566,561</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**9 Investment in subsidiary companies (continued)**

**(d) Non-controlling interests (“NCI”) in subsidiary companies**

	<b>IHDSB</b>	<b>Total</b>
	<b>2019</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<i>NCI percentage of ownership interests and voting interests</i>	30%	
Carrying amount of NCI	<u>2,237,304</u>	<u>2,237,304</u>
Profit and total comprehensive income allocated to NCI - current year	<u>52,933</u>	<u>52,933</u>
	<b>IHDSB</b>	<b>IMSB</b>
	<b>2018</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<i>NCI percentage of ownership interest and voting interests</i>	30%	40%
Carrying amount of NCI	<u>2,184,371</u>	<u>1,606,805</u>
Profit and total comprehensive income allocated to NCI - current year	<u>262,491</u>	<u>145,835</u>
	<u>408,326</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**

**9 Investment in subsidiary companies (continued)**

**(a) Non-controlling interests ("NCI") in subsidiary companies (continued)**

*The summarised financial information before intra-group elimination are as follows:*

	<b>IHDSB</b>
	<b>2019</b>
	<b>RM</b>
<b>Assets and liabilities</b>	
Non-current assets	7,698,963
Current assets	77,657,744
Non-current liabilities	(12,201,232)
Current liabilities	(65,697,795)
Net assets	<u>7,457,680</u>
<b>Results</b>	
Revenue	85,525,983
Profit for the year/total comprehensive income	<u>176,444</u>
<b>Cash flows from operating activities</b>	<b>5,868,801</b>
<b>Cash flows used in investing activities</b>	<b>(1,575,663)</b>
<b>Cash flows used in financing activities</b>	<b>(2,396,194)</b>
<b>Net increase in cash and cash equivalents</b>	<u><b>1,896,944</b></u>



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**9 Investment in subsidiary companies (continued)**

**(a) Non-controlling interests ("NCI") in subsidiary companies (continued)**

*The summarised financial information before intra-group elimination are as follows:  
(continued)*

	<b>IHDSB</b>	<b>IMS B</b>
	<b>2018</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Assets and liabilities</b>		
Non-current assets	43,836	1,039,637
Current assets	63,589,131	7,792,772
Non-current liabilities	(7,160,056)	-
Current liabilities	(49,191,675)	(4,815,397)
Net assets	<u>7,281,236</u>	<u>4,017,012</u>
<b>Results</b>		
Revenue	37,087,163	9,399,879
Profit for the year/total comprehensive income	<u>874,969</u>	<u>364,587</u>
Cash flows from/(used in) operating activities	26,347,384	(70,174)
Cash flows from investing activities	32,837	17,840
Cash flows used in financing activities	(20,423,817)	(8,719)
Net increase/(decrease) in cash and cash equivalents	<u>5,956,404</u>	<u>(61,053)</u>

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**10 Investment in associates**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	1,045,000	1,045,000
Share of post acquisition reserves	4,016,706	4,016,706
	5,061,706	5,061,706
Disposals during the year	(5,061,706)	-
	-	5,061,706

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<i>Unquoted shares, at cost</i>		
At 01 January	45,000	45,000
Disposals	(45,000)	-
At 31 December	-	45,000

During the financial year, the Company entered into a sale agreement to dispose of its entire equity interests in Ideal Mineral Sdn. Bhd. for a total consideration of RM2,064,919.

The details of the associates which incorporate in Malaysia are as follows:

<b>Name of Company</b>	<b>Effective interest</b>		<b>Principal activities</b>
	<b>2019</b>	<b>2018</b>	
	<b>%</b>	<b>%</b>	
<b>Held by the Company</b>			
Ideal Minerals Sdn. Bhd. ("IDMSB")	-	45%	Trading of mining products
<b>Held through Ideal Mining Sdn. Bhd.</b>			
Ideal Metal Alloy Sdn. Bhd. ("IMASB")	-	40%	Manufacturing of silicon manganese using electrical furnace and coke (upgrade coal). The Company did not trade during the financial year.

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**10 Investment in associates (continued)**

*The summarised financial information of the Group's associates are as follows:*

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b><u>Ideal Minerals Sdn. Bhd.</u></b>		
Non-current assets	-	31,200
Current assets	-	15,866,350
Non-current liabilities	-	(125)
Current liabilities	-	(11,082,477)
Net assets	-	<u>4,814,948</u>
<b>Results</b>		
Revenue	-	38,012,619
Profit for the year/total comprehensive income	-	926,238
Dividend paid	-	800,000
Loss after dividend paid	-	<u>126,238</u>
<b><u>Ideal Metal Alloy Sdn. Bhd.</u></b>		
Non-current assets	-	11,095,029
Current assets	-	147,598
Non-current liabilities	-	(169,525)
Current liabilities	-	(8,640,519)
Net assets	-	<u>2,432,583</u>
<b>Results</b>		
Revenue	-	-
Loss for the year/total comprehensive loss	-	<u>(4,541)</u>

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**10 Investment in associates (continued)**

*The reconciliation of net assets to carrying amount of the associates are as follows:*

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b><u>Ideal Minerals Sdn. Bhd.</u></b>		
<b>Reconciliation of net assets to carrying amount</b>		
Group's share of net assets	-	2,166,727
Post-acquisition reserve differences in prior year at consolidation level	-	1,921,946
Carrying amount in the consolidated statements of financial position	-	4,088,673
<b>Group's share of results</b>		
Group's share of profit and total comprehensive income after dividend paid	-	56,807
Dividend received by the Group	-	360,000
<b><u>Ideal Metal Alloy Sdn. Bhd.</u></b>		
<b>Reconciliation of net assets to carrying amount</b>		
Group's share of net assets	-	973,033
Carrying amount in the consolidated statements of financial position	-	973,033
<b>Group's share of results</b>		
Group's share of loss and total comprehensive loss	-	(1,816)
<b>Total Group's share of net assets</b>		
- Ideal Minerals Sdn. Bhd.	-	2,166,727
- Ideal Metal Alloy Sdn. Bhd.	-	973,033
	-	3,139,760
<b>Total carrying amount in the consolidated statements of financial position</b>		
- Ideal Minerals Sdn. Bhd.	-	4,088,673
- Ideal Metal Alloy Sdn. Bhd.	-	973,033
	-	5,061,706
<b>Total Group's share of results</b>		
- Ideal Minerals Sdn. Bhd.	-	56,807
- Ideal Metal Alloy Sdn. Bhd.	-	(1,816)
	-	54,991

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**11 Goodwill on consolidation**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 01 January	28,515	28,515
Additions	-	-
At 31 December	<u>28,515</u>	<u>28,515</u>
<b>Accumulated impairment losses</b>		
At 01 January	28,515	28,515
Additions	-	-
At 31 December	<u>28,515</u>	<u>28,515</u>
<b>Carrying amount at 31 December</b>	<u>-</u>	<u>-</u>

In year 2016, the management of the Company had made a full allowance for impairment on the goodwill on consolidation arising from the acquisition of Ideal Heights Sdn. Bhd..

**12 Deferred tax assets/(liabilities)**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
At 01 January	203,234	215,826
(Charged)/credited to profit or loss (Note 7)		
- property, plant and equipment	69,667	(5,308)
- disposal of subsidiary	(2,813)	-
- unused tax losses	(130,156)	-
- unused tax credits	1,158	1,604
- over recognised deferred tax assets in prior year	-	(8,979)
- over/(under)provision of deferred tax liabilities in prior year	56	(91)
- effects on opening deferred tax resulting from changes in tax rate	(49)	182
At 31 December	<u>141,097</u>	<u>203,234</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**12 Deferred tax assets/(liabilities) (continued)**

The components of deferred tax in respect of each type of temporary differences are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment	68,082	1,915
Unused tax losses	65,726	195,882
Unused tax credits	7,289	6,130
<b>Deferred tax assets</b>	<b>141,097</b>	<b>203,927</b>
Property, plant and equipment	-	(693)
<b>Deferred tax liabilities</b>	<b>-</b>	<b>(693)</b>
<b>Total</b>	<b>141,097</b>	<b>203,234</b>

The amount of taxable temporary differences, unused tax losses and unused tax credits (of which have no expiry date) for which no deferred tax asset is recognised in the statements of financial position are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Taxable temporary differences	(31)	(540)
Unused tax losses	470,288	463,251
Unused tax credits	4,944	4,844

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
At 01 January	201,114	206,596
(Charged)/credited to profit or loss (Note 7)		
- property, plant and equipment	(299)	(270)
- unused tax losses	(130,156)	-
- unused tax credits	1,158	1,604
- over recognised of deferred tax assets in prior year	-	(6,816)
<b>At 31 December</b>	<b>71,817</b>	<b>201,114</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**12 Deferred tax assets/(liabilities) (continued)**

The components of deferred tax in respect of each type of temporary differences are as follows:

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment	(1,198)	(898)
Unused tax losses	65,726	195,882
Unused tax credits	7,289	6,130
Deferred tax assets	<u>71,817</u>	<u>201,114</u>

**13 Inventories**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
At costs:		
Room amenities and toiletries	<u>211,925</u>	<u>-</u>

**14 Inventory properties under development**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>At 01 January</b>		
- development costs incurred to date	120,824,982	62,973,930
- cumulative costs recognised in profit or loss	(75,345,489)	(40,274,015)
	45,479,493	22,699,915
<b>Add: Cost incurred during the financial year</b>		
- development costs	90,011,035	57,851,052
	135,490,528	80,550,967
<b>Less: Cost recognised in profit or loss during the financial year</b>	(88,157,475)	(35,071,474)
<b>At 31 December</b>		
- development costs incurred to date	210,836,017	120,824,982
- cumulative costs recognised in profit or loss	(163,502,964)	(75,345,489)
	<u>47,333,053</u>	<u>45,479,493</u>

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**14 Inventory properties under development (continued)**

Included in the property development costs incurred during the financial year are:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Finance costs	71,247	1,402,610

Property development projects and project lands were pledged as security for borrowings.

**15 Trade and other receivables**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Trade receivables</b>		
Third parties	11,656,032	9,272,256
Less: Allowance for expected credit losses	(1,103,394)	(1,201,950)
	10,552,638	8,070,306
<b>Other receivables</b>		
Amount due by related parties	327,264	8,339,867
Less: Allowance for expected credit losses	-	(408,247)
	327,264	7,931,620
Other receivables	10,283,663	1,900,549
Amount due by corporate shareholders	4,767,341	1,715,034
Deposits	1,362,527	1,504,892
Prepayments	-	782
	16,740,795	13,052,877
<b>Total trade and other receivables</b>	<b>27,293,433</b>	<b>21,123,183</b>



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**NOTES TO THE FINANCIAL STATEMENTS**

**15 Trade and other receivables (continued)**

	Company	
	2019 RM	2018 RM
<b>Trade receivables</b>		
Third parties	1,260,060	1,238,779
Less: Allowance for expected credit losses	(1,103,394)	(1,201,950)
	<u>156,666</u>	<u>36,829</u>
<b>Other receivables</b>		
Other receivables	5,022,707	1,216,909
Amount due by subsidiaries	394,837	711,206
Amount due by related parties	127,264	174,921
Amount due by corporate shareholders	534	534
Deposits	279,431	306,107
	<u>5,824,773</u>	<u>2,409,677</u>
<b>Total trade and other receivables</b>	<u>5,981,439</u>	<u>2,446,506</u>

- (a) Trade receivables are non-interest bearing and the Group's and the Company's normal trade credit term range from 30 to 60 days (2018: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.
- (b) Non-trade amount due by other receivables, subsidiaries, related parties and corporate shareholders are unsecured, interest free and are repayable on demand.

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**15 Trade and other receivables (continued)**

**Ageing analysis of trade receivables**

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Neither past due nor impaired</b>	1,326,206	3,244,814
<b>Past due but not impaired</b>		
1 to 30 days past due but not impaired	1,182,153	1,827,246
31 to 60 days past due but not impaired	486,230	924,050
More than 60 days past due but not impaired	7,558,049	2,074,196
	<u>9,226,432</u>	<u>4,825,492</u>
<b>Impaired</b>	1,103,394	1,201,950
<b>Total trade receivables, gross</b>	<u>11,656,032</u>	<u>9,272,256</u>
	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Neither past due nor impaired</b>	15,405	504
<b>Past due but not impaired</b>		
1 to 30 days past due but not impaired	-	-
31 to 60 days past due but not impaired	-	-
More than 60 days past due but not impaired	141,260	36,325
	<u>141,260</u>	<u>36,325</u>
<b>Impaired</b>	1,103,394	1,201,950
<b>Total trade receivables, gross</b>	<u>1,260,059</u>	<u>1,238,779</u>

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**15 Trade and other receivables (continued)**

**Trade receivables that are neither past due nor impaired**

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company. The Group and the Company monitor the credit quality of the trade receivables through ageing analysis. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

**Trade receivables that are past due but not impaired**

The Group and the Company believe that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

**Trade receivables that are impaired**

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

The movements in the Group's and the Company's allowance for expected credit losses of trade and non-trade receivables during the financial year were:

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b><i>Trade receivables</i></b>		
At 01 January	1,201,950	1,390,253
Expected credit losses reversed	(98,556)	(188,303)
At 31 December	<u>1,103,394</u>	<u>1,201,950</u>
	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b><i>Amount due by related parties</i></b>		
At 01 January	408,247	-
Additions	-	408,247
Written-off	(408,247)	-
At 31 December	<u>-</u>	<u>408,247</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**16 Fixed deposits placed with a licensed bank**

Fixed deposits placed with a licensed bank is pledged as security for the banking facilities granted by the same bank as stated in the Note 21 to the financial statements.

**17 Cash and bank balances**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	<u>8,517,748</u>	<u>6,582,135</u>	<u>83,852</u>	<u>34,915</u>

Included in the cash at bank of the Group and the Company is an amount of RM7,365,327 and RM5,590 (2018: RM6,361,029 and RM5,528) held under Housing Development Accounts of which the utilisation is subject to Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002.

**18 Share capital**

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Issued and fully paid up: 4,545,150 ordinary shares	<u>4,545,150</u>	<u>4,545,150</u>

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**19 Trade and other payables**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<i>Non-current</i>		
Trade payables		
Third parties - retention sums	6,555,137	7,159,363
<b>Total non-current</b>	<b>6,555,137</b>	<b>7,159,363</b>
<i>Current</i>		
Trade payables		
Third parties	34,942,684	16,427,551
Amount due to related parties	985,456	986,056
	<b>35,928,140</b>	<b>17,413,607</b>
<b>Other payables</b>		
Other payables	10,789,355	9,068,947
Amount due to related parties	301,738	740,391
Amount due to shareholders	-	390,000
Deposits received	2,710,798	1,520,093
Accruals	1,505,108	892,502
	<b>15,306,999</b>	<b>12,611,933</b>
<b>Total current</b>	<b>51,235,139</b>	<b>30,025,540</b>
<b>Total trade and other payables</b>	<b>57,790,276</b>	<b>37,184,903</b>
	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<i>Current</i>		
Trade payables		
Amount due to related parties	983,866	983,866
	<b>983,866</b>	<b>983,866</b>
<b>Other payables</b>		
Other payables	347,590	402,284
Amount due to related parties	608	37,000
Amount due to subsidiaries	13,236	9,736
Amount due to shareholders	-	50,000
Deposits received	319,523	647,573
Accruals	39,396	235,717
	<b>720,353</b>	<b>1,382,310</b>
<b>Total trade and other payables</b>	<b>1,704,219</b>	<b>2,366,176</b>

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**19 Trade and other payables (continued)**

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 30 to 90 days (2018: 30 to 90 days). Whereas, retention sums are repayable upon the expiry of the defect liability periods of the construction contracts.
- (b) Non-trade amount due to other payables, subsidiaries, related parties and shareholders are unsecured, interest free and is repayable on demand.

**20 Service charge deposits**

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
At 01 January	199,112	280,715
Additions	360	-
	<u>199,472</u>	<u>280,715</u>
Less:		
- painting expenses	-	(81,603)
At 31 December	<u>199,472</u>	<u>199,112</u>

**21 Borrowings**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current</b>		
Term loans (secured)	5,553,468	-
<b>Current</b>		
Bridging loans (secured)	-	2,590,332
Term loans (secured)	628,695	-
	<u>628,695</u>	<u>2,590,332</u>
<b>Total borrowings</b>	<u>6,182,163</u>	<u>2,590,332</u>
<b>Annual interest rates on the above are as follows:</b>		
Bridging loans	-	8.25%
Term loans	<u>7.25%</u>	<u>-</u>

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**21 Borrowings (continued)**

The Group's term loans are secured by means of the followings:

- (a) First party legal charge over the properties of the Company as disclosed in Note 8 to the financial statements;
- (b) Pledge of fixed deposits as disclosed in Note 16 to the financial statements; and
- (c) Jointly and severally guaranteed by all the Directors of the Company.

The Group's bridging loans are secured by means of the following:

- (a) Third party legal charge over the project lands;
- (b) A specific debenture by the landowner to deal with the project and the project lands ("specific debenture 1");
- (c) A specific debenture by the subsidiary to deal with the project and the project lands ("specific debenture 2");
- (d) Power of attorney by the landowner and the subsidiary to deal with the project and project lands including future development, with step in rights and etc;
- (e) Joint and several guarantees by certain Directors;
- (f) Murabahah Sale Agreement between the subsidiary and Malaysia Building Society Berhad (MBSB); and
- (g) Agency Agreement and facility agreement between the subsidiary and MBSB.

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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**

**22 Contract liabilities**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Revenue recognised in profit or loss to date	173,043,180	82,260,373
Less: Progress billings to date	(188,690,911)	(104,675,519)
Contract liabilities	(15,647,731)	(22,415,146)

**23 Amount due to Directors**

The amount due to Directors is unsecured, free of interest and with no fixed term of repayment.

**24 Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	8,517,748	6,582,135	83,852	34,915



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**NOTES TO THE FINANCIAL STATEMENTS**

**25 Significant related party disclosures**

**(a) Identification of related parties**

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Company include:

- (i) Subsidiaries;
- (ii) Associates;
- (iii) A corporate shareholder of a subsidiary and shareholder of the Company;
- (iv) A company in which directors of the Company have substantial financial interest; and
- (v) Key management personnel, comprise persons (including the directors of the Company) who have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

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**NOTES TO THE FINANCIAL STATEMENTS**

**25 Significant related party disclosures (continued)**

**(b) Significant related party transactions and balances**

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Transaction with:				
<i>Subsidiaries</i>				
Rental income	-	-	(42,000)	(84,000)
Property management fee income	-	-	-	(420,000)
<i>Associates</i>				
Office rental income	-	(30,000)	-	-
Sales of manganese	-	(9,399,879)	-	-
Sub-labour income	-	(261,648)	-	-
<i>A company in which Directors of the Company have substantial financial interests</i>				
Project management fee income	-	(60,000)	-	(60,000)
Maintenance income	(38,400)	(38,400)	(38,400)	(38,400)
Insurance	114,174	73,593	79,594	56,535
Secretarial fees	-	9,600	-	4,500

**(c) Key management personnel remuneration**

The remuneration of the key management personnel during the financial year is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Directors' remuneration:				
- fees	60,000	60,000	-	-
- other emoluments	240,000	908,487	-	7,287
EPF, Socso and EIS	29,629	105,117	-	-

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**IDEAL HEIGHTS PROPERTIES SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS**

**26 Financial instruments**

**(a) Categories of financial instruments**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets:</b>		
<i>Amortised cost</i>		
Trade and other receivables *	27,293,433	21,122,401
Fixed deposits with a licensed bank	25,000	-
Cash and bank balances	8,517,748	6,582,135
	<u>35,836,181</u>	<u>27,704,536</u>
<b>Financial liabilities:</b>		
<i>Amortised cost</i>		
Trade and other payables	57,790,276	37,184,903
Contract liabilities	15,647,731	22,415,146
Service charge deposits	199,472	199,112
Amount due to Directors	230,000	1,189,217
Borrowings	6,182,163	2,590,332
	<u>80,049,642</u>	<u>63,578,710</u>

\* exclude prepayment

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**IDEAL HEIGHTS PROPERTIES SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS**

**26 Financial instruments (continued)**

**(a) Categories of financial instruments (continued)**

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets:</b>		
<i>Amortised cost</i>		
Trade and other receivables *	5,981,439	2,246,506
Cash and bank balances	83,852	34,915
	<u>6,065,291</u>	<u>2,281,421</u>
<b>Financial liabilities:</b>		
<i>Amortised cost</i>		
Trade and other payables	1,704,219	2,366,176
Service charge deposits	199,472	199,112
Amount due to Directors	230,000	505,000
	<u>2,133,691</u>	<u>3,070,288</u>

**(b) Fair values of financial instruments**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the statements of financial position date, are reasonable approximation of fair values, due to the relatively short-term maturity of the financial instruments.

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**IDEAL HEIGHTS PROPERTIES SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS**

**27 Financial risk management objectives and policies**

The Group and the Company seek to manage effectively the various risks namely credit, liquidity and interest rate risks, to which the Group and the Company are exposed to in their daily operations.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks:

**(a) Credit risk**

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company established an allowance account for expected credit losses that represents its estimate of incurred losses in respect of the financial assets as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Expected credit losses is estimated by management based on prior experience and the current economic environment.

*Exposure to credit risk*

The Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

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**NOTES TO THE FINANCIAL STATEMENTS**

**27 Financial risk management objectives and policies (continued)**

**(a) Credit risk (continued)**

*Credit risk concentration profile*

At the end of the reporting period, the Group and the Company did not have any significant exposure to any individual customer or counterparty or any major concentration of credit risk related to any financial assets.

*Financial assets that are neither past due nor impaired*

Information regarding financial assets that are neither past due nor impaired are disclosed in Note 15 to the financial statements. Cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

*Financial assets that are past due but not impaired*

Information regarding financial assets that are past due but not impaired is disclosed in Note 15 to the financial statements.

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

*Analysis of financial instrument by remaining contractual maturities*

The table below summaries the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

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**NOTES TO THE FINANCIAL STATEMENTS**

**27 Financial risk management objectives and policies (continued)**

**(b) Liquidity risk (continued)**

*Analysis of financial instrument by remaining contractual maturities (continued)*

<b>Group</b>	<b>Carrying amount RM</b>	<b>Contractual undiscounted cash flow RM</b>	<b>On demand or within 1 year RM</b>	<b>1 - 5 years RM</b>	<b>More than 5 years RM</b>
<b>2019</b>					
<b>Financial liabilities</b>					
Trade and other payables	57,790,276	57,790,276	51,235,139	6,555,137	-
Contract liabilities	15,647,731	15,647,731	15,647,731	-	-
Service charge deposits	199,472	199,472	199,472	-	-
Amount due to Directors	230,000	230,000	230,000	-	-
Borrowings	6,182,163	10,182,695	1,035,528	5,177,642	3,969,525
	<u>80,049,642</u>	<u>84,050,174</u>	<u>68,347,870</u>	<u>11,732,779</u>	<u>3,969,525</u>
<b>2018</b>					
<b>Financial liabilities</b>					
Trade and other payables	37,184,903	37,184,903	30,025,540	7,159,363	-
Contract liabilities	22,415,146	22,415,146	22,415,146	-	-
Service charge deposits	199,112	199,112	199,112	-	-
Amount due to Directors	1,189,217	1,189,217	1,189,217	-	-
Borrowings	2,590,332	2,590,332	2,590,332	-	-
	<u>63,578,710</u>	<u>63,578,710</u>	<u>56,419,347</u>	<u>7,159,363</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**27 Financial risk management objectives and policies (continued)**

**(b) Liquidity risk (continued)**

*Analysis of financial instrument by remaining contractual maturities (continued)*

Company	Carrying amount RM	Contractual undiscounted cash flow RM	On demand or within 1 year RM	1 - 5 years RM	More than 5 years RM
<b>2019</b>					
<b>Financial liabilities</b>					
Trade and other payables	1,704,219	1,704,219	1,704,219	-	-
Service charge deposits	199,472	199,472	199,472	-	-
Amount due to Directors	230,000	230,000	230,000	-	-
	<u>2,133,691</u>	<u>2,133,691</u>	<u>2,133,691</u>	<u>-</u>	<u>-</u>
<b>2018</b>					
<b>Financial liabilities</b>					
Trade and other payables	2,366,176	2,366,176	2,366,176	-	-
Service charge deposits	199,112	199,112	199,112	-	-
Amount due to Directors	505,000	505,000	505,000	-	-
	<u>3,070,288</u>	<u>3,070,288</u>	<u>3,070,288</u>	<u>-</u>	<u>-</u>

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and the Company will be placed with licensed financial institutions to generate income.



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**NOTES TO THE FINANCIAL STATEMENTS**

**27 Financial risk management objectives and policies (continued)**

**(c) Interest rate risk (continued)**

Details of interest rates are disclosed in the respective notes.

Sensitivity analysis for interest rate risk

An increase in market interest rates by 0.5% on financial assets and financial liabilities of the Group which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM30,911 (2018: RM12,952). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 0.5% on financial assets and financial liabilities of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

**28 Capital management**

The Group and the Company manage its capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage its capital based on debt-to-equity ratio. The Group's and the Company's strategies were unchanged from the previous financial year. The debt-to-equity is calculated as net debt divided by total equity. Net debt is calculated as long and short-term borrowings less fixed deposits with licensed banks and cash and bank balances.

The Company relies on advances from related parties and subsidiaries to finance its financial obligations and has no borrowings.

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**IDEAL HEIGHTS PROPERTIES SDN. BHD.**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**28 Capital management (continued)**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Borrowings</b>		
Bank borrowings	6,182,163	2,590,332
Hire purchase payables	-	-
	<u>6,182,163</u>	<u>2,590,332</u>
<b>Less:</b>		
Fixed deposits with a licensed bank	(25,000)	-
Cash and bank balances	<u>(8,517,748)</u>	<u>(6,582,135)</u>
<b>Net debt</b>	<u>(2,360,585)</u>	<u>(3,991,803)</u>
<b>Total equity</b>	<u>14,405,109</u>	<u>18,121,158</u>
<b>Debt-to-equity</b>	<u>N/A</u>	<u>N/A</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**29 Subsequent events**

The coronavirus (“Covid-19”) pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

Countries around the world, including Malaysia, had to implement immediate preventive measures to control and minimise the spread of the virus. Some of the measures taken include temporary closure of businesses, issuance of movement control order within the country, prohibition of crowd gathering, border closure and travel bans. In response, the Company has worked on plans to ensure minimal disruptions to its operations during this period and the Company has also implemented precautionary measures to control and contain the spread of the virus. These include optimising costs, preserving liquidity and continuous enhancement of operational efficiency.

As at the date of the financial statements are authorised for issuance, the Covid-19 situation is still evolving and unpredictable. At this juncture, it is not possible to reliably estimate the extent of the impact of the pandemic. The Company are actively monitoring and managing the Company’s operations to minimise any impacts that may arise from Covid-19.



**IRHAMY**  
**INTERNATIONAL**

Registered Valuer & Estate Agents / Property Researchers  
Property Managers / Machinery & Business Assets Appraisers

**IRHAMY INTERNATIONAL SDN BHD (601550 V)**

HQ: 3-2, Jalan Tanjung SD 13/2, Bandar Sri Damansara, 52200 Kuala Lumpur

t +60 3 78901667

w info@iivglobal.com

www.iivglobal.com



VEPM (I) 0256

Ref : VKL091/20/BPHB/IA/NJ/NF - VKL094/16/BPHB/IA/NJ/NF

Date : 30 September 2020

The Board of Directors  
Bina Puri Holdings Berhad  
Wisma Bina Puri, No 88, Jalan Bukit Idaman 8/1  
Bukit Idaman, 68100 Selayang  
Selangor Darul Ehsan

Dear Sir/Madam,

**PRIVATE & CONFIDENTIAL**

**CERTIFICATE OF VALUATION**

- 1) CASA MILA CLUB HOUSE**
  - 2) CASA VENICIA CLUB HOUSE**
  - 3) 2 ADJOINING UNITS OF 2 ½ STOREY TERRACE SHOP OFFICES**
  - 4) A RESIDENTIAL UNIT WITHIN SHOP OFFICE**
- ALL IN DISTRICT OF GOMBAK**  
**STATE OF SELANGOR DARUL EHSAN ("THE SUBJECT PROPERTIES")**

We have been instructed by Bina Puri Holdings Bhd to assess the Market Value of the leasehold interest in the above-mentioned property for the purpose of submission to Bursa Malaysia Securities Berhad in conjunction with the proposed acquisition of 44.50% equity interest in Ideal Heights Properties Sdn Bhd by Bina Puri Properties Sdn Bhd, a wholly-owned subsidiary of Bina Puri Holdings Bhd.

Our valuation report of the Market Value of the Subject Property has been prepared based on the "Asset Valuation Guidelines" issued by the Securities Commission Malaysia and the "Malaysian Valuation Standards" issued by the Board of Valuers, Appraisers and Estate Agents (Malaysia) for the purpose of submission to Bursa Malaysia Securities Berhad.

We have inspected the Subject Property and investigated available information and relevant data prior to valuing it.

We wish to advise you that our professional opinion of Market Value of the Subject Property with vacant possession, free from any encumbrances and subject to the title to be good, marketable and transferable as at 30 September 2020:

- 1) Casa Mila Club House : RM4,500,000.00**
- 2) Casa Venicia Club House : RM5,000,000.00**
- 3) 2 Adjoining Units of 2 ½ Storey Terrace Shop Offices : RM1,900,000.00**
- 4) Residential Unit within Shop Office : RM110,000.00**

Yours faithfully,

**IRHAMY INTERNATIONAL SDN BHD**

**Irhamy Ahmad BSc MRICS MRISM APEPS ICVS**

**Chartered Valuation Surveyor & Registered Valuer – V457**

**Managing Director**

**1.0 DEFINITION OF MARKET VALUE**

*“Market Value” is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. (MVS 4.3.1)*

**2.0 IDENTIFICATION OF PROPERTIES**

2.1 Casa Mila Club House is a commercial property legally held under the following title:

Title	: Pajakan Mukim 377
Lot No.	: 60291
Mukim	: Bandar Selayang
District	: Gombak
State	: Selangor Darul Ehsan
Registered Proprietor	: Ideal Heights Properties Sdn Bhd
Category of Land Use	: <i>Bangunan</i>
Tenure	: 99 years leasehold expiring on 4 <sup>th</sup> June 2094
Land Area	: 3,340 sq. m. (35,952 sq. ft.)
Annual Rent	: RM11,046.00
Express Conditions	: <i>Bangunan Perniagaan</i>
Restriction in Interest	: <i>Tanah ini tidak boleh dipindahmilik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri</i>
Encumbrances	: <i>A private caveat was lodged by Bank of Commerce (M) Berhad on 4 December 1995. Pursuant to the National Land Code, as the private caveat is more than 6 years, it has since lapsed.</i>

**APPENDIX IV – VALUATION CERTIFICATES (CONT'D)**

2.2 Casa Venicia is a commercial property legally held under the following title:

Title : Pajakan Mukim 378  
 Lot No. : 60292  
 Mukim : Bandar Selayang  
 District : Gombak  
 State : Selangor Darul Ehsan  
 Registered Proprietor : Ideal Heights Properties Sdn Bhd  
 Category of Land Use : *Bangunan*  
 Tenure : 99 years leasehold expiring on 4<sup>th</sup> June 2094  
 Land Area : 3,307 sq. m. (35,597 sq. ft.)  
 Annual Rent : RM10,937.00  
 Express Conditions : *Bangunan Perniagaan*  
 Restriction in Interest : *Tanah ini tidak boleh dipindahmilik, dipajak atau digadai melainkan dengan kebenaran oleh Pihak Berkuasa Negeri*  
 Encumbrances : *Nil*

2.3 Two (2) adjoining units of 2 ½-storey shop offices legally held under the following titles:

No Lot	Position	Land Area	
		square metres	square feet
Lot 52186	Intermediate	130	1,400
Lot 52187	Corner	130	1,400

Mukim : Batu  
 District : Gombak  
 State : Selangor Darul Ehsan  
 Registered Proprietor : Ideal Heights Properties Sdn Bhd  
 Category of Land Use : *Bangunan*  
 Tenure : Leasehold for 99 years (expiring on 17 October 2089)  
 Annual Rent : RM401.00  
 Express Conditions : *Bangunan Perniagaan*  
 Restriction in Interest : *Tanah ini tidak boleh dipindahmilik, dipajak, atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri*  
 Encumbrances : *Nil*

2.4 \*A residential unit within shop-office under the master title as follows:

Title No : PM 303

Lot No : 52185

Land Area : 130 sq. m. (1,400 sq. ft.)

Mukim : Batu

District : Gombak

State : Selangor Darul Ehsan

\*\*Floor area : 117 square metres (1,259 square feet)

Registered Proprietor : Ideal Heights Properties Sdn Bhd

Category of Land Use : *Bangunan*

Tenure : Leasehold for 99 years (expiring on 17 October 2089)

Express Conditions : *Bangunan Perniagaan*

Restriction in Interest : *Tanah ini tidak boleh dipindahmilik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri*

Encumbrances : Nil

\*The subject property yet to be issued with a strata title document.

\*\*The Subject Property has a gross floor area as per schedule of parcel, sub-division of building for issuance of strata title of PM303, Mukim of Batu, District of Gombak, Selangor Darul Ehsan by Lembaga Arkitek Malaysia.

### **3.0 DESCRIPTION OF SUBJECT PROPERTIES**

#### **3.1 LOCATION**

##### **3.1.1 Casa Mila Clubhouse**

The Subject Property is a club house located within Casa Mila which bears a postal address Casa Mila, Jalan Bukit Idaman 3/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan. It is located approximately 20 kilometres from Kuala Lumpur City Centre.

Casa Mila development comprises one block of high-rise condominium and 3 blocks of low-rise condominium, club house, restaurant and other ancillary facilities such as gymnasium, a swimming pool, wading pool, gazebo, squash and tennis court.

It is accessible from the city centre via Kuala Lumpur Middle Ring Road 2 (“MRR2”) and Duta-Ulu Kelang Expressway (“DUKE Highway”) or alternatively via Jalan Ipoh - Jalan Kuching heading to Rawang town centre. Thereafter, turning left onto Jalan Bidara for a distance of approximately 2-kilometre, then turning right onto Jalan Bukit Idaman 1 and finally turning right onto Jalan Bukit Idaman 3/1 where Casa Mila is sited.

The GPS coordinates for the Subject Property are 3.250329, 101.639602.

### **3.1.2 Casa Venicia Club House**

The Subject Property is a club house located within Casa Venicia development which bears a postal address Casa Venicia, Jalan Bukit Idaman 3/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan. It is located approximately 20 kilometres from Kuala Lumpur City Centre.

Casa Venicia development comprises high-rise condominium and low-rise condominium, club house, restaurant and other ancillary facilities such as gymnasium, a swimming pool and squash court.

It is accessible from the city centre via MRR2 and DUKE Highway or alternatively via Jalan Ipoh-Jalan Kuching heading to Rawang town centre. Thereafter, turning left onto Jalan Bidara for a distance of approximately 2-kilometre, then turning right onto Jalan Bukit Idaman 1 and finally turning right onto into Jalan Bukit Idaman 1 and Jalan Bukit Idaman 3/1 where the Casa Venicia is sited.

The GPS coordinates for the Subject Property are 3.249402, 101.638492.

### **3.1.3 Two (2) Adjoining Units of 2 ½-Storey Shop Offices**

The Subject Property is a two (2) adjoining units of 2 ½-storey shop offices which bears a postal address Unit No. 1 & 2, Jalan Bukit Idaman 8/1, Taman Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan. It is located approximately 20 kilometres from Kuala Lumpur City Centre.

It is accessible from the city centre via MRR2 and DUKE Highway or alternatively



via Jalan Ipoh-Jalan Kuching with left turn into Jalan Bukit Idaman 8 followed by a left turn into Jalan Bukit Idaman 8/1 where the Subject Property is sited

The GPS coordinates for the Subject Property are 3.246700, 101.642553.

#### **3.1.4 A Residential Unit within Shop-office**

The Subject Property is a residential unit within shop-office bears a postal address Unit No. 3A, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Batu Caves, Selangor Darul Ehsan. It is located approximately 20 kilometres from Kuala Lumpur City Centre.

It is accessible from the city centre via MRR2 and DUKE Highway or alternatively via Jalan Ipoh-Jalan Kuching then into Jalan Bukit Idaman 8 and Jalan Bukit Idaman 8/1 where the Subject Property is sited.

The GPS coordinates for the subject property are 3.246700, 101.642553.

### **3.2 THE SITE & THE BUILDING**

#### **3.2.1 Casa Mila club house**

The site is almost oval in shape with a tiled land area of approximately 3,340 sq.m (35,952 sq.ft.). The terrain of the land is staggered and fully landscaped to blend in with the overall development.

The Subject Property has been approved by Majlis Perbandaran Selayang (formerly known as Majlis Daerah Gombak) as stated in Certificate of Fitness for Occupancy ("CFO") which was approved on 20 February 1990 and issued on 11 February 1993 (Reference: MDG.3/8/346(B). It has a gross floor area of approximately 483 sq. m. (5,200 sq. ft.).

The windows are mainly of metal casement glass type. The ceilings are mainly of decorative gypsum plaster type with downlights for the important areas i.e. restaurant, management office and meeting room, and a mixture of fairface concrete and aluminum strip ceilings for the other area i.e. gymnasium, kitchen, Mechanical & Electrical room ("M & E Room").

The building is about thirty (30) years old and it is in good condition. It has life span of fifty (50) years.

Details of the subject clubhouse are tabulated as follows:

**Ground Floor**

	<u>Floor Finishes</u>
Restaurant	Ceramic tiles
Kitchen	Ceramic tiles
Squash Court (2 nos)	Laminated timber
Toilet (2 nos)	Ceramic tiles
M & E Room	Cement rendered

**First Floor**

	<u>Floor Finishes</u>
Management Office	Carpeted
Meeting Room	Carpeted
Gymnasium	Carpeted
Toilet	Ceramic tiles

Fixtures and Fittings

It has a concealed electrical wiring system and standard sanitary fittings.

**3.2. Casa Venicia club house**

The site is almost oval in shape with a titled land area of approximately 3,307 sq.m (35,597 sq.ft.). The terrain of the land is staggered and fully landscaped to blend in with the overall development. Erected upon the site is a 3-level clubhouse building complete with a swimming pool, wading pool, gazebo and other ancillary facilities such as landscaping, squash courts, sauna and restaurant. The aforementioned amenities form part and parcel of the Subject Property

The building has been approved by Majlis Perbandaran Selayang (formerly known as Majlis Daerah Gombak) as stated in CFO which was approved on 19 September 1995 and issued on 2 July 1996 (Reference: MDG.8/8/388-2).

It is constructed of reinforced concrete framework with brick infill walls rendered

externally and plastered internally to support a timber pitched roof laid over with cement roof tiles. The main door is mainly of aluminium framed glass type whilst most of the remaining doors are of timber flush type. The windows are mainly of metal casement glass type. The ceilings are mainly of decorative gypsum plaster type with downlights for the restaurant area and a mixture of fairface concrete and aluminium strip ceiling for the other areas i.e. gymnasium, kitchen, M & B Room.

The building is about thirty (30) years old and it is in good condition. It has a life span of fifty (50) years.

Details of the subject clubhouse are tabulated as follows:

**Basement Floor**

<u>Accommodation</u>	<u>Floor Finishes</u>
Store	Ceramic tiles
Squash Court (2 Nos.)	Laminated timber
Toilet	Ceramic tiles

**Ground Floor**

<u>Accommodation</u>	<u>Floor Finishes</u>
Gymnasium	Carpeted
Store	Ceramic tiles

**First Floor**

<u>Accommodation</u>	<u>Floor Finishes</u>
Restaurant	Ceramic tiles
Store	Ceramic tiles
Kitchen	Ceramic tiles
Toilet	Ceramic tiles

**Fixtures and Fittings**

It has a concealed electrical wiring system and standard sanitary fittings.

**3.1.3 Two (2) Adjoining Units of 2 ½-Storey Shop Offices**

The site where shop offices are sited is flat in terrain and rectangular in shape. It lies at the same level with the frontage road and has a land area of approximately 1,400 square feet (130 square metres), respectively.

Erected upon the site is two (2) adjoining units of 2 ½-storey shop offices that has been approved by Majlis Perbandaran Selayang (formerly known as Majlis Daerah Gombak) as stated in Certificate of Fitness for Occupancy which was approved on 22 July 1989 and issued on 2 February 1994 (Reference:

**APPENDIX IV – VALUATION CERTIFICATES (CONT'D)**

MDG.3/8/312(RK)).

The buildings are constructed with reinforced concrete framework, with brick infilled walls and pitched roof covered with concrete tiles. The descriptions of the Subject Property are as follows:

No Lot	Position	Built-up Area	
		square metres	square feet
Lot 52186	Intermediate	302.00	3,250.73
Lot 52187	Corner	302.00	3,250.73

*(Source: Mega Ukur Consultant – cross reference with Schedule of Parcel, Sub-division of building for issuance of strata title of PM 280 – PM 303, Mukim of Batu, District of Gombak, Selangor Darul Ehsan)*

Glass double panel door is used for the main entrance and the internal door openings are secured with glass door and timber flush door. The windows are of aluminium casement with glass panels and fixed glass louvres. The floors are interconnected by concrete staircases,

The building is about thirty (30) years old and it is in good condition. It has a life span of fifty (50) years,

Details of the Subject Property are tabulated as follows:

**Ground Floor**

	Floor Finishes
Office area	Carpeted
Reception area	Ceramic tiles
Meeting room	Carpeted
Pantry	Ceramic tiles
Bath/wc	Ceramic tiles
Store (2 nos)	Ceramic tiles

**First/Mezzanine Floor**

	Floor Finishes
Office area	Carpeted
Meeting room	Carpeted
Pantry	Ceramic tiles
Bath/wc	Ceramic tiles
Store	Ceramic tiles

**Second Floor**

	<b>Floor Finishes</b>
Reception area	Carpeted
Office area	Carpeted
Board room	Carpeted
Meeting room	Carpeted
Pantry	Ceramic tiles
Bath/wc	Ceramic tiles
Store	Ceramic tiles

**Fixtures and Fittings**

It has a concealed electrical wiring system and standard sanitary fittings.

**3.1.4 A Residential Unit within Shop-Office**

The subject property is a residential unit within a shop-office has been approved by Majlis Perbandaran Selayang (formerly known as Majlis Daerah Gombak) as stated in Certificate of Fitness for Occupancy approved on 22 July 1989 and has been issued on 2 February 1994 (Reference: MDG.3/8/312(RK)). It is situated at the top floor of a 2 ½-storey shop-office.

The main entrance to the unit is secured with glass frame door. Its internal door openings are secured with plywood flushed doors. The windows are made of adjustable glass louvers and fixed glass panel.

Details of the Subject Property are tabulated as follows:

<b><u>Accommodation</u></b>	<b><u>Floor Finishes</u></b>
Residential space	Carpeted
Pantry	Ceramic tiles
Bath/wc & Store	Ceramic tiles
Store	Ceramic tiles
Yard	Cement render

The Subject Property has a gross floor area of approximately 117 sq. m. (1,259 sq. ft.). The building is about thirty three (33) years old and it is in good condition. It has a life span of fifty (50) years.

#### **4.0 PLANNING PROVISIONS**

We refer to a verbal enquiry at the Town Planning Department of Majlis Perbandaran Selayang and crossed reference to planning portal (<http://iplan.townplan.gov.my/public/geoportal>), on 28 September 2020, which revealed that the subject properties are as follows:

- 4.1 Casa Mila club house is designated for residential land use and located in an area zoned for residential use. However, the title of the Subject Property has an express condition of Bangunan Perniagaan. Therefore, we have valued the Subject Property as per title i.e. Bangunan Perniagaan.
- 4.2 Casa Venicia club house is designated for open space/recreational land use and located in an area zoned for agriculture use. However, the title of the Subject Property has an express condition of Bangunan Perniagaan. Therefore, we have valued the Subject Property as per title i.e. Bangunan Perniagaan.
- 4.3 Two (2) adjoining units of 2 ½-storey shop offices is designated for commercial land use.
- 4.4 A residential unit within a shop-office is designated for commercial land used and located in an area zoned for commercial use. However, the application of strata title shows that the unit is for *Kediaman*. Therefore, we have valued the Subject Property as per application of strata title i.e. *Kediaman*.

There are no other planning provisions that would affect the size and orientation of the Subject Property, such as compulsory land acquisition and road alignment that have been lodged.

#### **5.0 OCCUPANCY**

- 5.1 Casa Mila club house is occupied by the joint management body who also oversees the management and maintenance works of the Subject Property.

- 5.2 Casa Venicia club house is occupied by the joint management body who also oversees the management and maintenance works of the Subject Property.
- 5.3 Two (2) adjoining units of 2 ½-storey shop offices is presently owner occupied and being used as an office.
- 5.4 A residential unit within a shop-office is presently owner occupied and being used as an office.

## **6.0 VALUATION**

### **6.1 DATE OF VALUATION**

The date of valuation is 30 September 2020.

### **7.0 BASIS OF VALUATION**

In arriving the Market Value of the Subject Properties, we have adopted the comparison method for valuing the land and depreciated replacement cost method for valuing the building into our consideration.

The estimated Market Value of the land is derived by Comparison Method based on the recent transactions of similar properties in the Klang Valley. Adjustments were made to reflect the differences of the Subject Property against the comparable sales. Appropriate adjustments if any, are made to reflect the advantages and disadvantages of the Subject Property against the prevailing value in relation to location, time element, size, physical features and other factors that may affect the value of Subject Property.

The estimate Market Value of the building is calculated using the Depreciated Replacement Cost Method whereby their values are taken to equal the cost of replacing the items in their existing conditions and states of repairs. This is determined by taking into consideration the present replacement cost of the above items as new and allowing for depreciation for physical condition, economic obsolescence and other relevant factors.

In assessing the value of the buildings, we have made reference to Juru Ukur Bahan Malaysia (“JUBM”) & Arcadis Construction Cost Handbook Malaysia 2020 (KDN PP10466/05/2013(032500)) to estimate the cost.

### 7.1 Casa Mila & Casa Venicia club houses

We have further analysed the transaction data of club house and vacant commercial land within a reasonable distance from the subject property and appropriate adjustments have been made of the comparable as follows:

Evidence No	Evidence 1	Evidence 2	Evidence 3	Evidence 4	Evidence 5
Evidence	Ref99, Jln Pandan Indah 1/16, Pandan Indah, 04-Nov-13, RM4,350,000	PT 131 (Lot 131), Taman Angkor Mila, 13-Mar-15, RM4,300,000	Lot 3633A, Bn. Kapong-Selayang, Prangin Valley, 08-Apr-16, RM5,553,271	Lot 9, Jalan Rawang-Bg Chini, Taman Bukit Rawang Jaya, 17-Dec-19, RM2,000,000	11345, Off-Tanong Selayang, Nibalan, 18-Oct-19, RM17,500,000
Date	04-Nov-13	13-Mar-15	08-Apr-16	17-Dec-19	18-Oct-19
Consideration	RM4,350,000	RM4,300,000	RM5,553,271	RM2,000,000	RM17,500,000
Type of Property	Club House	Club House - Abandoned	Vacant Commercial Land	Vacant Commercial Land	Vacant Commercial Land
Tenure	Leasehold	Freehold	Leasehold	Freehold	Leasehold
Balance	73 years	nil	87 years	nil	55 years
Expired date	27-Apr-2032	nil	8-Nov-2107	nil	25-Feb-2113
Land Use	Commercial Building	Commercial Building	Commercial Land	Commercial Land	Commercial Land
RSE	MAC	MAC	77A	A1D	A1D
Area (sq foot)	26,137	62,355	23,282	54,877	18,514
Price per sq foot (land)	RM163.44	RM67.36	RM23.00	RM36.00	RM946.00
Replacement Cost New	RM250.00	RM250.00	RM250.00	RM250.00	RM250.00
Depreciation of Age/Condition	15%	15%	15%	15%	15%
Price per sq foot (Building)	RM212.50	RM212.50	RM212.50	RM212.50	RM212.50
Adjustments	Land: -13.44%, Building: -6.4%	Land: -67.36%, Building: -0%	Land: -23.00%, Building: -0%	Land: -36.00%, Building: -0%	Land: -946.00%, Building: -0%
Total Adjustments	-13.44%	-67.36%	-23.00%	-36.00%	-946.00%
Adjusted Value per sq ft	RM147.77	RM182.64	RM182.64	RM182.64	RM182.64
Adjusted Value per sq ft (L&B)	RM147.77	RM182.64	RM182.64	RM182.64	RM182.64

#### 7.1.1 Analysis of Casa Mila club house

Land	35,952 sq ft @ RM110 per sq ft	RM3,954,720
Building	5,200 sq ft @ RM250 per sq ft	RM1,300,000
Less: 20 % Depreciation + 10% pandemic issue		RM 759,472
Total		RM4,495,248
Say		RM4,500,000

#### 7.1.2 Analysis of Casa Venicia club house

Land	35,597 sq ft @ RM110 per sq ft	RM3,915,670
Building	8,493 sq ft @ RM250 per sq ft	RM2,123,250
Less: 20 % Depreciation + 10% pandemic issue		RM 986,077
Total		RM5,052,843
Say		RM5,000,000

We adopted evidence No. 1 as the best evidence due to the same type and category and almost similar tenure and size with the Subject Property. We have taken RM110 per square foot as fair Market Value as our consideration for the land.



**7.2 Two (2) Adjoining Units of 2 ½-storey Shop Offices & A Residential Unit within a Shop-Office**

**7.2.1 Analysis of a two (2) adjoining units of 2 ½-storey shop offices**

<b>Evidence</b>	<b>Evidence 1</b>	<b>Evidence 2</b>	<b>Evidence 3</b>
	No 20, Jalan SJ 17, Taman Selayang Jaya	B-08, Jalan SH 1/1, Selayang Heights	No 69, Jalan Prima SG, Prima Sri Gombak
<b>Date of Transaction</b>	13-Aug-19	28-Jun-19	21-Dec-18
<b>Consideration</b>	RM2,000,000	RM1,600,000	RM2,300,000
<b>Type of Property</b>	3-storey shop-office	3-storey shop-office	3-storey shop-office
<b>Tenure</b>	Freehold	Leasehold	Freehold
<b>Expiry Date</b>	-	24-Feb-2108	-
<b>Balance</b>	-	88 years	-
<b>Land Size</b>	1,646 sq ft	1,646 sq ft	1,646 sq ft
<b>Built Up Size</b>	4,662 sq ft	4,788 sq ft	4,598 sq ft
<b>Price per sq foot</b>	RM429.00	RM334.17	RM500.22
<b>Total Adjustments</b>	-20%	0%	-25%
<b>Adjusted Value per sq ft</b>	RM343.20	RM334.17	RM375.16
<b>Say</b>	RM340.00	RM335.00	RM400.00
<p>*Taken Evidence No 2 into consideration @ Say, RM335 per sq ft</p> <p><b>Valuation Lot 52186</b></p> <p>3,250.00 sqft @ RM335 per sq ft RM1,088,750</p> <p><b>Valuation Lot 52187</b></p> <p>Allowance for Corner @ 10%</p> <p>3,250.00 sqft @ RM369 per sq ft RM1,197,625</p> <p><b>Total Value</b> RM2,286,375</p> <p><b>Less Building Depreciation 10%</b> RM114,319</p> <p>RM2,172,056</p> <p>Therefore for 2-adjoining units, say @ RM2,100,000</p> <p>*decline 10% due pandemic RM210,000.00</p> <p>RM1,890,000.00</p> <p><b>Say</b> RM1,900,000.00</p>			

From the above, we took evidence 2 into our consideration in view that this is the latest transaction and its built up area is comparable to the subject property and hence we opine that the fair market value is RM1,900,000.

**7.2.2 Analysis of a residential unit within a shop-office**

Evidence	Evidence 1	Evidence 2	Evidence 3
	19-3A, Jalan PS 5 Prima Selayang	32-3A, Jalan PS 5 Prima Selayang	24-2A, Jalan PS 5 Prima Selayang
Date of Transaction	14-Mar-19	06-Mar-19	19-Jul-18
Consideration	RM105,000	RM128,000	RM93,000
Type of Property	Residential within Shop/Ofc	Residential within Shop/Ofc	Residential within Shop/Ofc
Built Up Size	788 sq ft	788 sq ft	788 sq ft
Price per sq foot	RM133.25	RM162.44	RM118.02
Tenure	Leasehold	Leasehold	Leasehold
Date of Expiry	17-Feb-2093	17-Feb-2093	17-Feb-2093
Balance	73 years	73 years	73 years
Adjustments	RM133.25	RM162.44	RM118.02
Total Adjustments	-20%	-20%	-20%
Adjusted Value psft	RM106.60	RM129.95	RM94.42
Say	RM100.00	RM130.00	RM95.00

\*Taken Evidence No 1 into consideration @ RM100 psf as fair market value

Valuation			
1,259 sq ft @	RM100 per sq ft	RM125,939	
	<i>*depreciate 10% due to pandemic</i>	RM12,594	
		RM113,345	RM15,939
Market Value, say		RM110,000	

From the above justifications, we adopted evidence No. 1 into our consideration as the best evidence due to the same type and category with the Subject Property and latest evidence. Thus we opine that the fair market value is RM110,000-00.

**Covid-19 Pandemic**

As the property market (as well as the Malaysian economy) is greatly affected by the Covid-19 pandemic, the property values are anticipated to decline in the short-term. Based on past economic crises, we expect a slowdown in the property market which would, in turn, increase the pressure on the property values. This is further exacerbated by the uncertainties in the political front of the country.

According on NAPIC data, the property market performance recorded a decline in the first half of 2020 compared to the same period last year due to current state of the slow-moving real estate market. For Commercial property, there were 8,118 transactions worth RM8.51 billion recorded, declining by 37.4% in volume and 33.2% in value (H1 2019: 12,962 transactions worth RM12.75 billion). Performance across the states slumped as all states recorded significant declines in market activity. Selangor contributed the highest volume and value to the national market share, with 23.0% in volume (1,870 transactions) and 28.2% in

value (RM2.4 billion), while Wilayah Persekutuan Kuala Lumpur came in second in terms of value, with 1,212 transactions worth RM2.09 billion.

During the online Asean Real Estate Forum, Malaysian Institute of Estate Agents (MIEA) president Lim Boon Ping said that property prices are expected to decline by 10-20% in the future as the impact of Covid-19 continue to unfold.

From the above justifications, we are of the opinion that prices are expected to drop at least 10% from the earlier transacted prices (after adjustments) and therefore we have assigned a discount of 10% to the value of the land and building.

**8.0 VALUE**

Based on the foregoing and as at the date of the valuation, we have assessed the leasehold interest in the Subject Properties, subject to a valid document of ownership which is good, registrable and marketable with vacant possession and free from any encumbrances are as follows:

- 1) Casa Mila Club House : **RM4,500,000.00**
- 2) Casa Venicia Club House : **RM5,000,000.00**
- 3) 2 Adjoining Units of 2 ½ Storey Terrace Shop Offices : **RM1,900,000.00**
- 4) Residential Unit within Shop Office : **RM110,000.00**

**CERTIFICATION**

This valuation is certified out by :-



**Irhamy Ahmad BSc MRICS MRISM APEPS ICVS**  
Chartered Valuation Surveyor & Registered Valuer-V457

for **IRHAMY INTERNATIONAL SDN BHD**



14 October 2020

Chartered Surveyors  
International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

**BINA PURI HOLDINGS BHD**  
Wisma Bina Puri,  
No. 88, Jalan Bukit Idaman 8/1,  
Taman Bukit Idaman,  
68100 Selayang,  
Selangor Darul Ehsan

**CHESTON INTERNATIONAL (KL) SDN. BHD.**  
Company Reg. No.: 200401008741 (647245W) VEPM(1) 0199  
Suite 2A, 2nd Floor, Plaza Flamingo  
No. 2, Tasik Ampang, Jalan Hulu Kelang  
68000 Ampang, Selangor, Malaysia.  
Tel : +6 03-4251 2399  
Fax : +6 03-4251 6599  
E-mail: ciki@chestonint.com  
Website: www.chestonint.com

Dear Sirs,

**CERTIFICATE OF VALUATION OF**

- a. **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 ("SERVICED APARTMENTS"), 5 UNITS OF COMMERCIAL LOTS TOGETHER WITH 9 UNITS OF TERRACES / FOYERS AND 36 CAR PARK BAYS AS ACCESSORY PARCELS ("COMMERCIAL LOTS") LOCATED WITHIN PODIUM BLOCK, IMPERIUM RESIDENCE (BLOCK A) AND SWISS-BEL HOTEL (BLOCK B), KUANTAN WATERFRONT RESORT CITY ("KWRC"), JALAN TANJUNG LUMPUR 1, 26060 KUANTAN, PAHANG DARUL MAKMUR ("PROPERTY NO. 1")**
- b. **2 CONTIGUOUS PARCELS OF COMMERCIAL LAND (LOTS 159850 AND 159851), KWRC, JALAN TANJUNG LUMPUR 1, 26060 KUANTAN, PAHANG DARUL MAKMUR ("LAND") ("PROPERTY NO. 2")**

**(PROPERTY NO. 1 AND PROPERTY NO. 2, ARE COLLECTIVELY REFERRED TO AS THE "SUBJECT PROPERTIES")**

We were instructed by Bina Puri Holdings Bhd ("Bina Puri") to conduct Valuation of the Subject Properties for the purposes of submission to Bursa Malaysia Securities Berhad for approval in relation to the proposed acquisition by Bina Puri of ordinary shares in Ideal Heights Properties Sdn. Bhd. ("IHP") ("Proposed Acquisition") and details of the valuation are contained in our Valuation Reports bearing reference nos. SC/BP/KWRC/6385520/A and SC/BP/KWRC/6385520/B dated 14 October 2020.

We have prepared this Certificate of Valuation for inclusion in the circular to shareholders of Bina Puri in conjunction with the Proposed Acquisition.

The salient details of the Subject Properties are attached as Appendix 'A'.

The relevant dates of valuations are taken to be as at the dates of our inspections on 30 September 2020.

The Reports and Valuations and this Certificate of Valuation have been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

Headquarters: Suite 2A, 2nd Floor, Plaza Flamingo, No.2, Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang  
T: 03-4251 2599 (12 Lines) F: 03-4251 6599 E: ciki@chestonint.com  
Other Offices: Kedah : No. 11, 1st Floor, Kompleks Sultan Abdul Hamid, Persiaran Sultan Abdul Hamid, 05050 Alor Setar  
T: 04-7720 555 F: 04-7719 555 E: cikd@chestonint.com  
Penang: Suite 15-H, Level 15, Wisma Boon Siew, No.1, Jalan Penang, 10000 Georgetown, Penang  
T: 04-2626 555 F: 04-2626 555 E: cipp@chestonint.com  
Perak : Suite 3A, 1st Floor, Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh  
T: 05-2433 999 F: 05-2433 886 E: clpk@chestonint.com  
Johor : Suite 43-A, Jalan Kuning Dua, Taman Pelangi, 80400 Johor Bahru  
T: 07-334 3363 F: 07-334 3361 E: cheston@cheston.com.my



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### 1.0 LOCATION OF KWRC AND THE SUBJECT PROPERTIES

The Subject Properties are located within KWRC and sited off the eastern (left) side of Jalan Tanjung Lumpur, travelling from Kuantan town centre towards Pekan. KWRC is located about 3.5 kilometres (2.19 miles) to the south-east of Kuantan town centre.

Kuantan's main holiday attraction is the beach of Teluk Cempedak located about 8 kilometres (5 miles) to the north-east. There are also other scenic beaches popular with vacationers in the town's neighbourhood such as Batu Hitam/Beserah beach located about 13 kilometres (8.12 miles) to the north-east, Balok beach located about 18.5 kilometres (11.56 miles) and Cherating beach located about 45.5 kilometres (28.44 miles) to the north-east. KWRC is the latest and largest amongst the resort development boasted being the nearest to the Kuantan town centre.

Prominent developments in the immediate vicinity comprise Serambi Teruntum Shopping Mall and KPJ Pahang Specialist Hospital. Tunas Manja Supermarket Tanjung Lumpur is located about 3.5 kilometres (2.19 miles) to the south-west of the Subject Properties. The Subject Properties front onto Jalan Tanjung Lumpur 1 and are easily accessible from Kuantan town centre via Jalan Tanjung Lumpur and thence via turning left onto Jalan Tanjung Lumpur 1, all are being well maintained metalled roads.

### 2.0 BRIEF OVERVIEW OF KWRC AND THE SUBJECT PROPERTIES

KWRC is located within the jurisdiction of Kuantan town boundary and promoted as the new integrated resort of leisure and entertainment destination with seafront/waterfront living concept. The proposed development components consist of meeting, incentive, convention and exhibition centre (MICE), water theme park, indoor aquaria, international cruise terminal, city of lights, green promenade, marina walk, business park, healthcare hub and marina, yacht facilities and light house. The concept of KWRC development will be focusing on tourism attractions and facilities, hotel and resort, business and commercial, medical and wellness centre and cruise terminal which concentrates on providing facilities and services for the tourists, visitors and public.

The project is being developed over an area of about 1,168 acres with 700 acres to be reclaimed. The proposed 500-acre saleable development within the reclaimed land comprises of two phases of mixed development. Phase 1 of KWRC is designed as mixed development over 13 acres that has been sub-divided as follows: -

Lot No.	Title Land Area	
	Hectare	Acre
Lot 159850 (Formerly PT No. 120620)	0.4569	1.129
Lot 159851 (Formerly PT No. 120621)	2.7819	6.874
Lot 159852 (Formerly PT No. 120622)	1.5601	3.855
Sewerage Treatment Plant Reserve	0.4621	1.142
<b>Total</b>	<b>5.2610</b>	<b>13.000</b>

Property No. 1 is sited on Parent Lot 159852 which forms part of Phase 1 and already been developed with two blocks of 23-storey serviced apartment towers known as Imperium Residence (Block A) and Swiss-Bel Hotel (Block B) built on top of a 6-storey podium block. The adjoining Lots 159850 and 159851 (Property No. 2) comprise two contiguous parcels of commercial land. Phase 2 of KWRC comprises 487-acre of reclaimed land to be developed with an integrated resort of leisure and entertainment.

The Imperium Residence was completed on 19 February 2020. The Swiss-Bel Hotel was completed on 16 October 2019 and started its operation on 19 February 2020.

### 3.0 VALUATION METHODOLOGY

In arriving at our opinion of the Market Values, we have adopted the Market/Comparison Approach as the primary and sole valuation methodology for the Serviced Apartments and the Commercial Land whilst Market/Comparison Approach as primary valuation methodology and the Income Approach by Investment Method as check methodology for the Commercial Lots.

### **3.1 Market/Comparison Approach**

The Market/Comparison Approach is premised on the principle that comparison is made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made. Under this approach, an estimate of the market value is derived by comparing the property under valuation with other similar properties that had been sold in the recent past.

In determination of the value by this approach, a survey was made of similar type of property sales that have occurred in this or similar areas within the recent past. We have compiled and analysed sale evidences of similar type of serviced apartments, commercial lots and commercial land in the locality of the Subject Properties. These comparable sale prices are then adjusted for comparability to reflect differences in market condition due to the impact of the coronavirus disease 2019 ("Covid-19") (time), rebate/guaranteed rental return ("GRR"), location and accessibility, corner/end premium, building quality, design, level, view, shape, position (end/intermediate), site constraint, size/quantum allowance, tenure, car park bays, restriction in interest, management, category of land use/express condition to render the sold properties as similar as possible with the Subject Properties.

In arriving at our opinion of the market values of the Subject Properties using the Market/Comparison Approach, the selected suitable sale evidences, amongst others, are considered and adopted.

### **3.2 Income Approach by Investment Method**

The Income Approach by Investment Method is premised on the principle that the value of an income-producing property is represented by "the present worth of future rights to income, or utility". The value estimate under this method is derived by ascertaining the market rent of the property (i.e. that income which is ascribable to the property under its highest and best use); deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream. In undertaking our assessment of the value using the capitalisation approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings comprising quit rent, assessment, insurance, service charge, management and maintenance are deducted from gross rental income.

### **3.3 Valuation Rationale and Reconciliation of Values**

#### **3.3.1 Property No. 1 - Serviced Apartments**

We are of the view that the appropriate approach to arrive at the market value of the Serviced Apartments is market approach using the Comparison Method. This method is widely adopted in the industry for homogeneous properties with minimal dissimilarities which require less complicated adjustments.

Our analysis and research revealed that there are numerous similar types of developments within the neighbourhood holiday destinations of Beserah, Tanjung Lumpur, Telok Cempedak and Bukit Pelindung. There are also sufficient sale evidences of existing similar types of serviced apartments in the locality. The details of the sale evidences are also easily available from the Valuation And Property Services Department, Ministry Of Finance Malaysia.

However, we note that the sale evidences recorded were transacted on an individual unit basis. Based on our investigation, there is a dearth of sale transactions of units transacted in bulk in the locality. It is noted that in respect of transaction involving bulk purchase, the purchaser expects discount from the rate of a sale of a single unit. It is also the market practice in the industry to allow for a discount ranging from 10% to 20% from the sale rate of a single unit depending on the type of property, percentage of the bulk purchase of the total development and the nature of the property.

The Serviced Apartments with a total saleable area of 99,617 square feet, accessory parcels of 4,383 square feet form about 16.81% of the total units and 25.07% of the saleable area of the entire development of Imperium Residence (Block A) and Swiss-Bel Hotel (Block B), KWRC compared to the sizes of the sale comparables which ranging from 496 square feet to 1,389 square feet. Thus, we have adopted a bulk purchase discount of 10% from the rate of an individual unit which is considered fair and reflective of the practice in the industry.

The other valuation methodologies are deemed unsuitable due to the following reasons: -

- (a) Income Approach by Investment Method of valuation is suitable for income generating commercial/investment properties especially for those properties held as investment properties subject to leases or tenancy agreements with proper term, rental rates and other conditions agreed by the parties. In the case of limited tenancies and absence of reliable tenancy agreements and rental evidences of rental comparables, the Income Approach by Investment Method will not provide an accurate Market Value.
- (b) The Cost Approach is derived from the Market Value of the land and depreciated replacement cost ("DRC") of the building. The DRC is based on cost which does not reflect the market forces on the demand and supply and often does not reflect the highest and best value of the Serviced Apartments.

### 3.3.2 Property No. 1 - The Commercial Lots

In arriving at the Market Value of the Commercial Lots, we have adopted both the Market/Comparison Approach and Income Approach by Investment Method.

The Market/Comparison Approach is based on the prices which are concluded in the open market between willing buyers and willing sellers through a price mechanism. The Market/Comparison Approach also takes into consideration other factors which have impact on the price comprising the purchaser's capacity and knowledge, understanding of the relative utilities of the property.

We have also adopted the Income Approach by Investment Method to arrive at the market value of the Commercial Lots. All the Commercial Lots are not tenanted/leased to any third party as Commercial Lots 2, 3 and 4 are being operated by the owner, whilst Commercial Lots 1 and 5 are currently vacant. Thus, we do not have any actual rental rates of the Commercial Lots. The market value derived from the Income Approach by Investment Method is based on the rental evidences of similar type of properties in the vicinity as obtained from Valuation And Property Services Department, Ministry Of Finance Malaysia and based on our survey of asking rentals of similar type of properties in the vicinity.

The Commercial Lots are income generating investment properties, therefore Income Approach by Investment Method is also a reliable and appropriate method of valuation. The market value of an investment property is a function of the income stream. The cash flows of an investment property are subject to the specific nature of the particular investment property and the lease/tenancy terms. Since there is active investment market for the Commercial Lots in the locality which is evident from the existence of numerous rental evidences, the Income Approach by Investment Method can also be relied upon to arrive at the accurate Market Value of the Commercial Lots as well.

Hence, we have considered the market value derived from both the Market/Comparison Approach and Income Approach by Investment Method as fair and accurate representation of the market value of the Commercial Lots.



### 3.3.3 Property No. 2 - The Land

The Market/Comparison Approach is the commonly adopted sole valuation methodology in the industry for valuation of commercial land without any valid development order or planning approval which other valuation methods are deemed unsuitable. We also note that there are adequate sale evidences of similar type of commercial land in the neighbourhood of the Land which can be relied upon to arrive at the accurate market value of the Land using the Market/Comparison Approach. The details of the sale evidences are also easily available from the Valuation And Property Services Department, Ministry Of Finance.

In the absence of availability of valid development order, in order to reflect the highest and best use value of the Land, the planning requirement must be reverted to the planning permission to be allowed in line with the Rancangan Tempatan Daerah Kuantan 2035 (Penggantian).

In light of the above, the Income Approach by Residual Method of valuation, which is another method that can be adopted to value commercial land, is deemed unsuitable. Hence, in arriving at our opinion of the Market Value of the Land, we have adopted the Market/Comparison Approach as the reliable sole valuation methodology.

## 4.0 THE IMPACT OF THE COVID-19 PANDEMIC ON THE VALUATION OF THE SUBJECT PROPERTIES

The unprecedented Covid-19 pandemic has had a negative impact on the Malaysian economy and the property market. Nevertheless, the impact of the Covid-19 pandemic is expected to be mitigated by the pro-active fiscal and monetary measures, short-term economic recovery plan (STERP), prihatin rakyat economic stimulus package (PRIHATIN) and national economic recovery plan (pelan jana semula ekonomi negara (PENJANA)) introduced by the government to contain its impact on the Malaysian economy and the property market.

The global and Malaysian economic crises caused by the unprecedented Covid-19 pandemic is expected to have minimal impact on the property market in Pahang particularly in Kuantan due to various government projects and infrastructure developments which had been initiated prior to the pandemic. We note that the commercial land market is holding well in Kuantan due to scarcity of suitable commercial land with required size for commercial development. Hence, we did not make any downward adjustment to reflect the Covid-19 pandemic impact on commercial land within Kuantan town as such land is expected to have sustainable demand.

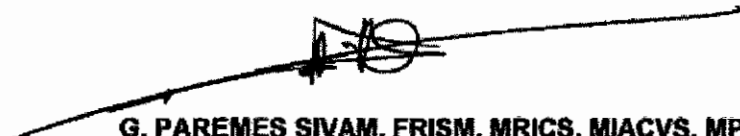
However, the serviced apartment sector forms part of the tourism related hospitality sector and is affected amid subdued demand from the market participants. Current labour market condition of retrenchments, pay-cuts and unpaid leave weighted down on employment income condition which has weakened the demand from buyers. The hospitality sector is battered by the Covid-19 pandemic. Due to closure of borders for international travelers and grounding of fleets, the sector is reliant on domestic tourists. Therefore, we have made 10% downward adjustment to reflect the impact of the Covid-19 pandemic on the 120 units of Serviced Apartments and the reliant 5 Commercial Lots. The sales of serviced apartments are expected to return to pre-Covid-19 level from year 2021 onwards after availability of the vaccine worldwide and when majority of the economies of the world and Malaysia are recovered and bounce back to their pre-crisis levels.

**5.0 OPINION OF VALUES**

Having regard to the foregoing, taking into consideration of all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market values of the Subject Properties, with vacant possession and subject to the titles and strata titles when issued are free of all encumbrances, good, marketable and registrable are as follows: -

<b>Property No. 1</b>	<b>Market Value (RM)</b>
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	65,300,000
5 units of commercial lots together with 9 units of terraces/foyers and 36 car park bays as accessory parcels	15,000,000
<b>Sub Total</b>	<b>80,300,000</b>
<b>Property No. 2</b>	<b>Market Value (RM)</b>
2 contiguous parcels of commercial land	37,700,000
<b>Grand Total</b>	<b>118,000,000</b>

For And On Behalf Of  
**CHESTON INTERNATIONAL (KL) SDN. BHD.**



**G. PAREMES SIVAM, FRISM, MRICS, MIACVS, MPEPS, MMIPFM**  
**CHARTERED SURVEYOR**  
**REGISTERED VALUER, V-480**

## APPENDIX 'A' – SALIENT DETAILS OF THE SUBJECT PROPERTIES

## Property No. 1

**a. Salient Details**

Reference No.:	SC/BP/KWRC/6385520/A					
Date of Inspection:	30 September 2020					
Identification / Type of Property / Address:	Type	Unit No.	Terrace / Foyer	Accessory Parcel		
				Air-Conditioner Ledge	Car Park Bay	
Imperium Residence (Block A)		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-26-06, A-27-01, A-27-02, A-27-03, A-27-3A, A-27-05, A-27-10, A-28-01, A-28-02 ("96 Units")	A922, A923 ("2 Units")	A830, A831, A833, A834, A835, A838, A839, A841, A842, A843, A846, A847, A848, A850, A851, A853, A854, A855, A858, A859, A860, A861, A862, A863, A865, A866, A868, A869, A871, A872, A873, A874, A875, A876, A877, A878, A879, A880, A884, A885, A888, A892, A895, A896, A897, A899, A900, A901, A903, A904, A905, A908, A909, A912, A913, A916, A917, A919, A920, A921, A924, A925 ("63 Units")		A568 (1), A569 (1), A95 (1), A96 (1), A97 (1), A111 (1), A110 (1), A109 (1), A108 (2), A107 (2), A585 (1), A616 (1), A493 (2), A583 (1), A618 (1), A491 (2), A584 (1), A617 (1), A620 (1), A581 (1), A87 (1), A484 (2), A579 (1), A622 (1), A361 (1), A483 (2), A482 (2), A577 (1), A624 (1), A297 (2), A578 (1), A623 (1), A419 (2), A368 (1), A389 (1), A417 (2), A307 (2), A308 (2), A418 (2), A415 (2), A395 (1), A387 (2), A416 (2), A219 (1), A152 (1), A305 (2), A413 (2), A301 (1), A302 (1), A414 (2), A411 (2), A401 (1), A678 (1), A225 (2), A228 (2), A412 (2), A409 (2), A404 (1), A144 (2), A143 (2), A410 (2), A407 (2), A364 (1), A247 (2), A498 (1), A148 (2), A245 (2), A313 (1), A286 (1), A284 (1), A243 (2), A314 (1), A244 (2), A241 (2), A587 (1), A614 (1), A683 (2), A154 (2), A242 (2), A239 (2), A760 (2), A781 (2), A692 (2), A163 (2), A240 (2), A237 (2), A598 (1), A599 (1), A684 (2), A161 (2), A235 (2), A575 (2), A229 (2), A489 (1), A490 (1), A159 (2), A165 (2), A481 (2), A231 (2), A495 (2), A157 (2), A167 (2), A233 (2), A232 (2), A295 (2), A156 (2), A168 (2), A168 (3), A147 (3) ("174 Units")
Swiss-Bel Hotel (Block B)		B-03-01, B-03-3A, B-03-05, B-03-10, B-06-18, 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 ("24 Units")	A626, A629, A630, A635 ("4 Units")	A929, A942, A943, A946, A947, A951, A955, A958, A961, A969, A980, A984, A993, A996, A997, A1001, A1005, A1008, A1009 ("19 Units")	A607 (2), A603 (2), A600 (2), A588 (2), A262 (2), A715 (2), A805 (1), A806 (1), A717 (2), A4 (2), A5 (2), A810 (2), A812 (2), A611 (2), A423 (2), A277 (2), A279 (2), A437 (1), A438 (1), A190 (1), A197 (1), A173 (2), A349 (1), A248 (2), A250 (2), A175 (1), A212 (1), A252 (2) ("47 Units")	

	Commercial Lots	CO-01, CO-02, CO-03, CO-04, CO-05 ("6 Units")	A119 - A127 (inclusive) ("9 Units")	-	-	A100 (2), A1 (5), A2 (13), A3 (3), A98 (1), A99 (1), A112 (2), A113 (2), A114 (2), A115 (2), A116 (1), A117 (1), A118 (1) ("36 Units")		
All located within Podium Block, Imperium Residence (Block A) and Swiss-Bel Hotel (Block B), KWRC, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur								
Saleable Area / Main Parcel Area / Accessory Parcel Area of the Serviced Apartments and Commercial Lots	Type / No. of Units	Saleable Area / Main Parcel Area <sup>**</sup>		Accessory Parcel Area (Terrace / Foyer) <sup>**</sup>		Air-Conditioner Ledge	No. of Car Park Bay <sup>**</sup>	
		Square Metre ("sq. mt.")	Square Feet ("sq. ft.")	No.	sq. mt. / sq. ft.	No.		sq. mt. / sq. ft.
	Imperium Residence (Block A) / 96 Units	7,538	81,125	2	376 / 4,048	63	63 / 693	174
	Swiss-Bel Hotel (Block B) / 24 Units	1,718	18,492	4	31 / 335	19	19 / 209	47
	Commercial Lots / 5 Units	2,943	31,679	9	2,863 / 30,817	-	-	36
	Total	12,199	131,296	16	3,270 / 35,200	82	82 / 902	257
Notes: <sup>**</sup> Total saleable areas / main parcel areas of both Imperium Residence (Block A), Swiss-Bel Hotel (Block B) and Podium Block within KWRC is 40,915 sq. mt. / 440,404 sq. ft. The saleable areas / main parcel areas and accessory parcel areas are as per the application for strata title's plans prepared by K. C. Leng Architect which are correspond with the latest amended approved building plans bearing reference no. Bil(8)d/m.MPK/R/B-PB/162/2013-E Jld 3 dated 26 April 2019. <sup>**</sup> Total no. of car park bays within KWRC is 1,027 car park bays.								
Strata Title Details:	Property No. 1 has been issued with Certificates of Completion and Compliance ("CCC") on 16 October 2019 and 19 February 2020, respectively. Vide a letter from Majlis Perbandaran Kuantan ("MPK") bearing reference no. Bil(32)d/m.MPK/Y:1/6-85 dated 16 June 2020, we note that the amendments to the strata plans bearing reference nos. JP No. 150072-01 to JP No. 150072-79 prepared by K.C. Leng Architect have been approved by the above authority on 16 June 2020 for the onward submission to Pejabat Tanah dan Galian Negeri Pahang ("PTG Pahang") and Pejabat Pengarah Ukur and Pemetaan Negeri. Application for the issuance of strata titles to PTG Pahang was submitted and is being processed.							
Details of the Parent Title								
Lot No. / Title No. / Mukim / District / State:	Lot 159852 / Pajakan Mukim 32881 / Kuala Kuantan / Kuantan / Pahang Darul Makmur							
Tenure:	99-year leasehold interest expiring on 11 December 2112 (Unexpired term of about 92.26 years)							
Land Area of the Parent Title:	15,596 sq. mt. / 167,874 sq. ft.							
Registered Proprietor of the Parent Title:	Newston International Group Sdn. Bhd.							
Category of Land Use / Express Condition:	Building / Tanah ini hendaklah digunakan untuk kegunaan Bangunan Perniagaan (Service Apartment) sahaja							

Description of the Site of the Parent Title, the Podium Block, Imperium Residence (Block A), Swiss-Bel Hotel (Block B) and the Subject Property:	The parent lot comprises an almost rectangular shaped parcel of land and enjoys frontages of about 231.968 metres (761 feet) onto Jalan Tanjung Lumpur 1 along its western site boundary. At present, the eastern site boundary which measures about 252.169 metres (827 feet) fronts onto the South China Sea. Upon completion of KWRC development, the eastern site boundary will front onto a manmade lake on the reclaimed land.								
	Imperium Residence (Block A) and Swiss-Bel Hotel (Block B) of KWRC, comprise of 23-storey serviced apartment towers developed on top of a 6-storey podium block.								
	There are 330 serviced apartment units within Imperium Residence (Block A) and 352 serviced apartment units within Swiss-Bel Hotel (Block B), 32 studio units within Imperium Residence (Block A) and Swiss-Bel Hotel (Block B).								
	Serviced apartments are located on the 3rd to 5th floors (inclusive) of the podium block, 6th to 27th floors (inclusive) and penthouses are located at the 28th floor of the towers. The commercial lots 1, 2, 3 and 4 are located on the ground floor whilst the saleable / main parcel of commercial lot 5 is located on the 5th floor of the podium block.								
	The Podium Block, Imperium Residence (Block A) and Swiss-Bel Hotel (Block B), accommodate a total of 1,027 car park bays (972 bays for the residences, 36 bays for commercial lots, 17 bays for visitors and 2 bays for disable person (OKU)). There are 863 elevated car parks and 164 surface car parks (16 covered bays and 148 uncovered bays) within the circulation area of the site.								
Description of the Buildings:	Buildings	constructed of reinforced concrete frame with brick infills rendered externally and plastered internally supporting reinforced concrete flat roof							
	Ceilings	generally of plaster boards incorporating down lights and cement plaster							
	Internal Wall	kitchen and bathrooms/wcs are generally lined with glazed wall ceramic tiles up to the ceiling height							
	Doors	generally of sliding aluminium framed door incorporating glass panels solid timber, fire rated and frameless tinted/clear glass panels							
	Windows	generally of aluminium casements incorporating glass panels							
	Floors	generally finished with marble slabs, glazed ceramic slabs, ceramic tiles, timber floor boards, timber strips and cement screed							
Saleable Area / Main Parcel Area and Accessory Parcel Area of the Serviced Apartments and Commercial Lots	Type	Total No. of Unit	Standard Size of Saleable Area / Main Parcel Area Per Unit (sq. ft.)	Standard Size of Accessory Parcel Area Per Unit (sq. ft.)	Podium Block, Imperium Residence (Block A) and Swiss-Bel Hotel (Block B)		The Subject Property		
					Total Saleable Area / Main Parcel Area (sq. ft.)	Total Accessory Parcel Area (sq. ft.)	Total No. of Unit	Total Saleable Area / Main Parcel Area (sq. ft.)	Total Accessory Parcel Area (sq. ft.)
	A1	228	409	0	93,252	0	10	4,090	0
	A2	228	409	0	93,252	0	5	2,045	0
	B1	43	861	0	37,023	0	13	11,193	0
	B1-1	43	861	0	37,023	0	30	25,830	0
	B1-2	43	861	0	37,023	0	25	21,525	0
	B2	43	861	0	37,023	0	6	5,166	0
	B2-1	24	850	0	20,400	0	12	10,200	0
	B2-2	12	850	0	10,200	0	4	3,400	0
	C1	14	431	65	6,034	910	2	862	130
	C2	13	431	65	5,603	845	1	431	65
	C3	1	431	140	431	140	1	431	140
	C4	1	560	65	560	65	0	0	0
	C5	1	829	0	829	0	1	829	0
	C6	1	624	65	624	65	0	0	0
	C7	1	861	0	861	0	0	0	0
	D1	3	764	0	2,292	0	3	2,292	0
		3	818	0	2,454	0	0	0	0
	D2	3	764	0	2,292	0	3	2,292	0
		3	818	0	2,454	0	0	0	0


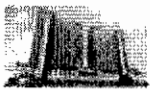


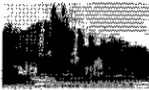

	<table><tr><td>E1</td><td>1</td><td>1,507</td><td>0</td><td>1,507</td><td>0</td><td>1</td><td>1,507</td><td>0</td></tr><tr><td>E2</td><td>1</td><td>1,507</td><td>0</td><td>1,507</td><td>0</td><td>1</td><td>1,507</td><td>0</td></tr><tr><td>F1</td><td>1</td><td>3,014</td><td>2,024</td><td>3,014</td><td>2,024</td><td>1</td><td>3,014</td><td>2,024</td></tr><tr><td>F2</td><td>1</td><td>7,050</td><td>0</td><td>7,050</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>G1</td><td>1</td><td>3,003</td><td>2,024</td><td>3,003</td><td>2,024</td><td>1</td><td>3,003</td><td>2,024</td></tr><tr><td>G2</td><td>1</td><td>3,014</td><td>0</td><td>3,014</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Total</td><td>714</td><td></td><td></td><td>488,725</td><td>6,073</td><td>120</td><td>99,617</td><td>4,383</td></tr><tr><td>CO-01</td><td>1</td><td>1,615</td><td>0</td><td>1,615</td><td>0</td><td>1</td><td>1,615</td><td>0</td></tr><tr><td>CO-02</td><td>1</td><td>969</td><td>0</td><td>969</td><td>0</td><td>1</td><td>969</td><td>0</td></tr><tr><td>CO-03</td><td>1</td><td>8,094</td><td>4,650</td><td>8,094</td><td>4,650</td><td>1</td><td>8,094</td><td>4,650</td></tr><tr><td>CO-04</td><td>1</td><td>4,521</td><td>4,058</td><td>4,521</td><td>4,058</td><td>1</td><td>4,521</td><td>4,058</td></tr><tr><td>CO-05</td><td>1</td><td>16,480</td><td>22,109</td><td>16,480</td><td>22,109</td><td>1</td><td>16,480</td><td>22,109</td></tr><tr><td>Total</td><td>5</td><td></td><td></td><td>31,679</td><td>30,817</td><td>5</td><td>31,679</td><td>30,817</td></tr><tr><td>Grand Total</td><td>719</td><td></td><td></td><td>440,404</td><td>36,890</td><td>125</td><td>131,296</td><td>38,200</td></tr></table>	E1	1	1,507	0	1,507	0	1	1,507	0	E2	1	1,507	0	1,507	0	1	1,507	0	F1	1	3,014	2,024	3,014	2,024	1	3,014	2,024	F2	1	7,050	0	7,050	0	0	0	0	G1	1	3,003	2,024	3,003	2,024	1	3,003	2,024	G2	1	3,014	0	3,014	0	0	0	0	Total	714			488,725	6,073	120	99,617	4,383	CO-01	1	1,615	0	1,615	0	1	1,615	0	CO-02	1	969	0	969	0	1	969	0	CO-03	1	8,094	4,650	8,094	4,650	1	8,094	4,650	CO-04	1	4,521	4,058	4,521	4,058	1	4,521	4,058	CO-05	1	16,480	22,109	16,480	22,109	1	16,480	22,109	Total	5			31,679	30,817	5	31,679	30,817	Grand Total	719			440,404	36,890	125	131,296	38,200
E1	1	1,507	0	1,507	0	1	1,507	0																																																																																																																							
E2	1	1,507	0	1,507	0	1	1,507	0																																																																																																																							
F1	1	3,014	2,024	3,014	2,024	1	3,014	2,024																																																																																																																							
F2	1	7,050	0	7,050	0	0	0	0																																																																																																																							
G1	1	3,003	2,024	3,003	2,024	1	3,003	2,024																																																																																																																							
G2	1	3,014	0	3,014	0	0	0	0																																																																																																																							
Total	714			488,725	6,073	120	99,617	4,383																																																																																																																							
CO-01	1	1,615	0	1,615	0	1	1,615	0																																																																																																																							
CO-02	1	969	0	969	0	1	969	0																																																																																																																							
CO-03	1	8,094	4,650	8,094	4,650	1	8,094	4,650																																																																																																																							
CO-04	1	4,521	4,058	4,521	4,058	1	4,521	4,058																																																																																																																							
CO-05	1	16,480	22,109	16,480	22,109	1	16,480	22,109																																																																																																																							
Total	5			31,679	30,817	5	31,679	30,817																																																																																																																							
Grand Total	719			440,404	36,890	125	131,296	38,200																																																																																																																							
	<div><div><div>Number of the Sold and Unsold Units of Imperium Residence and Swiss-Bel Hotel</div><div><p>• Sold Units • Unsold Units (The Subject Property)</p></div></div><div><div>Safeable Area / Main Parcel Area and Accessory Parcels Area of the Sold and Unsold Units of Imperium Residence and Swiss-Bel Hotel</div><div><p>• Sold Area • Unsold Area (The Subject Property)</p></div></div></div>																																																																																																																														
Planning Details / CCC:	<p>Our enquiries with the Town Planning Department of MPK and in accordance with Rancangan Tempatan Daerah Kuantan 2035 (Penggantian) revealed that the Property No. 1 is designated for 'Commercial' use.</p> <p>Details of the approved building plans of the Podium Block, Imperium Residence (Block A) and Swiss-Bel Hotel (Block B) are as follows: -</p> <table><tr><th>No.</th><th>Reference No.</th><th>Date of Approval by MPK</th></tr><tr><td>1.</td><td>Bil(17)dlm.MPK/R/B:PB/162/2013-E</td><td>28 April 2014</td></tr><tr><td>2.</td><td>Bil(24)dlm.MPK/R/B:PB/162/2013-E</td><td>19 May 2015</td></tr><tr><td>3.</td><td>Bil(38)dlm.MPK/R/B:PB/162/2013-E</td><td>30 December 2016</td></tr><tr><td>4.</td><td>Bil(4)dlm.MPK/R/B:PB/162/2013-E Jld 3</td><td>09 January 2019</td></tr><tr><td>5.</td><td>Bil(8)dlm.MPK/R/B:PB/162/2013-E Jld 3</td><td>26 April 2019</td></tr></table> <p>CCC by Lembaga Arkitek Malaysia bearing reference nos. LAM/P/Nos. 0233 and 3152 were issued on 16 October 2019 and 19 February 2020, respectively.</p> <p>The buildings are about 7.37 to 11.50 months old.</p>	No.	Reference No.	Date of Approval by MPK	1.	Bil(17)dlm.MPK/R/B:PB/162/2013-E	28 April 2014	2.	Bil(24)dlm.MPK/R/B:PB/162/2013-E	19 May 2015	3.	Bil(38)dlm.MPK/R/B:PB/162/2013-E	30 December 2016	4.	Bil(4)dlm.MPK/R/B:PB/162/2013-E Jld 3	09 January 2019	5.	Bil(8)dlm.MPK/R/B:PB/162/2013-E Jld 3	26 April 2019																																																																																																												
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5.	Bil(8)dlm.MPK/R/B:PB/162/2013-E Jld 3	26 April 2019																																																																																																																													
Management of Property No. 1	<p>Imperium Residence (Block A) together with Podium Block are being managed by Rahim &amp; Co International Sdn. Bhd. whilst Swiss-Bel Hotel (Block B) and the 5 Commercial Lots are being managed by Swiss-Bel Hotel International Limited, a global hotel chain.</p>																																																																																																																														
Occupancy Status:	<p>The occupancy status of Property No. 1 is as summarised as follows: -</p> <table><tr><th>Block</th><th>Property No. 1</th><th>Occupancy Status</th></tr><tr><td>Imperium Residence (Block A) and Swiss-Bel Hotel (Block B)</td><td>120 Units</td><td>All the subject units are currently vacant.</td></tr><tr><td>Commercial Lots</td><td>5 Lots</td><td>Commercial Lots 3 (Swiss Café Restaurant) and 4 (There Restaurant) are being operated by Swiss-Bel Hotel International Limited, whilst Commercial Lot 2 is being used as their management office. Commercial Lots 1 and 5 are currently vacant.</td></tr></table>	Block	Property No. 1	Occupancy Status	Imperium Residence (Block A) and Swiss-Bel Hotel (Block B)	120 Units	All the subject units are currently vacant.	Commercial Lots	5 Lots	Commercial Lots 3 (Swiss Café Restaurant) and 4 (There Restaurant) are being operated by Swiss-Bel Hotel International Limited, whilst Commercial Lot 2 is being used as their management office. Commercial Lots 1 and 5 are currently vacant.																																																																																																																					
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**b. Valuation**

**1. Market/Comparison Approach**

**i. Serviced Apartments**

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
						
Property Address	B-09-18, Block B, Swiss-bel Hotel Kuantan, KWRC, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur.	A-03-15, Block A, Imperium Residence, KWRC, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur.	A-LG2-1, Block A (Seraya), Kuantan Tembeling Resort, Jalan Padang Golf, 25050 Kuantan, Pahang Darul Makmur.	B5-4, D'Embassy Residence Suite @ Bukit Pelindung, Lorong Pelindung 76, Jalan Tengku Muhammad, 25050 Kuantan, Pahang Darul Makmur.	S2-6-10, Swiss Garden Resort Residences, Jalan Kuantan-Kemaman, 26100 Beserah, Kuantan, Pahang Darul Makmur.	C-2-12, Block C (Jati), Kuantan Tembeling Resort, Jalan Padang Golf, 25050 Kuantan, Pahang Darul Makmur.
Type of Property	A serviced apartment unit together with two car park bays (Elevated & Covered) as accessory parcels (End)	A serviced apartment unit together with two car park bays (Elevated & Covered) as accessory parcels (Intermediate)	A serviced apartment unit together with non exclusive use of two car park bays (End)	A serviced apartment unit together with two car park bays (Elevated & Covered) as accessory parcels (Intermediate)	A serviced apartment unit together with exclusive use of a car park bay (End)	A serviced apartment unit together with non exclusive use of two car park bays (Intermediate)
View	Sea	Sea	Sea	City	Swimming Pool	Partly Sea
Saleable Area / Main Parcel Area	861 sq. ft.	431 sq. ft.	1,389 sq. ft.	1,066 sq. ft.	495 sq. ft.	732 sq. ft.
No. of Storey	28	28	10	8	11	9
Total No. of Units	714	714	403	196	177	403
Year of Completion	2020	2020	1996	2011	2014	1996
Land Area	3.85 Acres	3.85 Acres	13.21 Acres	2.65 Acres	4.65 Acres	13.21 Acres
Transacted Price	RM760,800	RM400,900	RM775,000	RM500,000	RM325,000	RM400,000
Date of Transaction	12 July 2019	23 July 2019	16 August 2019	5 July 2019	1 July 2019	21 May 2018
Tenure	99-year leasehold interest expiring on 11 December 2112 (Unexpired term of about 93.48 years)	99-year leasehold interest expiring on 11 December 2112 (Unexpired term of about 93.45 years)	99-year leasehold interest expiring on 12 December 2092 (Unexpired term of about 73.38 years)	Interest in Perpetuity	Interest in Perpetuity	99-year leasehold interest expiring on 12 December 2092 (Unexpired term of about 74.61 years)
Restriction In Interest	**	**	**	Nil	Nil	**
Vendor	Ideal Heights Development Sdn Bhd	Ideal Heights Development Sdn Bhd	Kuantan Tembeling Resort Sdn Bhd	Tunas Manja Development & Construction Sdn Bhd	Sensation Network Sdn Bhd	Tan Lai Huat +1
Purchaser	Jason Puah	Lee Shin Yee (Gplex)	Bobby Marshal Sebastian +1	Chin Yun Lee	Jayanthi A/P Reju	Foo Hui Teng
Source	Sale and Purchase Agreement		Valuation and Property Services Department, Ministry of Finance			
Analysis (per sq. ft. / "psf")	RM883.62	RM930.16	RM557.96	RM469.04	RM656.57	RM546.45
Adjustment Factors Considered	Market condition due to Covid-19 pandemic (time), rebate/GRR, location and accessibility, building, level, view, position (end/intermediate), tenure, size, car park bays, restriction in interest and management.					
Effective Adjusted Value (psf)	RM545.08	RM595.40	RM617.79	RM597.98	RM623.65	RM659.56
Market Value	We have analysed and made diligent adjustments for differences of the comparable sale transactions against the Serviced Apartments. We note that the sale comparables range between RM469.04 psf to RM930.16 psf. We have made diligent adjustments to arrive at the Market Value of a standard intermediate unit facing river/city within the 5th floor of the Serviced Apartments as the base value. After making the necessary adjustments on the sale comparables, the Market Values of the base value unit range between RM545.08 psf to RM659.56 psf.					

In arriving at our opinion of the Market Value of the base value unit, we have emphasized upon the analysis of Comparable 5 which has the least dissimilarities against the base value unit of the Serviced Apartments. Despite located within the same developments, Comparables 1 and 2 are not the best comparables as both are having larger dissimilarities and are subject to rebate on the sale price as well as GRR. The Market Value derived from Comparable 5 for the base value unit of the Serviced Apartments is RM623.65 psf. From the base value, we have made the adjustments for other serviced apartment units. The adjustment factors considered are view, level, position (end/intermediate), size, quantum allowance, number of car parks and management.





There are six accessory parcels, allocated each to the two penthouses within Imperium Residences as terrace gardens (A922 and A923) and four terraces/balconies facing the sea (A626, A629, A630 and A635) allocated to the 4 units of Serviced Apartments at level 3 of Swiss-Bel Hotel (Block B). For these accessory parcels, we have adopted 60% of the rate of the saleable area / main parcel area according to the utilisation of the space as outdoor activity area facing the sea as fair market value based on analysis of the sales and consultation with Developers.

Based on our investigation, we noted that the car park values vary depending on whether covered or uncovered and whether normal or tandem parking. The car park bay rates are adopted after carrying out analysis of car park values within the KWRC development, within Kuantan town centre and within the sale comparables as follows: -

Car Park Bay	Value Per Bay Adopted
Elevated & Covered	RM15,000
Surface & Covered	RM15,000
Surface & Uncovered	RM10,000
Tandem – Elevated & Covered	RM10,000

\*1 Tanah ini tidak boleh dipindahmilik, dipajak, digadai melainkan setelah mendapat kebenaran bertulis daripada Pihak Berkuasa Negeri

## ii. Commercial Lots

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4
				
Property Address	G-26, Kuantan Parade, Jalan Haji Abdul Rahman, 25000 Kuantan, Pahang Darul Makmur.	S3-G-7, Swiss Garden Resort Residences, Jalan Kuantan-Kemaman, 26100 Beserah, Kuantan, Pahang Darul Makmur.	A-7, Ground Floor, Aman Bukit Sekilau, Lorong Bukit Sekilau 22, 25300 Kuantan, Pahang Darul Makmur.	B-28, Ground Floor, Pusat Sri Dagangan, Lorong Tun Ismail 6, 25000 Kuantan, Pahang Darul Makmur.
Type of Property	A stratified ground floor retail unit (Intermediate)	A stratified ground floor shop unit (Intermediate)	A stratified ground floor shop unit (Intermediate)	A stratified ground floor shop unit (Intermediate)
Built Up Area	935 sq. ft.	334 sq. ft.	786 sq. ft.	1,163 sq. ft.
Transacted Price	RM1,000,000	RM190,000	RM360,000	RM600,000
Date of Transaction	20 July 2018	3 July 2018	30 May 2017	1 February 2017
Tenure	99-year leasehold interest expiring on 4 October 2092 (Unexpired term of about 74.26 years)	Interest in Perpetuity	Interest in Perpetuity	Interest in Perpetuity
Restriction in Interest	**	Nil	Nil	Nil
Vendor	Ng Chin Meng	PJD Sejahtera Sdn Bhd	Tan Chai Tong	Suriani Binti Zainuddin
Purchaser	Chew Hun Seng	Ong See Chung +1	Tan Siew Ann	Lim Siok Kuan
Source	Valuation and Property Services Department, Ministry of Finance			
Analysis (psf)	RM1,069.52	RM568.86	RM458.02	RM515.91
Adjustment Factors Considered	Market condition due to Covid-19 pandemic (time), location and accessibility, building design/quality/tenant mix & positioning, position (corner/end/intermediate), level, tenure, restriction in interest and size.			
Effective Adjusted Value (psf)	RM482.05	RM497.66	RM515.21	RM528.72
Market Value	The Commercial Lots are located within the podium block. We have analysed and made diligent adjustments for differences of the comparable sale transactions against the Commercial Lots. We note that the sale comparables range between RM458.02 psf to RM1,069.52 psf. We have made diligent adjustments to arrive at the Market Value of commercial lot 2 as the base value unit with the floor area of 969 sq. ft., facing the main corridor and located at the ground floor. After making the necessary diligent adjustments on the sale comparables, the Market Values of the base value unit range between RM482.05 psf to RM528.72 psf.			



	<p>In arriving at our opinion of the Market Value of the base value unit of commercial lot 2, we have relied upon analysis of Comparable 2, which is located within a similar development with the Commercial Lots, Swiss Garden Resort. The Market Value derived from Comparable 2 for base value unit within the ground floor of the Commercial Lots is RM497.66 psf. From the base value, we have made the adjustments for other commercial lots. The adjustment factors considered are view, level, position (end/intermediate), size, quantum allowance, number of car parks and management.</p> <p>Commercial Lots 3 and 4 are end unit restaurants/cafeterias located at the main reception area at the both sides of the centre court of the ground floor of Swiss-Bel Hotel (Block B). The accessory parcels of Commercial Lots 3 and 4 are the adjoining terraces being utilised as outside seating area currently facing South China Sea providing al-fresco dining concept by the sea ambience. For the accessory parcels of commercial lots 3 and 4, which the use is limited to outside seating area, we have adopted 40% of the rate of the saleable area / main parcel area as fair market value after due analysis of the sales and consultation with developers.</p> <p>Commercial Lot 5 is a grand ballroom located at the fifth floor. There are two groups of (supportive service areas) accessory parcels attached to it under A119 and A120. The accessory parcels under group A119 comprise a very important person ("VIP") reception area of the grand ball room located at the ground floor, lift lobbies from ground to roof top area, the projector room and corridors at the fifth mezzanine floor and roof top area. Accessory parcels under group A120 comprise just the lift lobby areas from ground to fifth floors (inclusive). For the VIP reception area of A119, which is located at the prime area at the ground floor nearer to commercial lots 1 to 4 (inclusive), we have adopted 40% of the adjusted value of Commercial Lot 5 as fair market value. For the remaining accessory parcels of both A119 and A120 which are the ancillary supportive services areas of the grand ballroom located at the ground floor to roof top (inclusive) and located at the periphery of Commercial Lot 5, we have adopted 25% of the adjusted value of Commercial Lot 5 as fair market value.</p> <p>There are 2 car park bays (surface &amp; covered) allocated to Commercial Lot 4 and 34 surface car park bays (6 covered &amp; 28 uncovered) allocated to Commercial Lot 5. We have adopted the similar car park rates as adopted for the Serviced Apartments to the 36 car park bays allocated to Commercial Lots.</p>
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\*\* Tanah ini tidak boleh dipindahmilik, dipajak, digadai melainkan setelah mendapat kebenaran bertulis daripada Pihak Berkuasa Negeri

## 2. Income Approach by Investment Method - Commercial Lots

Market Rental	<p>In arriving at the market rental value of the base rental value unit, we have compiled 5 rental evidences of similar type of commercial properties located within Putra Square, Air Putih, Berjaya Megamall and Kuantan Parade within Kuantan town from Valuation and Property Services Department, Ministry of Finance. We have maintained and adopted the commercial lot 2 as the base rental value unit. We have made diligent adjustments from the rental evidences prior to arriving at the fair market rental of the base rental value unit.</p> <p>We have analysed and made diligent adjustments for differences of the comparable rental evidences against the base value unit. We note that analysis of comparable rentals range between RM2.43 psf to RM7.66 psf. After making the necessary adjustments, the adjusted rentals range from RM2.73 psf to RM3.04 psf.</p> <p>In arriving at the fair market rental value of the base rental value unit, we have relied upon the analysis of Comparable 1 which has the least dissimilarities against the base rental value unit. We have adopted RM2.88 psf as fair market rental value of the base rental value unit. For the market rental values of other commercial units, we have made similar adjustments as made in the Market/Comparison Approach for Capital Values.</p> <p>In arriving at the market rental rate of the car park, we have adopted RM60 per month for covered car park whilst RM40 per month for uncovered car park based on our survey of prevailing car park rates, within Kuantan town.</p>
Annual Outgoings	<p>The net rent is the residue of gross annual market rent for the Commercial Lots less annual expenses (outgoings) required to sustain the rent with allowance for vacancy/void and management fees. We have analysed the past annual outgoings and adopted the actual amount for service charge, sinking fund, quit rent, assessment and insurance. In respect of the repair and maintenance and management fee, we have estimated and adopted 3%, each of the gross annual rental as fair expenses based on our analysis of other similar shops from our research database and arrived at the fair outgoings of the Commercial Lots.</p> <p>The annual outgoings of the Commercial Lots adopted are RM5,204.52 (CO-01), RM3,238.25 (CO-02), RM27,561.57 (CO-03), RM17,746.93 (CO-04) and RM41,360.96 (CO-05).</p>
Rent Loss Adjustment / Vacancy Allowance	<p>Taking into consideration of the general trend of shop/offices vacancy for similar type of properties in the locality and the duration of the rent free allowance based on prevailing market practise, we have allocated 10% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free &amp; fitting out periods as fair representation for the reversion.</p>

Yield Capitalisation Rate	<p>The resultant net rent is then capitalised by an appropriate yield to arrive at the market value of the Commercial Lots. We wish to inform that we have adopted a market corroborated capitalisation rate to arrive at the capital value of the Commercial Lots. The market based rate is the most frequently adopted methodology by the property industry in Malaysia as information pertaining to sales is easily available. The yield is adopted after considering relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trends and annual outgoings of similar type of properties. The yields adopted are market based and after taking into consideration the characteristics of the Commercial Lots.</p> <p>We have made yield analysis of about 5 sale comparables of similar type of properties in the vicinity to establish a fair yield/capitalisation rate in respect of the Commercial Lots.</p> <p>We note that the yields of transactions of similar type of retail units and terraced shop/offices in the locality range from 5.15% to 5.76%. Having considered the relevant factors, we have adopted capitalisation rate/yield of 5.60% which reflects the fair yield for the Commercial Lots.</p>
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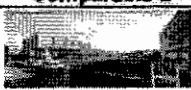



### 3. Reconciliation and Opinion of Values

<b>Serviced Apartments</b>			We have considered the market value derived from the Market/Comparison Approach as fair and accurate representation of the market value of the Serviced Apartments together with 6 units of terraces, 82 units of air-conditioner ledges and 221 car park bays as accessory parcels.
Method of Valuation	Market Value Derived	Market Value Adopted	
Market/Comparison Approach	RM65,300,000	RM65,300,000	
<b>Commercial Lots</b>			We have considered the market value derived from both the Market/Comparison Approach and Income Approach by Investment Method as fair and accurate representation of the market value of the Commercial Lots together with 9 units of terraces / foyers and 36 car park bays as accessory parcels.
Method of Valuation	Market Value Derived	Market Value Adopted	
Market/Comparison Approach	RM15,000,000	RM15,000,000	
Income Approach by Investment Method	RM15,000,000		

**Property No. 2**

<b>a. Salient Details</b>																
Reference No.:	SC/BP/KWRC/6385520/B															
Date of Inspection:	30 September 2020															
Identification / Address:	Lots 159850 and 159851, KWRC, Jalan Tanjung Lumpur 1, 26060 Kuantan, Pahang Darul Makmur															
Type of Property	2 contiguous parcels of commercial land															
Lot No. / Title No. / Mukim / District / State:	Lots 159850 and 159851 / Pajakan Mukim 32880 and 32879 / Kuala Kuantan / Kuantan / Pahang Darul Makmur															
Tenure:	99-year leasehold interest expiring on 11 December 2112 (unexpired term of about 92.26 years) in respect of both titles															
Title Land Area:	<table border="1"> <thead> <tr> <th rowspan="2">Lot No.</th><th colspan="2">Title Land Area</th></tr> <tr> <th>sq. mt.</th><th>sq. ft.</th></tr> </thead> <tbody> <tr> <td>Lot 159851</td><td>27,820</td><td>299,452</td></tr> <tr> <td>Lot 159850</td><td>4,575</td><td>49,245</td></tr> <tr> <td><b>Total</b></td><td><b>32,395</b></td><td><b>348,697</b></td></tr> </tbody> </table>		Lot No.	Title Land Area		sq. mt.	sq. ft.	Lot 159851	27,820	299,452	Lot 159850	4,575	49,245	<b>Total</b>	<b>32,395</b>	<b>348,697</b>
Lot No.	Title Land Area															
	sq. mt.	sq. ft.														
Lot 159851	27,820	299,452														
Lot 159850	4,575	49,245														
<b>Total</b>	<b>32,395</b>	<b>348,697</b>														
Registered Proprietor:	Newston International Group Sdn. Bhd. in respect of both titles															
Category of Land Use / Express Condition:	Building / Bangunan (Perniagaan) / Bangunan (Industri) / Bangunan (Surau) / Kawasan Lapang / Tangki Najis / Lain-lain Tapak Kegunaan Awam sahaja / Tanah ini hendaklah digunakan untuk Bangunan (Kediaman)															
Description of the Sites and the Land:	<p>Both lots, together form an elongated and trapezoidal shaped parcel of land currently enjoying direct frontage of about 360.442 metres (1,182 feet) onto South China Sea beach along their eastern site boundaries.</p> <p>The western site boundaries of the sites which have a combined measurement of about 338.704 metres (1,111 feet) front onto Jalan Tanjung Lumpur 1. Upon completion of KWRC project, the eastern boundaries of the sites will front onto a man made lake to be built over the reclaimed land.</p>															
Planning Details / CCC:	<p>The Land forms part of KWRC. Our enquiries with the Town Planning Department of MPK and in accordance with Rancangan Tempatan Daerah Kuantan 2035 (Penggantian) revealed that the Land is designated for 'Commercial' use.</p> <p>Vide a letter from MPK bearing reference no. Bil.(7) dlm.MPK/Y:D/6-99/2017-E dated 18 January 2018, we note that Property No. 2 had been granted building plan approval for development of 35 units of terraced, semi-detached and detached shops. However, the abovementioned approvals have since lapsed and fresh application needs to be submitted for any future development.</p> <p>We were further informed by the said authority that for Serviced Apartment development on the Land the permissible Plot Ratio will be 1:6 whilst for any other type of commercial development, the permissible Plot Ratio will be 1:4.</p>															

**b. Valuation****1. Comparison Method**

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
					
Lot No.	Lot 133, Section 22, Town and District of Kuantan, Pahang Darul Makmur	Lots 15235 to 15242 (Inclusive), Section 35, All within Town and District of Kuantan, Pahang Darul Makmur	Lots 5574 to 5579 (Inclusive), Section 30, All within Town and District of Kuantan, Pahang Darul Makmur	Lot 11, Section 22, Town and District of Kuantan, Pahang Darul Makmur	Lot 35895, Mukim of Kuala Kuantan, District of Kuantan, Pahang Darul Makmur
Title No.	Geran Mukim 8319	Geran Mukim 11059 to 11063 (Inclusive)	Geran 407 to 412 (Inclusive)	Geran 5728	Pajakan Mukim 29840
Location	Located along Jalan Teluk Sisek, Kuantan, Pahang Darul Makmur	Located 2nd layer from Jalan Beserah, Kuantan, Pahang Darul Makmur	Located along Jalan Tanah Putih, Kuantan, Pahang Darul Makmur	Located off Jalan Teluk Sisek, Kuantan, Pahang Darul Makmur	Located along Jalan IM 5/1, Sri Mahkota, Kuantan, Pahang Darul Makmur
Property Type	A parcel of commercial land (Intermediate)	Five contiguous parcels of commercial land (Corner)	Six contiguous parcels of commercial land (End)	A parcel of commercial land (Intermediate & Facing Sungai Kuantan)	A parcel of commercial land (Corner)
Category Of Land Use / Express Condition	Building Commercial /	Building Commercial /	Building Commercial /	Building Commercial /	Building Commercial /
Tenure	Interest in perpetuity	Interests in perpetuity in respect of all titles	Interests in perpetuity in respect of all titles	Interest in perpetuity	99-year leasehold interest expiring on 25 April 2090 (unexpired term of about 73.43 years)
Land Area	131,524 sq. ft.	8,536 sq. ft.	9,600 sq. ft.	28,427 sq. ft.	63,895 sq. ft.
Consideration	RM15,000,000.00	RM1,500,000.00	RM1,920,000.00	RM4,264,050.00	RM6,000,000.00
Date Of Transaction	5 September 2018	9 August 2019	28 December 2018	28 July 2017	8 December 2016
Vendor	Merchant Heclares Sdn Bhd	Sykt Kim Kee Trading Sdn Bhd	JG Pusat Otomobil Sdn Bhd	Cola Agency & Trading Sdn Bhd	CME Group Berhad
Purchaser	Kuda Aman Sdn Bhd	Great Richmond Properties Sdn Bhd	Chew Heng Chee +3	Eastern Fame Sdn Bhd	Tanah Mestika Sdn Bhd
Source	Valuation and Property Services Department, Ministry of Finance				
Analysis (psf)	RM114.05	RM175.73	RM200.00	RM150.00	RM93.90
Adjustment Factor Considered	Market condition (time), location and accessibility, shape, corner/end premium, site constraint, size, restriction in interest and tenure.				
Effective Adjusted Value (psf)	RM108.22	RM100.85	RM114.77	RM104.83	RM113.54
Market Value	We have analysed and made diligent adjustments for differences in the comparable sale transactions against the Property No. 2. We note that the analysis of sale evidences range from RM93.90 per square foot to RM200.00 psf. After making the necessary adjustments the adjusted values range from RM100.85 psf to RM114.77 psf. In arriving at the market value of the Property No. 2 using the Comparison Method, we have emphasized upon Comparable 1 which has the least dissimilarities against the Property No. 2 and also being the nearest to the Property No. 2 having similar surroundings and neighbourhood. We have adopted the adjusted value of RM108.22 per square foot derived from the adjustments of Comparable 1 as fair representation which translates into a market value of RM37,735,940 and we have rounded down to RM37,700,000.				

**2. Valuation Rationale and Opinion of Value**

The Land			We have considered the market value derived from the Market/Comparison Approach as fair and accurate representation of the market value of the Property No. 2.
Method of Valuation	Market Value Derived	Market Value Adopted	
Market/Comparison Approach	RM37,700,000	RM37,700,000	

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

Information relating to IHP Group and the Vendors in this Circular was obtained from publicly available sources and/or provided by the Vendors, directors and/or management of IHP. The responsibility of the Board is therefore limited to ensuring that such information has been accurately reproduced in this Circular and the Board accepts no further or other responsibility in respect of such information.

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

The written consent of Mercury Securities, being the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement, for the inclusion of its name and all references thereto in the form and context in which they appear in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Mercury Securities is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

**2.2 Independent Adviser**

The written consent of MIDF Investment, being the Independent Adviser for the Proposed Acquisition, for the inclusion of its name, the IAL and all references thereto in the form and context in which they appear in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

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 the "**MIDF Group**") and its related and associated companies are involved in diversified financial activities. MIDF Group has been engaged, and may in the future be engaged, in transactions with and/or perform services for Bina Puri Group and its affiliates, in addition to MIDF Investment's role as the Independent Adviser for the Proposed Acquisition.

Further, in the ordinary course of business, any member of the MIDF Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Bina Puri Group and its affiliates, or any other entity or transactions for its own account or the account of its customer. This is a result of the business of the MIDF Group generally acting independent of each other and accordingly, there may be situations where parts of the MIDF Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the said interest.

Nonetheless, the MIDF Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities, and Chinese wall between different business divisions.

MIDF Investment is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Independent Adviser for the Proposed Acquisition.

**2.3 Valuers**

**2.3.1 Cheston**

The written consent of Cheston, being an independent valuer for the Proposed Acquisition, for the inclusion of its name, valuation certificates and all references thereto in the form and context in which they appear in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Cheston is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent valuer for the Proposed Acquisition.

**2.3.2 Irhamy**

The written consent of Irhamy, being an independent valuer for the Proposed Acquisition, for the inclusion of its name, valuation certificates and all references thereto in the form and context in which they appear in this Circular has been given and has not been subsequently withdrawn before the issuance of this Circular.

Irhamy is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the independent valuer for the Proposed Acquisition.

**3. MATERIAL COMMITMENTS**

**3.1 Bina Puri Group**

As at the LPD, save as disclosed below, the Board confirmed that there are no other material commitments incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group:-

<b>Capital commitments</b>	<b>Amount (RM'000)</b>
<u>Approved and contracted for</u> - property, plant and equipment	13,810

**3.2 IHP Group**

As at the LPD, the board of directors of IHP confirmed that there are no material commitments incurred or known to be incurred by the IHP Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the IHP Group.

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**4. CONTINGENT LIABILITIES****4.1 Bina Puri Group**

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

**4.2 IHP Group**

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

**5. MATERIAL CONTRACTS****5.1 Bina Puri Group**

Save for the SPA and as disclosed below, as at the LPD, the Board confirmed there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Circular:-

- (i) Underwriting agreement dated 12 November 2019 entered into between Bina Puri, Mercury Securities and Inter-Pacific Securities Sdn Bhd to underwrite 166,666,668 rights shares together with 166,666,668 warrants, amounting to approximately RM15.0 million for the Rights Issue with Warrants;
- (ii) Sale and purchase agreement dated 15 March 2019 entered into between Easy Mix Sdn Bhd (as vendor) and Lam Chong Trading Sdn Bhd (as purchaser) for the disposal of 2 pieces of freehold land held under Geran 27706, Lot 2615 and Geran 27707, Lot 2616, both situated in Mukim Krubong, Daerah Melaka Tengah, Negeri Melaka each measuring approximately 4,014 square metres in area together with the existing workshop (with awning), hostel and office buildings erected thereon bearing the postal address of Lot 2615 and Lot 2616, Kawasan Perindustrian Krubong, 75250 Mukim Krubong, Daerah Melaka Tengah, Melaka for a total consideration of RM4,579,870.98. The said sale and purchase agreement was terminated on 6 September 2019 subject to the fulfillment of the termination conditions stated therein; and
- (iii) Sale and purchase agreement dated 8 February 2021 entered into between Maskimi Polyol Sdn Bhd, a wholly-owned subsidiary of Bina Puri Ventures Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, (as vendor) and Brem Maju Sdn Bhd ("BMSB") (as purchaser) for the disposal of one unit of factory erected on a land held under Geran 79160, Lot 3261, Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 3318 square meters and bearing the postal address of Lot no. 3261, Jalan Perindustrian Mahkota 9A, Kawasan Perindustrian Mahkota, 43700 Beranang, Selangor Darul Ehsan for a total consideration of RM4,300,000.00 ("Purchase Price"). The Purchase Price shall be paid by way of contra account from the indebtedness owing from Bina Puri Sdn Bhd, a wholly-owned subsidiary of the Company, to BMSB pursuant to a sub-contract agreement dated 11 June 2015 entered into between Bina Puri Sdn Bhd and the purchaser of a total amount of RM9,745,872.09 ("Indebtedness"). The Purchase Price shall thereafter be deemed as a partial settlement against the Indebtedness.

**5.2 IHP Group**

As at the LPD, the board of directors of IHP confirmed there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the IHP Group during the 2 years preceding the date of this Circular.

**6. MATERIAL LITIGATION****6.1 Bina Puri Group**

As at the LPD, save as disclosed below, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and, to the best of the Board's knowledge and belief, there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

- (i) **In the matter of an arbitration between BK Asiapacific (Malaysia) Sdn Bhd (formerly known as BK Burns & Ong Sdn Bhd) ("BK Burns") v UEMC-Bina Puri JV (unincorporated joint venture), UEM Construction Sdn Bhd and Bina Puri Sdn Bhd ("BPSB") (collectively, "UEM-BPSB JV")**

UEM-BPSB JV is an unincorporated joint venture between UEM Construction Sdn Bhd and BPSB (on a 60:40 proportion basis). Malaysia Airport Holdings Berhad had awarded a contract to UEM-BPSB JV to carry out construction works in respect of the development of the new low cost carrier terminal at the Kuala Lumpur International Airport, Sepang. UEM-BPSB JV thereafter engaged BK Burns for provision of commercial and contractual management & advisory services.

A statement of case was filed by BK Burns against UEM-BPSB JV on 16 June 2017 for wrongful termination, claiming for an alleged amount of RM6.9 million for loss and damage and loss of profit, including 5% incentive payment for any commercial settlement. This does not include BK Burns' claim for a monthly fee effective January 2012 until completion and 5% incentive payment during this period.

UEM-BPSB JV filed its defence on 16 August 2017 which contended inter-alia that there is no agreement of the alleged 5% incentive payment, the termination is valid and no further payments are due and owing to BK Burns.

The arbitrator delivered the final award dated 25 June 2020 ("Final Award") and determined as follows:

- (a) nominal damages in the total sum of RM3,000.00 to BK Burns in respect to its claims for loss of earnings, loss of profit and the 5% incentive payment;
- (b) that all other BK Burns' claims as pleaded are wrongful or not valid and are therefore dismissed;
- (c) that UEM-BPSB JV shall pay BK Burns within 21 days after the day upon which either party shall have taken up the final award, the sum of RM3,000.00 in full and final settlement of all matters in difference as referred to the tribunal in the arbitration;
- (d) there shall be no order in respect of interest;



- (e) there shall be no order in respect of the parties' costs, and that the parties shall bear their own costs incurred in the arbitration; and
- (f) that BK Burns and UEM-BPSB JV shall bear and pay the costs of the final award and equal shares i.e, BK Burns: 50% and UEM-BPSB JV: 50% and if either side has already paid the whole, or any part of such costs, the other party shall, within 21 days of the date on which the final award is taken up by either side reimburse the other accordingly.

In summary, the arbitrator dismissed BK Burns' claim save for the nominal damages of RM3,000.00.

**In the High Court in Kuala Lumpur between BK Burns v. UEM-BPSB JV**

Further to the arbitrator's Final Award, BK Burns served its sealed copy of the originating summons dated 12 October 2020 and affidavit in support onto UEM-BPSB JV, where BK Burns sought to set aside part of the Final Award as follows:-

- (a) part of the Final Award in respect of the findings of quantum made against BK Burns' entitlement to a monthly fee of RM99,545.25 for Stage 3 works to be set aside;
- (b) part of the Final Award in respect of the findings of quantum made against BK Burns' entitlement to 5% incentive payment on the financial savings on account of liquidated ascertained damages for time extension granted from the first application for extension of time for the sum of RM1,326,331.40 to be set aside;
- (c) part of the final award which affirms the arbitrator's ruling dated 24 August 2018 that disallowed part of BK Burns' amendment application to be set aside;
- (d) part of the Final Award in respect of the findings of quantum made against BK Burns' claim for loss of earning to be set aside;
- (e) part of the Final Award in respect of the awarding of RM1,000.00 nominal damages to BK Burns for its claim under the head of claim of 5% incentive payment for the first extension and preliminaries, to be set aside;
- (f) part of the Final Award in respect of the awarding of RM1,000.00 nominal damages to BK Burns for its claim under the head of claim of loss of earning to be set aside;
- (g) part of the Final Award in respect of the awarding of RM1,000.00 nominal damages to BK Burns for its claim under the head of claim for loss of profits to be set aside;
- (h) part of the Final Award in respect of dismissing BK Burns' claims under paragraphs 19(a)(i) and (ii) and 19(c) of the Amended Statement of Case dated 12 September 2018, to be set aside;
- (i) part of the Final Award in respect of the costs of the arbitration proceeding to be borne by both parties equally to be set aside; and
- (j) the arbitrators' ruling dated 24 August 2018 which denied part of the amendments proposed in the Statement of Case dated 10 July 2018 to be set aside.

BK Burns prayed for the Final Award to be varied in accordance with prayers (a) to (j) above, parts of the Final Award which have been set aside to be remitted to a new arbitrator appointed by the Court, for hearing, costs of the application to be paid by UEM-BPSB JV to BK Burns and such further or other relief or consequential order and directions to be made or given as the Court deems just and expedient.

BK Burns' grounds to set aside the Final Award, in summary, are as follows:

- (a) there is bias in favour of UEM-BPSB JV and that there was serious lack of independence and impartiality on the part of the arbitrator;
- (b) parts of the Final Award are replete with instances of patent and substantial injustice, serious misjudgements and flaws, blatant failure in the appreciation of evidence and other irregularities which is manifestly unlawful and unconscionable in both the arbitral process and the Final Award;
- (c) parts of the Final Award dealt with disputes and/or issues not contemplated by or not falling within the terms of the submissions to the arbitration and/or the Final Award contains finding on matters beyond the scope of the submissions to the arbitration and the jurisdiction of the arbitrator; and
- (d) part of the Final Award totally disregarded the evidence and went against the fundamental principles of law.

UEM-BPSB JV served their affidavit-in reply to oppose BK Burns' setting aside application. UEM-BPSB JV opposition are on the grounds that the relief sought by BK Burns does not fall under the express provision in Section 37 of the Arbitration Act 2005. Additionally, there is no basis to BK Burns' allegations of biasness and/or lack of independence or impartiality. There are also no grounds to support BK Burns' contention that there was a breach of natural justice.

The hearing is fixed on 20 August 2021.

UEM-BPSB JV's Solicitors are of the view that based on the documents, information and instructions furnished to them, UEM-BPSB JV has a good chance of opposing BK Burns' setting aside application.

**(ii) In the matter of an arbitration between Bina Puri Pakistan Private Limited ("Bina Puri Pakistan") v National Highway Authority of Pakistan ("NHA")**

Bina Puri Pakistan had filed an application under Section 20 of the Arbitration Act 1940 of Pakistan before the High Court of Sindh on 28 September 2012 for reference of a dispute to arbitration for the alleged unlawful termination by NHA of the concession agreement dated 16 January 2012 entered into between Bina Puri Pakistan and NHA ("Concession Agreement"). The application was granted on 23 April 2013.

Bina Puri Pakistan commenced the arbitral proceedings on 21 October 2013 claiming for a sum of PKR26,760,300,964 (approximately RM720 million<sup>(1)</sup>) for loss and damage including loss of profit, interest, cost and expenses. NHA contended on 9 December 2013 that the termination is lawful. The arbitration has been concluded.

One of the 2 arbitrators passed an award on 13 January 2018 for PKR25,650,745,200 (approximately RM690 million<sup>(1)</sup>) in favour of Bina Puri Pakistan whilst another arbitrator was of the view that Bina Puri Pakistan is entitled to termination payments to be computed by joint auditors. As the arbitrators of the arbitral proceedings differed in their decisions, a jointly appointed umpire shall determine the dispute and deliver the final decision. However, due to health problems of the appointed umpire, Bina Puri Pakistan filed an application at the High Court of Sindh for a new umpire to be appointed. On 27 September 2018, the High Court of Sindh referred the matter for decision by a new umpire, Mr Justice (R) Nasir-ul-Mulk.

On 27 March 2019, Mr Justice (R) Nasir-ul-Mulk allowed Bina Puri Pakistan's claims against NHA as follows:-

- (a) a declaration that the termination notice issued by NHA was unlawful repudiation and therefore anticipatory breach of the Concession Agreement; and
- (b) Bina Puri Pakistan shall be entitled for the actual pre-development cost and actual development costs to be determined by a joint auditor in accordance with the award.

(a) and (b) above are collectively referred to as the "Adjudication Award".

On 6 April 2019, the Adjudication Award was filed in High Court of Sindh at Karachi to be enforced and made a rule of court.

On 25 November 2019, the Court recognised the enforcement of the Adjudication Award.

On 7 September 2020, the auditor has determined that the termination payment payable by NHA to Bina Puri Pakistan is PKR873,561,224 with interest of PKR224,681.00 per day until full settlement.

On 29 October 2020, Bina Puri Pakistan has filed in the enforcement / recovery of award application to the Court. As at LPD, it is pending hearing date for Bina Puri Pakistan's recovery of award to be fixed.

Note:-

(1) Based on BNM's exchange rate of PKR1:RM0.0263 as at the LPD.

**(iii) Conaire Engineering Sdn Bhd – L.L.C ("Conaire") v Pembinaan SPK Sdn Bhd ("SPK") and Bina Puri**

SPK-Bina Puri is an unincorporated joint venture between SPK and Bina Puri (on a 70:30 proportion basis) ("SPK-BPHB JV"). An agreement was entered into between Conaire and the SPK-BPHB JV in respect of the electromechanical and plumbing works at Phase 1, Plot 1, Area B for 'residential, commercial and entertainment development at Al Reem Island, Abu Dhabi, UAE'. On 17 March 2015, Conaire obtained a judgment in default at the Abu Dhabi Court against SPK-BPHB JV for, amongst others, AED20,718,958.25 (approximately RM23.6 million<sup>(1)</sup>) ("Abu Dhabi Judgment").

On 11 April 2016, Conaire issued and served a writ to SPK and Bina Puri to enforce the Abu Dhabi Judgment at the High Court of Pulau Pinang ("**Conaire's Claim**"). On 31 October 2017, the High Court of Pulau Pinang directed the case to be heard at the High Court of Kuala Lumpur. Conaire thereafter applied for a summary judgement to enforce the Abu Dhabi Judgment but it was dismissed by the High Court of Kuala Lumpur. On 18 January 2019, the High Court of Kuala Lumpur allowed the Conaire's Claim ("**High Court Judgement**").

On 14 February 2019, SPK and Bina Puri filed an appeal at the Court of Appeal on the High Court Judgement ("**Appeal**"). On 22 February 2019, SPK and Bina Puri applied to stay the High Court Judgement pending the disposal of the Appeal ("**Stay of Execution Application**"). On 17 April 2019, the High Court of Kuala Lumpur allowed the Stay of Execution Application. On 12 September 2019, the Court of Appeal has granted SPK and Bina Puri's notice of motion to amend the notice of appeal.

On 3 February 2021, the Court of Appeal dismissed Bina Puri's Appeal and varied the High Court judgment. Bina Puri has filed application for leave to appeal on 19 February 2021. The case management is fixed on 24 March 2021.

Further, Bina Puri has also filed application for stay of execution on 8 March 2021. As at LPD, it is pending hearing / case management date to be fixed.

Bina Puri's solicitors are of the view that there is a reasonable chance of success subject to the Court of Appeal agreeing to, amongst others, that the judgment obtained by Conaire at the Abu Dhabi Court on 17 March 2015 cannot be enforced in Malaysia under the Reciprocal Enforcement of Judgments Act 1958.

**Note:-**

(1) *Based on BNM's exchange rate of AED1:RM1.1227 as at the LPD.*

**(iv) Bina Puri Mining Sdn Bhd ("BPM") v Bukit Biru Quarry Sdn Bhd ("BB Quarry")**

BPM had filed a suit against BB Quarry on 11 May 2015, claiming for the sum of RM8,714,779.84 for the breach of the quarry operation agreement dated 1 January 2013 entered into between the parties ("**Quarry Operation Agreement**"), which includes a claim for misrepresentation. BB Quarry counter-claimed against BPM for a sum of RM1,412,023.79 being the alleged contract fees, insurance premium and reimbursement of commission fees payable by BPM pursuant to the Quarry Operation Agreement.

The Miri High Court has directed to split the trials into two tiers, firstly, liability of the parties and thereafter the computation of the quantum. The trial has been concluded on 16 May 2018. On 24 December 2018, BPM's claim has been dismissed while the counter-claim by BB Quarry has been allowed. On 21 January 2019, BPM has filed an appeal at the Court of Appeal. The hearing is fixed on 16 April 2020. However, due to the MCO, the hearing has been vacated and is currently fixed for hearing on 26 March 2021.

BPM's solicitors are of the view that there is a reasonable chance for the appeal in the event the Court of Appeal is agreeable with the ground raised by BPM.

**6.2 IHP Group**

As at the LPD, neither IHP nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the IHP Group and, to the best of the directors of IHP's knowledge and belief, there are no proceedings pending or threatened against the IHP Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the IHP Group.

**7. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) the Constitution of Bina Puri;
- (ii) the Constitution of IHP;
- (iii) the SPA;
- (iv) the audited consolidated financial statements of Bina Puri for 18-month FPE 30 June 2019 and FYE 30 June 2020 as well as the unaudited consolidated financial statements of Bina Puri for the 3-month FPE 30 September 2020;
- (v) the audited consolidated financial statements of IHP for FYE 31 December 2018 and FYE 31 December 2019;
- (vi) the valuation certificates as set out in Appendix IV of this Circular and the valuation reports from the Valuers in relation to the IHP Properties;
- (vii) letters of consent referred to in Section 2 above;
- (viii) material contracts referred to in Section 5 above; and
- (ix) relevant cause papers in respect of the material litigation referred to in Section 6 above.

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**BINA PURI HOLDINGS BHD**

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

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of Bina Puri Holdings Bhd ("**Bina Puri**" or the "**Company**") 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 Wednesday, 7 April 2021 at 11:00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions by way of poll:-

**ORDINARY RESOLUTION 1**

**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) ("BINA PURI PROPERTIES") 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")**

**"THAT** subject to the approvals of all relevant parties and/or authorities being obtained (if required), approval be and is hereby given to the Company to acquire, via Bina Puri Properties, 2,022,593 ordinary shares in IHP, representing 44.50% equity interest in IHP, for a total purchase consideration of RM26,938,000 subject to the terms and conditions of the share purchase agreement dated 22 January 2021 ("**SPA**") entered into between Bina Puri, Bina Puri Properties Sdn Bhd and the following parties:

- (i) Tan Sri Datuk Tee Hock Seng, JP;
- (ii) Dr. Tan Cheng Kiat;
- (iii) Datuk Matthew Tee Kai Woon;
- (iv) Tee Kai Soon; and
- (v) Datuk Tee Hock Hin.

(i), (ii), (iii), (iv) and (v) above are collectively referred to as the "**Vendors**";

**THAT** the purchase consideration for the Proposed Acquisition of RM26,938,000 shall be satisfied via the issuance of 280,000,000 new ordinary shares in Bina Puri ("**Bina Puri Shares**") ("**Consideration Shares**") at an issue price of RM0.085 per Consideration Share and RM3,138,000 in cash;

**THAT** pursuant to the terms and conditions of the SPA, approval and authority be and is hereby given to the Company to allot and issue the Consideration Shares to the Vendors in their respective proportion;

**THAT** the Consideration Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued Bina Puri Shares, save and except that the holders of such Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of Bina Puri, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares;

**AND THAT** the Board of Directors of the Company ("Board" or "Directors") be and is hereby authorised and empowered to give full effect to the Proposed Acquisition with full power to deal with all matters incidental, ancillary to and/or relating thereto and take all such steps and to execute and deliver and/or caused to be executed and delivered all the necessary documents and all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/or guarantees to or with any party or parties, and to do all acts, deeds and things as they may consider necessary or expedient or in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

## **ORDINARY RESOLUTION 2**

**PROPOSED PRIVATE PLACEMENT OF UP TO 260,523,000 NEW ORDINARY SHARES IN BINA PURI ("SHARES") ("PLACEMENT SHARES"), 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")**

**"THAT** subject to the approval of all the relevant parties and/or authorities being obtained (where required), approval be and is hereby given to the Board to allot and issue up to 260,523,000 Placement Shares, representing 30% of the existing total number of issued shares of the Company, by way of private placement to independent third-party investor(s) to be identified later in 1 or more tranches at an issue price for each tranche to be determined at a later date by the Board ("Price-Fixing Date") upon such terms and conditions as disclosed in the Circular to the shareholders of the Company ("Shareholders") dated 23 March 2021 ("Circular");

**THAT** the issue price for each tranche of the Placement Shares will be determined based on a discount of not more than 20% to the 5-day volume-weighted average market price of the Shares up to and including the last trading day immediately preceding the Price-Fixing Date;

**THAT** the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Private Placement for such purposes and in such manner as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds in the manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities and in the best interest of the Company;

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

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

**AND THAT** this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Private Placement have been duly allotted and issued in accordance with the terms of the Proposed Private Placement."

**BY ORDER OF THE BOARD**

**TAN KOK AUN (SSM PC No. 201908003805 / MACS 01564)**  
**NIP CHEE SIEN (SSM PC No. 202008003954 / MAICSA 7066996)**  
Company Secretaries

Kuala Lumpur  
23 March 2021

**Notes:-**

1. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
2. *If the appointor is a corporation, this form must be executed under its common seal or under the hand of its attorney.*
3. *In the event the member duly executes the form of proxy but does not name any proxy, such member shall be deemed to have appointed the chairman of the meeting as his proxy.*
4. *A member of the Company who is entitled to attend and vote at a meeting of the Company or at a meeting of any class of members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the member at the meeting.*
5. *Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
6. *Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
7. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.*
8. *To be valid the proxy form duly completed must be deposited at the office of the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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 forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. Alternatively, the proxy appointment can be lodged electronically via TIH Online at <https://tth.online> before the proxy form lodgement cut-off time as mentioned above.*
9. *Only members whose names appear in the Record of Depositors as at 31 March 2021 shall be eligible to attend or appoint proxy(ies) to attend and vote on his behalf.*



**Administrative Details for the Extraordinary General Meeting  
("EGM") of Bina Puri Holdings Bhd**

**Date** : Wednesday, 7 April 2021  
**Time** : 11.00 a.m.  
**Broadcast Venue** : 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, Malaysia

**Precautionary Measures Against the Coronavirus Disease ("COVID-19")**

- The Securities Commission Malaysia ("SC") had, on 13 January 2021, announced that capital market entities supervised, licensed or registered by the SC shall operate in accordance with the applicable Standard Operating Procedures ("SOPs") issued by the authorities during the Emergency Ordinance and various forms of Movement Control Order ("MCO"). The SC had, on 12 January 2021, issued a revised Guidance Note on the Conduct of General Meetings for Listed Issuers ("SC Guidance Note") which states that only fully virtual meetings will be allowed during MCO and Conditional MCO, subject to the requirements under the prevailing and applicable SOPs.
- In line with the Government's directive and SC Guidance Note above to curb the spread of COVID-19, the Company will conduct the EGM on a **virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at <https://tth.online>.
- The venue of the EGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.
- We strongly encourage you to attend the EGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.
- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the EGM.
- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

**Remote Participation and Voting**

- The RPV facilities are available on Tricor's TIH Online website at <https://tth.online>.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

## Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the EGM using the RPV facilities:

### Before the EGM Day

Procedure	Action
i. Register as a user with TIH Online	<ul style="list-style-type: none"> <li>Using your computer, access to website at <a href="https://tth.online">https://tth.online</a>. Register as a user under the "e-Services" select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIH Online.</li> </ul>
ii. Submit your request to attend EGM remotely	<ul style="list-style-type: none"> <li>Registration is open from Tuesday, 23 March 2021 until the day of EGM on Wednesday, 7 April 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate the EGM using the RPV.</li> <li>Login with your user ID (i.e. e-mail address) and password and select the corporate event:</li> <li>Registration) Bina Puri Holdings Bhd EGM</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select "Register for Remote Participation and Voting".</li> <li>Review your registration and proceed to register.</li> <li>System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at 31 March 2021, the system will send you an e-mail after 5 April 2021 to approve or reject your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIH Online and registration for the RPV) .</i></p>

### On the EGM Day

Procedure	Action
i. Login to TIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the EGM at any time from 10.30 a.m. i.e. 30 minutes before the commencement of meeting at 11.00 a.m. on Wednesday, 7 April 2021.</li> </ul>
ii. Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: (Live Stream Meeting) Bina Puri Holdings Bhd EGM to engage in the proceedings of the EGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
iii. Online remote voting	<ul style="list-style-type: none"> <li>Voting session commences from 11.00 a.m. on Wednesday, 7 April 2021 until a time when the Chairman announces the end of the session.</li> <li>Select the corporate event:</li> <li>(Remote Voting) Bina Puri Holdings Bhd EGM or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
iv. End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the conclusion of the EGM, the Live Streaming will end.</li> </ul>

**Note to users of the RPV facilities:**

- (i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIH Online on the day of meeting will indicate your presence at the virtual meeting.
- (ii) The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- (iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

**Entitlement to Participate and Appointment of Proxy**

- Only members whose names appear on the Record of Depositors as at 31 March 2021 shall be eligible to attend, speak and vote at the EGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the EGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in the EGM yourself, please do not submit any Form of Proxy for the EGM. You will not be allowed to participate in the EGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the EGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Monday, 5 April 2021 at 11.00 a.m.:

(i) In Hard copy:

- a) By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or

- b) By fax at 03-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

(ii) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIH Online and the steps to submit are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIH Online	<ul style="list-style-type: none"><li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li><li>• If you are already a user with TIH Online, you are not required to register again.</li></ul>
Proceed with submission of form of proxy	<ul style="list-style-type: none"><li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li><li>• Select the corporate event: Bina Puri Holdings Bhd EGM - "Submission of Proxy Form".</li><li>• Read and agree to the Terms and Conditions and confirm the Declaration.</li><li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li><li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li><li>• Review and confirm your proxy(s) appointment.</li><li>• Print the form of proxy for your record.</li></ul>

<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH Online at <a href="https://tiah.online">https://tiah.online</a></li> <li>• Under e-Services, the authorised or nominated representative of the corporation or Institutional shareholder selects "Create Account by Representative of Corporate Holder".</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiah.online">https://tiah.online</a></li> <li>• Select the corporate exercise name: "Bina Puri Holdings Bhd: Submission of Proxy Form"</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Submit the proxy appointment file.</li> <li>• Login to TIIH Online, select corporate exercise name: "Bina Puri Holdings Bhd: Submission of Proxy Form".</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select "Submit" to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

### **Voting at Meeting**

- The voting at the EGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App") and Coopers Professional Scrutineers Sdn Bhd as Independent Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the EGM at 11.00 a.m. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

### **Results of the voting**

- The resolutions proposed at the EGM and the results of the voting will be announced at the EGM and subsequently via an announcement made by the Company through Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### **No Breakfast / Lunch Pack, Door Gift or Food Voucher**

- There will be no distribution of breakfast / lunch packs, door gifts or food vouchers during the EGM since the meeting is being conducted on a virtual basis.

### **Pre-Meeting Submission of Questions to the Board of Directors**

- The Board recognises that the EGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the EGM, shareholders may in advance, before the EGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than Monday, 5 April 2021. The Board of Directors will endeavor to address the questions received at the EGM.

### **Circular**

- The Circular is available on the Company's website at [www.binapuri.com.my](http://www.binapuri.com.my) and Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company's announcements.
- You may request for a printed copy of the Circular at <https://tiih.online> by selecting "Request for Circular" under the "Investor Services".
- Kindly consider the environment before you decide to request for the printed copy of the Circular. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

### **Enquiry**

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).



**BINA PURI HOLDINGS BHD**  
199001015515 (207184-X)  
(Incorporated in Malaysia)

## PROXY FORM

No. Of Shares Held:	
CDS Accounts No.	

I/We \_\_\_\_\_  
(Full Name in block letters)

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

of \_\_\_\_\_

being a member of BINA PURI HOLDINGS BHD, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Contact No.		

and

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Contact No.		

or failing whom, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of the Company to be 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 Wednesday, 7 April 2021 at 11:00 a.m. or at any adjournment thereof.

	FOR	AGAINST
Ordinary Resolution 1 – Proposed Acquisition		
Ordinary Resolution 2 – Proposed Private Placement		

Please indicate an "X" in the space provided below on how you wish your votes to be casted. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021

\_\_\_\_\_  
Signature of Shareholder/Common Seal

### NOTES:

- A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- If the appointor is a corporation, this form must be executed under its common seal or under the hand of its attorney.
- In the event the member duly executes the form of proxy but does not name any proxy, such member shall be deemed to have appointed the chairman of the meeting as his proxy.
- A member of the Company who is entitled to attend and vote at a meeting of the Company or at a meeting of any class of members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the member at the meeting.
- Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
- To be valid the proxy form duly completed must be deposited at the office of the Share Registrar of the Company 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 forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. Alternatively, the proxy appointment can be lodged electronically via **TIH Online** at <https://tih.online> before the proxy form lodgement cut-off time as mentioned above.
- Only members whose names appear in the Record of Depositors as at 31 March 2021 shall be eligible to attend or appoint proxy(ies) to attend and vote on his behalf.

Fold this flap for sealing

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AFFIX STAMP

**BINA PURI HOLDINGS BHD (199001015515 (207184-X))**

**c/o Tricor Investor and Issuing House Services Sdn Bhd**

Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia