

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, the valuation certificate and report prepared in relation to the Proposed Acquisition (as defined below), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



PTT SYNERGY GROUP BERHAD
Registration No. 197101000134 (10493-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED ACQUISITION BY PTT SYNERGY GROUP BERHAD ("PTT") OF THE ENTIRE EQUITY INTEREST IN PEMBINAAN TETAP TEGUH SDN BHD FOR A TOTAL PURCHASE CONSIDERATION OF RM152.0 MILLION ("PROPOSED ACQUISITION")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF PTT IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad
Registration No. 197501002220 (23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser



BDO Capital Consultants Sdn Bhd
Registration No. 199601032957 (405309-T)

The Notice of the Extraordinary General Meeting of the Company ("**EGM**") which is scheduled to be held at Courtyard, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 20 July 2023 at 10:00 a.m. or any adjournment thereof, for the purpose of considering the Proposed Acquisition, together with the Form of Proxy are enclosed in this Circular.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/her behalf. In such event, the completed and signed Form of Proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time and date fixed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking and voting in person at the EGM should subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy : Tuesday, 18 July 2023 at 10:00 a.m.
Day, date and time of the EGM : Thursday, 20 July 2023 at 10:00 a.m.

This Circular is dated 30 June 2023

DEFINITIONS

Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	: Annual general meeting
ATTG	: Aim Tetap Teguh Group Sdn Bhd (Registration No. 202001023181 (1379501-T))
AmlInvestment Bank	: AmlInvestment Bank Berhad (Registration No. 197501002220 (23742-V))
BDOCC or Independent Adviser	: BDO Capital Consultants Sdn Bhd (Registration No. 199601032957(405309-T))
Board	: Board of Directors of PTT
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Cash Consideration	: Cash consideration amounting to RM62.0 million payable by PTT as part of the Purchase Consideration
Circular	: This circular to shareholders of the Company dated 30 June 2023 in relation to the Proposed Acquisition
Completion Date	: The business day falling 14 days after the SSA becomes unconditional, or such other date as may be agreed upon between the Vendors and PTT
Completion Consideration Shares	: 50,450,450 Consideration Shares to be allotted and issued by PTT to the Vendors on the Completion Date
Consideration Shares	: A total of 81,081,081 new Shares to be allotted and issued by PTT to the Vendors at an issue price of RM1.11 per PTT Share pursuant to the Proposed Acquisition as satisfaction of part of the Purchase Consideration
Constitution	: The constitution of the Company
Dato' Rahim	: Dato' Abd Rahim bin Jaafar
DCF	: Discounted cashflow methodology
Director(s)	: A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, within the meaning of Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was a director within the preceding six (6) months of the date of the Proposed Acquisition
Disposed Excluded Assets	: 4 units of commercial properties comprising retail and office lots in Space U8 which were disposed by PTTSB to TSP via the Excluded Assets SPAs for the Disposed Excluded Assets Price of RM1.76 million

DEFINITIONS (CONT'D)

Disposed Excluded Assets Price	: The aggregate consideration of RM1.76 million payable by TSP for the Excluded Assets Disposal under the Excluded Assets SPAs
DIS Excluded Assets	: 2 units of three-storey terraced shop offices located in Presint 15, Putrajaya to be distributed by PTTSB via a proposed dividend-in-specie to the Vendors based on its market value of RM4.0 million as appraised by Laurelcap on 17 March 2023
EGM	: Extraordinary general meeting
EPS	: Earnings per share
Excluded Assets	: Collectively, the Disposed Excluded Assets and DIS Excluded Assets
Excluded Assets Disposal	: The disposal of the Disposed Excluded Assets by PTTSB to TSP via the Excluded Assets SPAs
Excluded Assets SPAs	: The conditional sale and purchase agreements dated 30 March 2023 entered into between PTTSB and TSP for the Excluded Assets Disposal
Faddly	: Faddly bin Nordin
FPE	: Financial period ended/ending, as the case may be
FYE	: Financial year ended/ending, as the case may be
Guaranteed Financial Year	: Any one financial year of the Guaranteed Period
Guaranteed Period	: Collectively, FYEs 31 December 2023 and 31 December 2024 of PTTSB
IAL	: Independent advice letter dated 30 June 2023 prepared by BDOCC in relation to the Proposed Acquisition, as set out in Part B of this Circular
Interested Directors	: Collectively, Dato' Rahim, TSL and TSP
Issue Price	: The issue price of RM1.11 for each Consideration Share
Laurelcap or Valuer	: Laurelcap Sdn Bhd (Registration No. 200801005326 (806610-U))
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
LPD	: 9 June 2023, being the latest practicable date prior to the printing of this Circular
Market Day(s)	: Any day(s) between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
NA	: Net assets attributable to owners of the Company
NBV	: Net book value

DEFINITIONS (CONT'D)

PAT	: Profit after tax
PBT	: Profit before tax
P/E Multiple	: Price-to-earnings multiple
Pledged Consideration Shares	: 30,630,631 Consideration Shares to be pledged to the Trustee as security for the performance of the Vendors' obligation in respect of the Profit Guarantee
PTT or Company	: PTT Synergy Group Berhad (Registration No. 197101000134 (10493-P))
PTT Group or Group	: Collectively, PTT and its subsidiaries
PTTSB	: Pembinaan Tetap Teguh Sdn Bhd (Registration No. 200001018496 (521103-D))
PTTSB Related Party Advances	: The loans and advances extended by the Vendors to PTTSB via companies controlled by them
PTT Share(s) or Share(s)	: Ordinary share(s) in PTT
PTTSB Share(s)	: Ordinary share(s) in PTTSB
Profit Guarantee	: Profit guarantee obligations of the Vendors, whereby the Vendors irrevocably and unconditionally covenants with and undertakes that the actual PAT of PTTSB for the Guaranteed Period reported by the auditor and approved by the Board shall collectively be not less than RM34,000,000 on an aggregate basis
Proposed Acquisition	: The proposed acquisition by PTT of the entire equity interest in PTTSB from the Vendors at the Purchase Consideration of RM152.0 million
Purchase Consideration	: Purchase consideration of RM152.0 million payable by PTT pursuant to the terms of the SSA
RM and sen	: Ringgit Malaysia and sen respectively
RRPT	: Recurrent related party transactions
Sale Share(s)	: 25,000,000 PTTSB Shares representing the entire equity interest in PTTSB to be sold by the Vendors to PTT pursuant to the Proposed Acquisition
Serenia Factories	: 4 units of three-storey detached factories in Serenia City, Sepang, Selangor
Space U8	: A freehold commercial centre known as Space U8 located in Seksyen U8, Shah Alam, Selangor
Space U8 Retained Properties	: 7 units of stratified commercial properties comprising retail and office lots in Space U8

DEFINITIONS (CONT'D)

SSA	: Conditional share sale agreement dated 30 March 2023 entered into between PTT and the Vendors for the Proposed Acquisition as amended by the Supplemental Letter Agreement
SSA LTD	: 29 March 2023, being the last market day prior to the execution of the SSA
Stakeholders' Agreement	: A stakeholder agreement to be entered into between the Trustee, the Company, the Vendors and ATTG pursuant to the SSA, together with such undertakings, confirmations and/or acknowledgements as may be required from any third party by the Trustee and/or the Company (if applicable)
Supplemental Letter Agreement	: Supplemental letter agreement dated 12 May 2023 entered into between PTT and the Vendors for the purpose of clarifying the manner and timing of payment of the PTTSB Related Party Advances
Terengganu Land	: 3 parcels of freehold land located in Mukim Hulu Berang, Terengganu
Trustee	: A trust company in Malaysia to be appointed by PTT and the Vendors pursuant to the terms of the SSA
TSL	: Teo Swee Leng
TSP	: Teo Swee Phin
TSP Related Party Advances	: The loans and advances extended by TSP to PTTSB, which form part of the Related Party Advances
Valuation Letters	: Valuation letters prepared by Laurelcap dated 28 March 2023
Vendors	: Collectively, TSP, TSL and Faddy
VWAP	: Volume weighted average market price

Words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

All references to the time of day in this Circular are references to Malaysian time, unless otherwise stated.

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

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NOTICE OF EGM**ENCLOSED****FORM OF PROXY****ENCLOSED**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION ON THE PROPOSED ACQUISITION. PLEASE READ THIS CIRCULAR AND THE APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED ACQUISITION BEFORE VOTING AT THE FORTHCOMING EGM.

No.	Key Information	Summary	Reference to Part A of this Circular																																											
1.	Details of the Proposed Acquisition	<div>The Proposed Acquisition entails the Vendors agreeing to sell and PTT agreeing to purchase the Sale Shares for the Purchase Consideration, which will be satisfied via the following:-</div> <table><tr><th rowspan="3">Vendors</th><th rowspan="3">Cash Consideration</th><th rowspan="3">Total Consideration Shares</th><th colspan="4">Satisfaction of Consideration Shares</th></tr><tr><th colspan="2">Completion Consideration</th><th colspan="2">Pledged Consideration</th></tr><tr><th>No. of Shares</th><th>RM</th><th>No. of Shares</th><th>RM</th></tr><tr><td>TSP</td><td>11,323,040</td><td>14,807,812</td><td>9,213,750</td><td>10,227,263</td><td>5,594,062</td><td>6,209,409</td></tr><tr><td>TSL</td><td>13,476,960</td><td>17,624,620</td><td>10,966,430</td><td>12,172,737</td><td>6,658,190</td><td>7,390,591</td></tr><tr><td>Faddy</td><td>37,200,000</td><td>48,648,649</td><td>30,270,270</td><td>33,600,000</td><td>18,378,379</td><td>20,400,000</td></tr><tr><td>Total</td><td>62,000,000</td><td>81,081,081</td><td>50,450,450</td><td>56,000,000</td><td>30,630,631</td><td>34,000,000</td></tr></table> <div>The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and major shareholders of the Company in the Proposed Acquisition. As such, BDOCC has been appointed by PTT on 9 March 2023 as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of PTT on the Proposed Acquisition.</div> <div>Pursuant to the Profit Guarantee, the Vendors irrevocably and unconditionally guarantee to PTT that the PAT for 2 FYEs 31 December 2023 and FYE 31 December 2024 shall collectively be not less than RM34,000,000 on an aggregate basis.</div>	Vendors	Cash Consideration	Total Consideration Shares	Satisfaction of Consideration Shares				Completion Consideration		Pledged Consideration		No. of Shares	RM	No. of Shares	RM	TSP	11,323,040	14,807,812	9,213,750	10,227,263	5,594,062	6,209,409	TSL	13,476,960	17,624,620	10,966,430	12,172,737	6,658,190	7,390,591	Faddy	37,200,000	48,648,649	30,270,270	33,600,000	18,378,379	20,400,000	Total	62,000,000	81,081,081	50,450,450	56,000,000	30,630,631	34,000,000	Section 2
Vendors	Cash Consideration	Total Consideration Shares				Satisfaction of Consideration Shares																																								
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Total	62,000,000	81,081,081	50,450,450	56,000,000	30,630,631	34,000,000																																								

EXECUTIVE SUMMARY (CONT'D)

No.	Key Information	Summary	Reference to Part A of this Circular
2.	Basis and justification of the Purchase Consideration	<p>The Purchase Consideration was arrived at after negotiation on a willing-buyer and willing-seller basis after taking into consideration, amongst others, the following:-</p> <ul style="list-style-type: none"> (i) the Profit Guarantee provided by the Vendors; (ii) implied P/E Multiple of 8.94 times (being the Purchase Consideration of RM152.0 million divided by the average Profit Guarantee per annum of RM17.0 million) which is within the range of P/E Multiple of listed comparable companies that are principally involved in construction business as further set out in Section 2.1.1(i) of Part A of this Circular; and (iii) the P/E Multiple of historical precedent transactions involving acquisition of construction and construction related companies as further set out in Section 2.1.1(ii) of Part A of this Circular. <p>The Board is of the opinion that the Purchase Consideration is reasonable and justified after taking into consideration, <i>inter alia</i> the following factors:-</p> <ul style="list-style-type: none"> (i) adjusted NA of PTTSB as at 31 December 2022 of RM104.84 million (after adjusting for the Excluded Assets). PTTSB's adjusted NA also includes several investment properties with an aggregate value of RM109.62 million and several machineries utilised to undertake construction works with an aggregate NBV of RM57.41 million; (ii) PTTSB's long operating history since the commencement of its construction business in 2004; (iii) PTTSB's outstanding order book and tendered projects; (iv) the fair value of the construction business of PTTSB ranging between RM142.4 million and RM169.9 million as assessed by BDOCC based on the DCF; and (v) the rationale and benefits of the Proposed Acquisition as well as the prospects of PTTSB and the enlarged Group. 	<p>Section 2.1.1</p> <p>Section 2.1.2</p>

EXECUTIVE SUMMARY (CONT'D)

No.	Key Information	Summary	Reference to Part A of this Circular
3.	Rationale for the Proposed Acquisition	<p>The Proposed Acquisition represents a strategic investment and is undertaken in-line with the Group's objectives and strategy to grow its construction business. The Group is also able to:-</p> <ul style="list-style-type: none"> (i) leverage on the strength of PTTSB's management team, resources and expertise to further strengthen the Group's construction order book, financial position and prospects. As at LPD, PTTSB has a workforce of 198 employees and sizeable fleet of heavy machineries for construction activities. Hence, it will help to reduce reliance on outsourcing of construction works and enhance project management of PTT Group; (ii) bolster its earnings stream and financial performance for the next 2 financial years as well as capitalise on PTTSB's long and established track record in securing additional construction contracts going forward. As at LPD, PTT has 10 on-going construction projects with an aggregate contract value of RM495.83 million; (iii) consolidate TSP and TSL's private construction business and construction related assets into PTT Group which will assist in addressing existing and potential conflict of interests between PTT and its major shareholders as well as to realign the interests of PTT Group and PTTSB in undertaking construction projects going forward; and (iv) through the issuance of the Consideration Shares to satisfy the Purchase Consideration, PTT is able to conserve its cash which can be used as working capital for its construction business and channel it towards financing its day-to-day operations which will contribute positively to PTT's cashflow and gearing in the future. 	Section 3
4.	Inter-conditional	The Proposed Acquisition is not conditional upon any other corporate exercises that have been announced and/ or pending implementation by PTT.	Section 7

EXECUTIVE SUMMARY (CONT'D)

No.	Key Information	Summary	Reference to Part A of this Circular
5.	Directors' recommendation	<p>The Board (save for the Interested Directors who have abstained from making any recommendation in relation to the Proposed Acquisition), after having considered all aspects of the Proposed Acquisition including but not limited to the rationale as well as terms and conditions of the Proposed Acquisition and the preliminary views of the Independent Adviser, is of the opinion that the Proposed Acquisition is in the best interest of the Company and the terms of the Proposed Acquisition are fair, reasonable and on normal commercial terms and hence, will not be detrimental to the interests of the non-interested shareholders of the Company.</p> <p>Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.</p>	Section 11
6.	Approvals required	<p>The Proposed Acquisition is subject to the following approvals being obtained:-</p> <ul style="list-style-type: none"> (i) Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities; (ii) non-interested shareholders of PTT for the Proposed Acquisition at the forthcoming EGM to be convened; and (iii) consents from relevant financiers which includes, <i>inter alia</i>, the consent for the change in the shareholding structure of PTTSB arising from the Proposed Acquisition and the upliftment of dividend covenants. Such consents are expected to be obtained by August 2023. 	Section 13

PART A

LETTER TO THE SHAREHOLDERS OF PTT IN RELATION TO THE PROPOSED ACQUISITION



PTT SYNERGY GROUP BERHAD
(Registration No. 197101000134 (10493-P))
(Incorporated in Malaysia)

Registered Office
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

30 June 2023

Board of Directors

Dato' Abd Rahim bin Jaafar (*Executive Chairman*)
Teo Swee Leng (*Deputy Chairman*)
Teo Swee Phin (*Managing Director*)
Tuan Sr. Hj. Mohd Farid bin Naim (*Executive Director*)
Datin Ng Fong Shiang (*Executive Director*)
Dato' Mahamed bin Hussain (*Independent Non-Executive Director*)
Datuk Ir. Ruslan bin Abdul Aziz (*Independent Non-Executive Director*)
Dato' Paul Lim Tau Ern (*Independent Non-Executive Director*)
Toh Seng Thong (*Independent Non-Executive Director*)

To: The shareholders of PTT

Dear Sir/Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 30 March 2023, AmlInvestment Bank had, on behalf of the Board, announced that the Company had on even date entered into the SSA (as supplemented via the Supplemental Letter Agreement) with the Vendors for the Proposed Acquisition. The Company had entered into the Supplemental Letter Agreement with the Vendors for the purpose of clarifying the manner and timing of payment of the PTTSB Related Party Advances and Subsequent Related Party Advances. Further details of the settlement of the PTTSB Related Party Advances are set out in Section 4 of Appendix I of this Circular.

The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and major shareholders of the Company in the Proposed Acquisition, details of which are set out in Section 8 of Part A of this Circular. Accordingly, BDOCC has been appointed by PTT on 9 March 2023 as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in respect of the Proposed Acquisition.

On 26 June 2023, AmlInvestment Bank had, on behalf of the Board announced that Bursa Securities had vide its letter dated 23 June 2023, resolved to approve the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities, subject to the conditions as set out in Section 13 of Part A of this Circular.

Further details of the Proposed Acquisition are set out in the ensuing sections of Part A of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION, TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDICES, BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the Vendors agreeing to sell and PTT agreeing to purchase the Sale Shares for the Purchase Consideration, which will be satisfied via the following:-

- (i) Cash Consideration payable on the Completion Date; and
- (ii) 81,081,081 Consideration Shares to be issued at the Issue Price of RM1.11 per Consideration Share. Out of the total 81,081,081 Consideration Shares to be issued:-
 - (a) 50,450,450 Completion Consideration Shares shall be issued to the Vendors; and
 - (b) 30,630,631 Pledged Consideration Shares shall be pledged to the Trustee in accordance with the terms of the SSA and Stakeholders' Agreement.

Vendors	Cash Consideration RM	Total Consideration Shares	Satisfaction of Consideration Shares			
			Completion Consideration Shares		Pledged Consideration Shares	
			No. of Shares	RM	No. of Shares	RM
TSP	11,323,040	14,807,812	9,213,750	10,227,263	5,594,062	6,209,409
TSL	13,476,960	17,624,620	10,966,430	12,172,737	6,658,190	7,390,591
Faddly	37,200,000	48,648,649 ⁽¹⁾	30,270,270 ⁽¹⁾	33,600,000	18,378,379 ⁽¹⁾	20,400,000
Total	62,000,000	81,081,081	50,450,450	56,000,000	30,630,631	34,000,000

Note:-

- (1) As at the LPD, ATTG holds 52.64% equity interest in the Company. Pursuant to the terms of the SSA, Faddly has appointed ATTG as his nominee to receive and accept in entirety his portion of the Completion Consideration Shares and Pledged Consideration Shares ("**Nomination of Consideration Shares**"). The Nomination of Consideration Shares will result in ATTG's equity interest increasing to 55.96% upon completion of the Proposed Acquisition. Accordingly, ATTG is not expected to trigger any obligations under the Rules on Take-overs, Mergers and Compulsory Acquisitions.

As at the LPD, Faddy is not a director of ATTG and he does not hold any equity interest in ATTG. However, it is Faddy's intention to crystallise his investment in PTTSB without having to risk the exposure of volatility and fluctuation in market price of PTT Shares. Therefore, through the Nomination of Consideration Shares, Faddy is able to meet his objective of disposing of his equity interest in PTTSB and shielded from the risk of volatility in market price of PTT Shares. In this respect, as ATTG is presently a major shareholder of PTT, Faddy had approached ATTG to dispose of his Completion Consideration Shares and Pledged Consideration Shares to them notwithstanding Faddy is not a director of ATTG and he does not have any equity interest in ATTG.

The Vendors have agreed to sell and the Company has agreed to purchase the Sale Shares free from all claims, liens, charges and encumbrances and with full legal and beneficial title, together with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) save for the proposed dividend-in-specie to the Vendors which shall be settled by way of the distribution of the DIS Excluded Assets.

Upon completion of the Proposed Acquisition, the Company will hold 100.0% equity interest in PTTSB, thereby making PTTSB a wholly-owned subsidiary of the Company. Further information on PTTSB is set out in Appendix II of this Circular.

For information purposes, the Vendors and PTTSB agree that the DIS Excluded Assets and the Disposed Excluded Assets, further details of which are set out in the SSA are excluded from the Proposed Acquisition. The exclusion of the DIS Excluded Assets and the Disposed Excluded Assets from the Proposed Acquisition is pursuant to the request by the Vendors and after taking into consideration that the assets are non-core and it does not contribute directly to the financial performance of PTTSB. In addition, the aggregate value of the DIS Excluded Assets and the Disposed Excluded Assets of RM5.76 million represents only approximately 5.03% of PTTSB's NA as at 31 December 2022.

Notwithstanding that one of the shoplots in Space U8 with the Unit No. B1-1-1 (part of the Disposed Excluded Assets) ("**B1-1-1 shoplot**") is currently occupied by PTTSB for its own office use, it is not deemed as a core asset as PTTSB is mainly involved in construction business and their core assets are mainly machinery located at various construction sites and therefore, the B1-1-1 shoplot does not contribute directly towards generating income for its business activities. It is the intention of PTTSB to lease the B1-1-1 shoplot from TSP (further details of which are set out in Section 6.1(i) of Appendix II of this Circular) upon completion of the B1-1-1 shoplot Excluded Asset SPA. Nonetheless, PTT does not expect any major disruption to PTTSB's operations in the future should the lease is not renewed as it is only used as an administrative office.

In respect of the Disposed Excluded Assets, PTTSB had on even date of the SSA entered into the Excluded Assets SPAs with TSP for the Disposed Excluded Assets Disposal for the aggregate Disposed Excluded Assets Price of RM1.76 million, being the market value as appraised by Laurelcap on 17 March 2023.

Additionally, the DIS Excluded Assets will be distributed via a proposed dividend-in-specie to the Vendors based on its market value of RM4.0 million as appraised by Laurelcap on 17 March 2023. Further details of the Excluded Assets are set out in Appendix I of this Circular.

2.1 Basis and justification for the Purchase Consideration

2.1.1 Basis in determining the Purchase Consideration

The Purchase Consideration was arrived at after negotiation on a willing-buyer and willing-seller basis after taking into consideration, amongst others, the Profit Guarantee.

The Purchase Consideration translates into an implied P/E Multiple of 8.94 times (being the Purchase Consideration of RM152.0 million divided by the average Profit Guarantee per annum of RM17.0 million). The Board (save for the Interested Directors), in assessing the Purchase Consideration, had taken into consideration the P/E Multiple of the following:-

(i) Comparable listed companies

The Board (save for the Interested Directors) has taken into consideration the P/E Multiple of listed companies that are principally involved in construction business, has market capitalisation ranging between RM100.0 million to RM400.0 million and has an annual PAT ranging from approximately RM10 million to RM30 million during their respective preceding 12-months financial period ("**Comparable Companies**").

The aforementioned criteria for the Comparable Companies were determined after taking into consideration *inter alia*:-

- the enlarged market capitalisation of PTT of approximately RM201 million (based on the enlarged issued Shares of 180,081,081 and the 5-day VWAP of PTT Shares up to and including the SSA LTD of RM1.1161), which is within the range of the Comparable Companies' market capitalisation of RM100.0 million to RM400.0 million; and
- the average Profit Guarantee per annum of RM17.0 million which is within the range of the Comparable Companies' annual PAT of RM10 million to RM30 million.

Nevertheless, the Comparable Companies set out below are not exhaustive and may not necessarily be directly comparable to PTTSB in terms of composition of business activities, geographical area, scale of operations, track record, financial performance, risk profile, future prospects and other criteria.

It should also be highlighted that whilst such Comparable Companies analysis may reflect the market sentiments towards the sector and provide guidance on valuation, the analysis may not take into account differences in accounting policies and standards, as well as the operating environments, business models and/or tax treatments, and nor does it take into account possible unique characteristics of the different selected Comparable Companies.

Any comparisons made with respect to the Comparable Companies are intended for illustrative purposes only. The comparative analysis drawn from such comparison is not intended to reflect the perceived or implied market valuation of PTTSB.

The details of the Comparable Companies are as follows:-

Comparable Companies ⁽¹⁾	Market Capitalisation (RM'million)	Annual PAT (RM'million)	Principal activity	P/E Multiple (times) ⁽²⁾
MGB Berhad	346.12	14.79	Operates as a construction and development company in Malaysia. The company is involved in designing and building, civil engineering, general construction, foundation construction works, piling activities as well as the trading of construction materials and the manufacture of industrialised building system precast products.	23.40*
Gabungan AQRS Berhad	162.83	20.56	Engages in property development and construction activities in Malaysia. The company also develops residential and commercial properties, operates as a contractor for civil and building construction works, provides management services and engages in property investment activities.	7.92
Pintaras Jaya Berhad	311.83	16.92	Undertakes piling contracts, civil engineering, building construction as well as rents plant and machinery. Its subsidiaries manufacture pre-cast concrete piles, operates in property investment and development, and provides geotechnical and foundation engineering services.	18.43
Inta Bina Group Berhad	136.60	9.53	Undertakes building construction projects in Malaysia and constructs residential, commercial, industrial, and leisure properties.	14.33
TRC Synergy Berhad	162.59	22.24	Involves in investment holding, property development and construction activities in Malaysia, and general contractors for supplying labour as well as provision of corporate, administrative and financial support services to its subsidiaries.	7.31
Vestland Berhad	387.17	25.49	Engages in the construction of non-residential buildings, including commercial, industrial, institutional, and governmental buildings, as well as residential buildings, such as apartments and landed houses; and design and building activities of commercial and government buildings, and apartments in Malaysia. The company also undertakes projects relating to civil engineering works	15.19
				High
				Low
				Average
				18.43
				7.31
				12.64

(Source: Bloomberg as at 8 March 2023, being the latest practicable date prior to the announcement in relation to the Proposed Acquisition ("Announcement LPD"))

Notes:-

* *Outlier.*

(1) *These companies are principally involved in construction business with more than 70% of their revenue generated from construction activities.*

(2) *Calculated based on market capitalisation and PAT for the preceding 12-months financial period of the respective companies.*

Based on the above, the implied P/E Multiple of 8.94 times falls within the range of the Comparable Companies of 7.31 times to 18.43 times and is lower than the average P/E Multiple of the Comparable Companies of 12.64 times. Further, the implied P/E Multiple of 8.94 times is also lower than the P/E Multiple of PTT of 10.62 times as at Announcement LPD.

(ii) Precedent transactions

The P/E Multiple of the Proposed Acquisition as compared to historical precedent transactions involving construction and construction related companies are analysed below:-

Acquirer	Market	Market capitalisation as the date of announcement (RM' million)	Date of announcement	Target company		P/E Multiple (Times) ⁽¹⁾
				Purchase consideration (RM' million)	Profit guarantee (average per financial year) (RM' million)	
LFE Corporation Berhad	Main	84.14	8 December 2022	29.4	-	8.19 ⁽²⁾
Citaglobal Berhad	Main	212.25	15 June 2022	140.0	20.0	7.00
Lim Seong Hai Capital Berhad	LEAP	149.12	28 March 2022	95.0	-	7.37 ⁽³⁾
Southern Score Builders Berhad (" SSB ")	ACE	477.24 ⁽⁴⁾	9 July 2021	252.0	26.67	9.45
Ecobuilt Holdings Berhad	Main	48.00	30 April 2019	45.0	3.75	12.00
Pertama Digital Berhad	Main	108.60	23 April 2019	96.0	12.0	8.00
Pintaras Jaya Berhad	Main	426.27	3 August 2018	16.71	2.39	7.00
Vizione Holdings Berhad	Main	113.73	13 April 2017	280.0	41.29	6.78

(Sources: Bloomberg and companies' announcement on Bursa Securities' website up until the Announcement LPD)

Notes:-

- (1) Calculated based on the respective purchase consideration over the profit guarantee per financial year.
- (2) The P/E Multiple was derived based on 100% equity interest in the target company which yields a valuation of approximately RM60.0 million and audited PAT of the target company amounting to RM7.32 million for the FYE 31 December 2021.
- (3) The P/E Multiple was derived based on the purchase consideration of RM95.0 million and audited PAT of the target company amounting to RM12.89 million for the FYE 30 September 2021.
- (4) The market capitalisation of SSB is based on 9 November 2022, being the date SSB's shares resumed for trading after the completion of its regularisation plan.

Based on the above, the implied P/E Multiple of 8.94 times falls within the range of P/E Multiples of precedent transactions of 6.78 times to 12.00 times.

2.1.2 Justification for the Purchase Consideration

The Board is of the opinion that the Purchase Consideration is reasonable and justified after taking into consideration, *inter alia* the following factors:-

- (i) the adjusted NA ("**Adjusted NA**") of PTTSB as at 31 December 2022 of RM104.84 million (after adjusting for the Excluded Assets).

PTTSB's adjusted NA consists of *inter alia*, Space U8 Retained Properties, Terengganu Land and Serenia Factories and have an aggregate NBV of RM109.62 million.

For information purposes, the market value of Space U8 Retained Properties, Terengganu Land and Serenia Factories have been appraised by Laurelcap vide its Valuation Letters as follows:-

Property	Date of valuation	Market value (RM'000)
Space U8 Retained Properties	27 March 2023	59,960
Terengganu Land	27 March 2023	3,000
Serenia Factories	27 March 2023	48,000

Additionally, the adjusted NA of PTTSB also consists of machineries utilised to undertake construction works and have an aggregate NBV of RM57.41 million.

- (ii) PTTSB's long operating history as it had been involved in the construction business since 2004. In this respect, PTTSB's historical financial performance for the last 3 FYEs 31 December 2020, 2021 and 2022, are as follows:-

Description	Audited FYE 31 December		
	2020 (Restated) (RM'000)	2021 (RM'000)	2022 (RM'000)
Revenue	93,380	127,370	156,064
Earnings before interest, tax, depreciation and amortisation	30,281	22,691	29,955
PBT	20,595	13,146	18,448
PAT	20,574	13,168	16,952

- (iii) PTTSB's outstanding order book as at the LPD of approximately RM184.50 million which involves *inter alia*, earthworks, culvert works, infrastructure works, main drainage works, retaining walls and retention ponds for township, rail, and is expected to generate earnings to PTTSB for the next 2 financial years. As at the LPD, PTTSB has also tendered and submitted quotations for several projects for an aggregate amount of approximately RM168.10 million. Additionally, PTTSB has expressed interest to government entities and/or agencies wherein the Company had, subsequent to discussion with them, submitted proposals to participate in projects with a contract value of up to RM400 million. At this juncture, there is no indication from the relevant government entities and/or agencies on the mode of awarding such projects. These projects, if awarded, will replenish and further enlarge the order book of PTTSB.

- (iv) The Board (save for the Interested Directors) had also considered the views of BDOCC, the Independent Adviser, in assessing the reasonableness of the Purchase Consideration. In arriving at the preliminary views, BDOCC had assessed the fairness of the Purchase Consideration based on the DCF. Based on the DCF, the fair value of the construction business of PTTSB ranges between RM142.4 million and RM169.9 million. Further details are set out in the IAL in Part B of this Circular.

Further to the above, the Board had also considered the rationale and benefits of the Proposed Acquisition as set out in Section 3 of Part A of this Circular together with the prospects of PTTSB as well as the enlarged Group, in assessing the reasonableness and justification of the Purchase Consideration.

2.2 Profit Guarantee

In consideration of PTT agreeing to purchase the entire equity interest in PTTSB from the Vendors in accordance with the terms of the SSA, the Vendors covenant with and undertake to PTT that the PAT of PTTSB for the Guaranteed Period shall collectively be not less than RM34,000,000 on an aggregate basis.

The cumulative Profit Guarantee of RM34.0 million shall be divided over a period of 2 years resulting in an average annual Profit Guarantee of RM17.0 million.

As stipulated in the SSA, a total of 30,630,631 Pledged Consideration Shares will be pledged to the Trustee as security for the performance of the Vendors' obligation in respect of the Profit Guarantee in accordance with the terms of the SSA and Stakeholders' Agreement.

For the avoidance of doubt, in the event PTTSB achieves an aggregate PAT higher than the Profit Guarantee during the Guaranteed Period, the maximum amount payable to the Vendors via the Pledged Consideration Shares shall remain unchanged at 30,630,631 Shares, which is equivalent to RM34.0 million.

The release of the Pledged Consideration Shares, top-up security and shortfall mechanism pursuant to the Profit Guarantee are illustrated with assumptions as follows:-

Release of Pledged Consideration Shares

For illustrative purposes, assuming that in FYE 2023:-

- (1) RM17,000,000 in Actual PAT is recorded by PTTSB based on its audited accounts; and
- (2) the relevant current market price of each Pledged Consideration Share is RM1.20,

the number of Pledged Consideration Shares to be released to the Vendors shall be calculated as follows:

$$15,315,315 = \left(\frac{17,000,000}{1.11} \right)$$

and further provided always that the value of the remaining Pledged Consideration Shares shall not be less than the value of the remaining Profit Guarantee which has not been met:

$$\left(30,630,631 - 15,315,315 \geq \right) \left(\frac{34,000,000 - 17,000,000}{1.20} \right)$$

$$= 15,315,316 \geq 14,166,667$$

Top-up security

For illustrative purposes, assuming that the review of the aggregate market value of the Pledged Consideration Shares is carried out in FYE 2024 and:-

- (1) RM17,000,000 in Actual PAT is recorded by PTTSB for the FYE 2023 based on its audited accounts;
- (2) the Trustee has already released the Pledged Consideration Shares having an aggregate market value of RM17,000,000; and
- (3) the relevant market price of Pledged Consideration Shares is RM1.00 determined based on the current market value of the PTT Shares, being the 5 day-VWAP of PTT Shares as quoted on Bursa Securities calculated up to the market day preceding the security review date,

the security shortfall (in Ringgit Malaysia) to be topped up by the Vendors shall be calculated as follows:-

$$1,684,684 = (34,000,000 - 17,000,000) - (15,315,316 \times 1.00)$$

Shortfall

For illustration purposes, assuming that PTTSB achieves RM30,000,000 Actual Aggregate PAT for the Guaranteed Financial Years, the shortfall to be paid by the Vendors to the Company in Ringgit Malaysia is as follow:-

$$4,000,000 = (34,000,000 - 30,000,000)$$

Please refer to Section 7(iv) of Appendix I of this Circular for further details on the Profit Guarantee obligations.

The Board (save for the Interested Directors) is of the opinion that the Profit Guarantee is reasonable and realistic after taking into consideration, the following:-

- (i) PTTSB's audited financial information, including its historical earnings with a PAT of RM16.95 million for FYE 31 December 2022 which is also supported by PTTSB's current construction order book of approximately RM184.50 million as at the LPD, which is expected to generate earnings to the enlarged PTT Group for the next 2 financial years as well as the projects that PTTSB is currently pursuing with an estimated value of RM600.83 million as at the LPD;
- (ii) PTTSB's established track record as a construction company which specialises in earthworks and infrastructure works and having successfully completed RM928.66 million worth of such construction works for the past 5 financial years up to the LPD;
- (iii) PTTSB's successful replenishment of its order book for an average amount of approximately RM200 million per annum for the FYE 31 December 2021 and FYE 31 December 2022;

- (iv) PTTSB has an experienced key management team that has the ability to undertake and deliver quality construction projects and is supported by a sizeable fleet of heavy machineries for its construction activities; and
- (v) the future growth potential and prospects of PTTSB and enlarged PTT Group after taking into consideration, *inter alia* the outlook of the construction and property market in Malaysia as set out in Section 4 of Part A of this Circular.

Kindly refer to Section 7 of Appendix I of this Circular for further details of the Profit Guarantee.

2.3 Basis and justification in arriving at the Issue Price

The Issue Price of the Consideration Shares was determined on a willing-buyer willing-seller basis, and fixed by the Board (save for the Interested Directors) based on the following:

- (i) the 5-day VWAP of PTT Shares up to and including the SSA LTD of RM1.1161. The Issue Price represents a discount of approximately 0.55% to the 5-day VWAP of PTT Shares up to and including the SSA LTD; and
- (ii) the Issue Price represents a discount of approximately 5.62% to the 30-day VWAP of PTT Shares up to and including the SSA LTD of RM1.1761.

For information purposes only, the discount of the Issue Price to the 5-day, 1-month, 3-month, 6-month and 12-month VWAP of PTT Shares up to and including the SSA LTD are as follows:-

	VWAP (RM)	Issue price (RM)	Discount	
			RM	%
5-day	1.1161	1.11	0.0061	0.55
1-month	1.1761	1.11	0.0661	5.62
3-month	1.1496	1.11	0.0396	3.44
6-month	1.1304	1.11	0.0204	1.80
12-month	1.1412	1.11	0.0312	2.73

(Source: Bloomberg)

The Board (save for the Interested Directors) is of the view that the Issue Price is justifiable as the Issue Price of the Consideration Shares falls within the historical closing prices of PTT Shares for the past 12 months up to 8 March 2023, being the Announcement LPD, ranging between RM0.925 to RM1.30. The Issue Price also equals to the average closing price of PTT Shares for the past 12 months up to the Announcement LPD of RM1.11.

For information purposes, the Issue Price for the Consideration Shares represents a premium of RM0.24 or 27.59% to the audited consolidated NA per PTT Share as at 30 June 2022 of RM0.87.

2.4 Salient terms of the SSA

Please refer to Appendix I of this Circular for the salient terms of the SSA.

2.5 Settlement of related party advances

Prior to the date of the SSA, the Vendors have extended the PTTSB Related Party Advances to PTTSB. The details of the PTTSB Related Party Advances as at 31 December 2022 are as follows:-

<u>Vendors/Company</u>	<u>Purpose of the advances / transactions</u>	<u>Cumulative amount⁽¹⁾ (RM'000)</u>
<u>Amount due to TSP / Company controlled by the Vendors</u>		
TSP	Working capital	(3,429)
PTT Jentera Sdn Bhd	Rental of machinery as well as maintenance and services charges	(8,263)
<u>Amount due from company controlled by the Vendors</u>		
Mainstay Holdings Sdn Bhd	Working capital	1,935
Total		<u>(9,757)</u>

Note:-

(1) *The respective cumulative net balances as at 31 December 2022 were results of multiple advances given, repayment of advances and transactions over a lengthy period of time.*

As part of the terms of the SSA, in the event that the conditions precedent stipulated in respect of the Excluded Assets Disposal (if any) are fulfilled prior to the Completion Date, the TSP Related Party Advances shall firstly, be netted off against the Disposed Excluded Assets Price. Thereafter, the remaining balance of the PTTSB Related Party Advances will be fully settled by PTT in cash (i.e. bank borrowings) on the Completion Date.

In the event that the conditions precedent in respect of the Excluded Assets Disposal (if any) is to be fulfilled after the Completion Date, the Disposed Excluded Assets Price shall be paid by TSP on or before the completion of the Excluded Assets SPAs or the extended completion date of the Excluded Assets SPAs, as the case may be, to the Company's solicitors as stakeholders, in accordance with the terms of the Excluded Assets SPAs. Thereafter, PTTSB Related Party Advances (which includes TSP Related Party Advances) shall be settled by PTT in cash (i.e. bank borrowings) on the Completion Date.

For information purposes, as at 31 December 2022, the PTTSB Related Party Advances amounted to RM9.76 million of which the TSP Related Party Advances amounted to RM3.43 million. Any further PTTSB Related Party Advances and/or any loans and advances provided by the Vendors or the Vendors' related parties after 31 December 2022 up to the Completion Date, shall also be fully settled by PTT in cash (i.e. bank borrowings) on the Completion Date.

2.6 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank equally in all respects with the then existing issued PTT Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to or on the date of allotment of the Consideration Shares.

2.7 Listing of and quotation for the Consideration Shares

Bursa Securities had vide its letter dated 23 June 2023 granted its approval for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

2.8 Source of funding

The Purchase Consideration will be satisfied via a combination of the Cash Consideration and the allotment and issuance of the Consideration Shares to the Vendors. The Cash Consideration and the settlement of the PTTSB Related Party Advances amounting to an aggregate of RM72.0 million shall be funded via bank borrowings obtained by PTT from AmBank (M) Berhad.

2.9 Liabilities to be assumed

The Company will not assume any additional liabilities (including contingent liabilities and guarantees, if any) pursuant to the Proposed Acquisition, save for the existing liabilities stated in the financial statements of PTTSB amounting to RM265.17 million which mainly consist of bank borrowings and finance lease liabilities amounting to approximately RM160.89 million as well as total trade and other payables of approximately RM92.04 million as at 31 December 2022.

2.10 Additional financial commitment

Save for the Purchase Consideration in respect of the Proposed Acquisition, the Company does not expect to incur any additional material financial commitment to put the business of PTTSB on-stream as the business of PTTSB is already in operation and generating revenue.

2.11 Details of the RRPT

In addition to its existing fleet of machineries, PTTSB also intends to rent machineries for its construction projects from PTT Jentera Sdn Bhd ("**PTTJ**"), a company in which TSP is the major shareholder, to supplement its fleet of machineries for its construction projects upon completion of the Proposed Acquisition (which is estimated to be second half of 2023).

For information purposes, PTT, in its Fifty-First AGM held on 28 December 2022, had obtained its shareholders' approval for the Group to transact with PTTJ in respect of *inter alia*, leasing of machineries for an estimated value of up to RM32 million, up until the next AGM of the Company ("**RRPT Mandate**"). In this respect, PTT envisages that the RRPT Mandate is sufficient to allow the enlarged PTT Group (including PTTSB) to transact with PTTJ following the completion of the Proposed Acquisition and subsequent thereto, separate approval shall be sought at the AGM of the Company pertaining to future potential RRPT with other related parties, where necessary.

Kindly refer to PTT's circular dated 31 October 2022 for further information on the RRPT Mandate.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition which entails the acquisition of PTTSB, which is also involved in the construction business represents a strategic investment and is undertaken in-line with the Group's objectives and strategy to grow its construction business.

Upon completion of the Proposed Acquisition, the enlarged PTT Group can leverage on the strength of PTTSB in relation to its management team, resources and expertise to further strengthen the Group's construction order book, financial position and prospects. As at LPD, PTTSB has a workforce of 198 employees which includes engineers, site supervisors, quantity surveyors, projects managers, lorry drivers, machine operators and administrative staff as well as a sizeable fleet of heavy machineries including trucks, excavators, compactors, tractors, drills, rollers, bulldozers, motor graders and backhoes used for its construction activities. This will provide synergistic benefits to the enlarged PTT Group as it will reduce reliance on outsourcing of construction works, including rental of machineries and will enable the enlarged PTT Group to have more efficient project management given the larger scale of human resources as well as machineries and equipment for deployment.

The Proposed Acquisition will also provide an opportunity for PTT Group to bolster its earnings stream which is expected to strengthen the financial performance for the next 2 financial years of the enlarged PTT Group. PTT Group is able to capitalise on PTTSB's long and established track record in securing additional construction contracts going forward. PTTSB had managed to successfully cultivate long-term relationships with its client including reputable developers and main contractors such as Sime Darby Property Berhad and its group of companies ("**Sime Darby Property Group**"), Tropicana Industrial Park Sdn Bhd, Beibu Gulf Holding (M) Sdn Bhd and China Communications Construction (ECRL) Sdn Bhd and over the last 5 years up to LPD, PTTSB had managed to secure and/or complete RM1.11 billion worth of contracts mainly from the aforementioned clients. As at the LPD, PTTSB has 10 on-going construction projects with an aggregate contract value of RM495.83 million. Please refer to Section 11 of Appendix II of this Circular for details of PTTSB's on-going construction projects.

In addition, the Proposed Acquisition will enable the consolidation of TSP and TSL's private construction business and construction related assets into PTT Group. This will assist in addressing existing and potential conflict of interests between PTT and its major shareholders (namely TSL and TSP) and serves to realign the interests of PTT Group and PTTSB in undertaking construction projects going forward.

Further, the issuance of the Consideration Shares to satisfy the Purchase Consideration will enable PTT to conserve its cash which can be used as working capital for its construction business and channel it towards financing its day-to-day operations which will contribute positively to PTT's cashflow and gearing. The issuance of the Consideration Shares will also strengthen PTT Group's capital base to commensurate with its enlarged construction business activities and with the larger combined asset base, PTT Group is expected to gain better access to both the debt and equity capital markets to fund the enlarged PTT Group's business activities.

4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of Coronavirus Disease 2019 ("**COVID-19**") with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the government of Malaysia ("**Government**") consistent policy support, particularly with the implementation of initiatives under the budget of Malaysia ("**Budget**") 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7%. The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

Malaysia's economy will remain in a positive growth trajectory in 2023 mainly driven by domestic demand following the transition to the endemic phase and the reopening of international borders. The Government continues to support the economy through implementing policies and measures to ensure a conducive business environment that facilitates economic activities and meet the needs of the citizen of Malaysia. In enhancing economic resilience and sustainable growth, the Government will prioritise the structural reform agenda to sustain the post-COVID-19 economic recovery momentum, amid the challenges arising from geopolitical uncertainties and climate change.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

The Malaysian economy registered a growth of 7.0% in the fourth quarter of 2022 compared to 14.2% in the third quarter, as support from the stimulus measures and low base effect waned. The low base effect originated from the decline in economic growth in the third quarter of 2021 (-4.5%), partially contributing towards a high growth a year later, 14.2% in the third quarter of 2022. At 7.0%, the fourth quarter growth was still above the long-term average of 5.1%. On a quarter-to-quarter seasonally adjusted basis, the economy registered a decline of 2.6% (third quarter ("**3Q**") 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).

For 2023, the Malaysian economy is expected to expand at a more moderate pace, amid a challenging external environment. Growth will be driven by domestic demand, supported by the continued recovery in labour market and realisation of multi-year investment projects. The services and manufacturing sectors will continue to drive the economy. Meanwhile, the slowdown in exports following weaker global demand will be partially cushioned by higher tourism activity.

The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, tighter financial conditions, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

In line with earlier assessments, headline inflation averaged higher at 3.3% in 2022 (2021: 2.5%), having peaked at 4.7% in August 2022 and moderating thereafter, albeit remaining elevated. Underlying inflation, as measured by core inflation, also increased to 3.0% (2021: 0.7%).

Over the course of 2023, headline and core inflation are expected to moderate but remain at elevated levels amid lingering demand and cost pressures. Notably, recent core inflation rates are expected to persist in the near-term, especially given the low base in the first half of 2022. There are several factors which would continue to mitigate the extent of upward pressure to inflation going forward. These include existing fuel subsidies, price control measures, and the remaining spare capacity in the economy. The balance of risk to the inflation outlook is tilted to the upside, particularly reflecting any potential changes to domestic policy, global commodity price developments and prolonged supply-related disruptions.

(Source: Quarterly Bulletin Fourth Quarter 2022, Bank Negara Malaysia)

4.2 Overview and outlook of the construction and property market in Malaysia

The construction sector expanded by 10.1% (3Q 2022: 15.3%). Of significance, civil engineering and non-residential subsectors were lifted by continued progress of large infrastructure, commercial and industrial projects.

(Source: Quarterly Bulletin Fourth Quarter 2022, Bank Negara Malaysia)

The construction sector contracted by 2.1% in the first half of 2022, mainly due to lower construction activities in civil engineering and residential buildings subsectors. In contrast, non-residential buildings and specialised construction activities subsectors registered a growth during the same period, in line with expansion in business activities, albeit rising prices of construction-related materials. The sector is expected to turn around in the second half with an expansion rate of 6.9%, supported by positive growth in all subsectors. Improvement in private investment and robust domestic economic activities are anticipated to increase demand for more industrial buildings. In addition, the acceleration of major infrastructure projects will continue to drive the sector's performance.

The construction sector is forecast to expand by 4.7% in 2023 following a better performance in all subsectors. Civil engineering subsector is anticipated to rebound buoyed by implementation of new projects such as Mass Rapid Transit Line 3 (MRT3) Circle Line and acceleration of ongoing infrastructure projects which include, Rapid Transit System (RTS) Link, East Coast Rail Link (ECRL) and Light Rail Transit Line 3 (LRT3).

In addition, the approved investment projects in the manufacturing sector are anticipated to come onstream and subsequently creating a greater demand for industrial buildings. Hence, the non-residential buildings subsector is projected to expand further. Meanwhile, the residential buildings subsector is expected to grow steadily supported by more construction of affordable houses, in line with the strategy under the Twelfth Malaysia Plan. In addition, incentive offered by the Government to encourage home ownership through the i-MILIKI programme is expected to spur demand for residential buildings while addressing the property overhang issue.

The construction sector is projected to improve with the acceleration of existing infrastructure projects and higher private investment that would increase demand for more commercial and residential buildings. Thus, the nation's gross domestic product is forecast to expand between 4% – 5% in 2023.

The development of residential property is expected to remain active supported by continuous implementation of measures under the Budget 2022 including a total government guarantee of up to RM2 billion to banks via Skim Jaminan Kredit Perumahan (SJKP) as well as housing projects for low income group with an allocation of RM1.5 billion. In 2022, the sector is projected to rebound by 2.3%.

(Source: Economic Outlook 2023, Ministry of Finance)

The property market recorded an increase in 2022 supported by a better performance in all sectors compared to the previous year. In 2022, total transactions volume and value increased by 29.5% and 23.6%, respectively to 389,107 transactions and RM179.07 billion (2021: 300,497 transactions; RM144.87 billion). Total transactions volume in 2022 is the highest volume recorded within the period of 10 years (2012: 427,520 transactions) whilst total transactions value is higher than the previous record high in 2014 (162.97 billion).

The property market continued to record growth in 2022, supported by the implementation of various government initiatives and assistance, improving labour market conditions and higher tourist arrivals.

Several initiatives which outlined under Budget 2022 by the government to a certain extent helped improve property market activities. These are:

- (i) RM1.5 billion allocation for low-income groups housing projects i.e. rumah mesra rakyat and maintenance assistance programmes.
- (ii) Lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies.
- (iii) Guarantees of up to RM2 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

The property market recorded a total of 389,107 transactions worth RM179.07 billion for 2022. This indicated an increase of 29.5% in volume and 23.6% in value compared to 2021. Of the total transactions recorded in the review year, 20.7% (80,373) and 76.5% (297,700) were transfers dated 2021 and 2022 respectively while the remaining percentage share was for prior years' transfer. Primary market formed 13.8% (53,698 transactions) of the total transactions (purchase from developers) while secondary market took up the remaining 86.2% (335,409 transactions).

The residential overhang situation improved as the numbers reduced compare to previous year. A total of 27,746 overhang units worth RM18.41 billion recorded in 2022, reduced by 24.7% and 19.2% in volume and value respectively against 2021 (36,863 units worth RM22.79 billion).

The industrial sub-sector recorded 8,082 transactions worth RM21.16 billion in 2022. Compared to 2021, the market activity increased by 44.5% in volume and 24.8% in value. Selangor continued to dominate the market, with 33.8% of the nation's volume, followed by Johor and Perak, each with 14.0% and 8.1% market share.

The industrial sub-sector overhang remained manageable. The overhang volume decreased to 880 units worth nearly RM1.15 billion, down by 22.1% volume and 27.6% in value against 2021. On similar note, the unsold under construction decreased to 450 units, down by 31.2%. The unsold not constructed recorded 51 units, more than 22 units recorded in 2021.

The property market performance is expected to be cautiously optimistic given the unpredictable external environment. The accommodative policies, continuous government support, well execution of measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under the 12th Malaysia Plan (RMK-12) are expected to remain supportive of the property sector.

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

4.3 Prospects of PTTSB and the enlarged PTT Group

PTTSB has more than 19 years of experience in the construction industry, particularly earthworks and infrastructure works. PTTSB is registered with the Construction Industry Development Board (“CIDB”) as a qualified contractor with class Grade 7 accreditation which allows PTTSB to tender for projects without any limitation in size or value.

PTTSB has established its credibility in the construction industry, under the stewardship of its management team led by the Vendors who possess numerous years of hands-on experience in the construction industry and are further supported by an experienced and capable team. This is further evidenced by its track record wherein PTTSB has completed approximately RM928.66 million construction projects in the past 5 financial years up to the LPD and currently has approximately RM184.50 million outstanding construction order book and submitted quotations for several projects for an aggregate amount of approximately RM168.10 million as at the LPD. Additionally, PTTSB has expressed interest to government entities and/or agencies to participate in projects with a contract value of up to RM400 million. PTTSB’s outstanding order book is expected to materialise in the next 2 financial years whilst the projects under tenders (if successful), are expected to commence in stages from year 2023 till year 2025.

As at LPD, PTT has an outstanding orderbook of RM416.33 million. With the completion of the Proposed Acquisition, the enlarged PTT Group will have a collective outstanding order book of RM600.83 million, which will contribute to the earnings and profitability of the enlarged Group in the next immediate financial years.

In the immediate future following the completion of the Proposed Acquisition, it is the intention of the Company to focus on the execution of PTTSB’s existing contract order book, secure the projects currently being pursued/tendered and continue to bid for additional projects from its existing clients, namely Sime Darby Property Group, Tropicana Industrial Park Sdn Bhd, Beibu Gulf Holding (M) Sdn Bhd and China Communications Construction (ECRL) Sdn Bhd as well as enlarging its customer base to include other property developers.

Going forward, PTTSB will continue to emphasize on its strength as a civil engineering contractor, specialising in earthworks and infrastructure projects. Being part of a listed group under PTT, it will also enhance its credibility and profile for future tenders / negotiations in securing new projects. Overall, PTT is cautiously optimistic that the enlarged PTT Group (with the inclusion of PTTSB), is able to achieve better earnings and growth going forward, in line with the buoyancy of the construction segment in 2021 and 2022 as well as the anticipated rebound under the civil engineering sub-sector in the near term, underpinned by the continuation and acceleration of major infrastructure projects in Malaysia.

The Proposed Acquisition will also offer opportunities for the enlarged PTT Group to further expand as well as benefit from complementary synergies through its expanded fleet of machinery as well as streamlining of supply chain and benefit from economies of scale through bulk purchasing.

Premised on the rationale for the Proposed Acquisition, the Profit Guarantee provided by the Vendors under the SSA, outlook and prospects of PTTSB as well as the construction industry, the Board (save for the Interested Directors) is of the view that future prospects is favourable for the enlarged PTT Group and the Proposed Acquisition is expected to be earnings accretive and thus, enhance shareholders' value.

(Source: Management of PTT)

5. RISK FACTORS

5.1 Non-completion risk

The completion of the Proposed Acquisition is subject to the fulfilment of the conditions precedent as stipulated in the SSA as set out in Appendix I of this Circular. If any of these conditions precedent are not fulfilled or waived, as the case may be, within the stipulated timeframe, the SSA may be terminated. Pursuant thereto, the Group will not be able to complete the Proposed Acquisition.

Notwithstanding this, the Group and the Vendors will take all reasonable steps to ensure the fulfilment of the conditions precedent, including obtaining the necessary approvals / consents required which are within its control, for the purpose of completing the Proposed Acquisition in a timely manner.

5.2 Achievability of the Profit Guarantee

As set out in Section 2.2 of Part A of this Circular, the Profit Guarantee is based on various bases and assumptions which are deemed reasonable and realistic by the Board (save for the Interested Directors), but nevertheless subject to certain uncertainties and contingencies, which are beyond PTTSB's control. While the Company has taken reasonable steps to assess the achievability of the Profit Guarantee which includes assessing PTTSB's past financial performance as well as its prospects, there can be no assurance that the Profit Guarantee will be met.

Nonetheless, the Pledged Consideration Shares will only be released to the Vendors upon fulfillment of the Profit Guarantee throughout the Guaranteed Period in accordance with the terms of the SSA and Stakeholders' Agreement. Should there be a shortfall in the Profit Guarantee at the end of the Guaranteed Period, the Vendor is required to top-up the shortfall in cash based on the mechanism as stipulated in the SSA and Stakeholders' Agreement. For avoidance of doubt, in the event PTTSB achieves an aggregate PAT higher than the Profit Guarantee during the Guaranteed Period, the maximum amount of Purchase Consideration payable to the Vendors shall remain the same and any remaining amount of Pledged Consideration Shares held by the Trustee shall be released to the Vendors in accordance with the terms set out in Section 7(iv) of Appendix I of this Circular.

5.3 Investment and integration risk

Although the Proposed Acquisition is expected to contribute positively to the future earnings of the Group, there is no assurance that the anticipated benefits from the Proposed Acquisition will be realised or that PTT will be able to generate sufficient returns from the construction projects of the enlarged PTT Group to offset the associated cost of investment and/or the upfront costs incurred. In addition, any decline in economic conditions may affect the potential benefits to be derived from the Proposed Acquisition and the duration required for PTT to recoup its investment could be longer than anticipated.

Nevertheless, PTT has exercised due care in considering the potential risks and benefits associated with the Proposed Acquisition and believes that the Proposed Acquisition will be earnings accretive and synergistic to the enlarged PTT Group, after taking into consideration, among others, the Profit Guarantee and the prospects of PTTSB.

5.4 Funding and interest rate risk

PTT will seek external financing to finance the Cash Consideration and the enlarged PTT Group may potentially obtain additional borrowings to fund its business operations given the enlarged scale of business operations.

There can be no assurance that the necessary financing will be available in amounts or on terms acceptable to the Group. Further, the Group will incur interest expense on the bank borrowings and any interest charged on bank borrowings is dependent on prevailing interest rates which expose the Group to risk of unfavorable fluctuation in interest rates which in turn, may have a negative impact to the Group's cash flows and profitability.

Nevertheless, the management of PTT Group will seek to mitigate the aforesaid risk by closely monitoring its debt portfolio, the interest rate environment, gearing level and cash flows of the Group to achieve an overall optimal capital structure.

5.5 Goodwill and impairment risk

PTT may recognise goodwill arising from the Proposed Acquisition, the amount of which will depend on the fair value of PTTSB's identifiable assets and liabilities acquired as at the Completion Date. Any subsequent fair value adjustments allocated to the identifiable assets acquired and liabilities assumed, if any, may materially affect PTT's financial position.

Additionally, the goodwill, if any, will be subjected to periodic impairment testing and any downward adjustment to the goodwill may materially and adversely affect the financial position and results of the enlarged PTT Group. Nevertheless, PTT will continuously monitor the performance and cash flow of PTTSB to ensure that the goodwill is supported by the cash flow of the relevant cash generating units at all times.

5.6 Risks inherent to the construction industry

The Proposed Acquisition will not materially change the risk profile of PTT Group as PTTSB operates in the same construction industry segment as PTT Group. As such, the enlarged PTT Group will be exposed to similar risks inherent in the construction industry upon the completion of the Proposed Acquisition. However, the Board believes that the expertise and experience of PTT's management team will enable the Group to mitigate these risks effectively.

The construction industry may be adversely affected by many factors including, *inter alia*, shortages of materials, equipment and labour, fluctuation of construction costs (higher raw materials and labour costs), labour disputes, availability and rising cost of financing, adverse weather conditions, failure or postponement in licenses and permits issuance as well as changes in government legislation and priorities.

Construction delays, loss of revenue and cost over-runs are likely to results from such events, which could in turn materially and adversely affect the operations and financial performance of the Group's performance.

Nonetheless, the Group has and will continue to make efforts to reduce its exposure to such inherent risks. Amongst the key factors in reducing the risk of cost overruns or project delays is the ability of the Group's experienced and hand-on project management team in planning for the avoidance of possible problems in the implementation stage, strong relationship with suppliers, effective management of sub-contractors as well as owning a larger fleet of machineries for deployment across the Group's various construction sites.

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6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share capital

The proforma effects of the Proposed Acquisition on the issued share capital of the Company are as follows:

	No. of PTT Shares	Amount (RM)
Issued share capital as at the LPD	99,000,000	83,207,094
Consideration Shares to be issued pursuant to the Proposed Acquisition	81,081,081	90,000,000
Enlarged issued share capital	180,081,081	173,207,094

6.2 NA and gearing

The proforma effects of the Proposed Acquisition on the NA and gearing of the PTT Group are as follows:-

		(I)	(II)
	Audited as at 30 June 2022 (RM'000)	After subsequent events ⁽¹⁾ (RM'000)	After (I) and the Proposed Acquisition (RM'000)
Share capital	73,705	83,207	173,207 ⁽²⁾
Revaluation reserves	8,635	8,635	8,635
(Accumulated losses)/Retained profits	(3,867)	(3,867)	(5,967) ⁽³⁾
Equity attributable to the owners of the Company	78,473	87,975	175,875
Number of PTT Shares in issue ('000)	90,000	99,000	180,081
NA per PTT Share attributable to owner (RM)	0.87	0.89	0.98
Total borrowings	17,639	17,639	248,533 ⁽⁴⁾
Total cash and bank balances	5,166	14,668	29,486 ⁽⁵⁾
Net gearing (times) ⁽⁶⁾	0.16	0.03	1.25

Notes:-

- (1) After taking into consideration the private placement of 9,000,000 PTT Shares at an issue price of RM1.07 per PTT Share ("**Private Placement**") which was completed on 7 March 2023 and net off with transaction costs of RM0.13 million.
- (2) After taking into consideration the 81,081,081 Consideration Shares to be issued at the Issue Price of RM1.11 pursuant to the Proposed Acquisition.
- (3) After deducting estimated expenses incidental to the Proposed Acquisition of approximately RM2.10 million.
- (4) After taking into consideration the total bank borrowings and lease liabilities of PTTSB as at 31 December 2022 of approximately RM101.27 million and RM59.62 million respectively, as well as the Cash Consideration of RM62.0 million and estimated net PTTSB Related Party Advances of approximately RM8.0 million which will be fully satisfied via bank borrowings.

- (5) After taking into consideration the total fixed deposits with licensed bank as well as cash and bank balances of PTTSB as at 31 December 2022 of approximately RM15.12 million and RM1.79 million respectively.
- (6) Computed based on total borrowings less total cash and bank balances over the equity attributable to the owners of the Company.

6.3 EPS

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by second half of 2023. Upon the completion of the Proposed Acquisition, PTTSB will be a wholly-owned subsidiary of PTT and PTT will be able to consolidate the earnings of PTTSB into the enlarged PTT Group. The impact on the consolidated EPS of PTT will depend upon, amongst others, the financial contribution of PTTSB vis-à-vis the dilution arising from the issuance of new PTT Shares pursuant to the Proposed Acquisition.

For illustration purposes, assuming the Proposed Acquisition had been effected at the beginning of FYE 30 June 2022, the proforma effects of the Proposed Acquisition on the earnings and EPS of PTT Group for the FYE 30 June 2022 are set out below:

		(I)	(II)
	Audited as at 30 June 2022 (RM'000)	After subsequent events (RM'000)	After (I) and the Proposed Acquisition (RM'000)
PAT	8,416	8,416	23,268 ⁽¹⁾
Number of PTT Shares in issue ('000)	90,000	99,000	180,081
Proforma EPS (sen)	9.35	8.50	12.92

Note:-

(1) The proforma PAT is computed as follows:-

	Amount (RM'000)
Audited PAT of PTT Group for the FYE 30 June 2022	8,416
Add: Audited PAT of PTTSB for the FYE 31 December 2022	16,952
Less: Estimated expenses for the Proposed Acquisition ^	(2,100)
Proforma consolidated PAT of enlarged PTT Group after the Proposed Acquisition	23,268

^ Consists of amongst others, professional fees, fees payable to the relevant authorities, printing cost of circular, advertising and miscellaneous expenses relating to the Proposed Acquisition.

The Proposed Acquisition is expected to contribute positively to the future earnings of the enlarged PTT Group during the Guarantee Period as well as after taking into account the long-term future earnings of the enlarged PTT Group.

6.4 Convertible Securities

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

6.5 Substantial shareholders' shareholdings

The proforma effects of the Proposed Acquisition on the substantial shareholders' shareholdings of PTT are as follows:

Substantial shareholder	(I) As at the LPD			(II) After (I) and the Proposed Acquisition		
	Direct		Indirect	Direct		Indirect
	No. of PTT Shares	% ⁽¹⁾		No. of PTT Shares	%	No. of PTT Shares
ATTG	52,117,400	52.64	-	100,766,049 ⁽³⁾	55.96	-
TSP	112,500	0.11	52,117,400 ⁽²⁾	14,920,312 ⁽³⁾	8.29	100,766,049 ⁽²⁾
TSL	-	-	52,117,400 ⁽²⁾	17,624,620 ⁽³⁾	9.79	100,766,049 ⁽²⁾
Dato' Rahim	-	-	52,117,400 ⁽²⁾	-	-	100,766,049 ⁽²⁾
						55.96

Notes:-

- (1) Based on the issued share capital of 99,000,000 PTT Shares as at the LPD.
- (2) Deemed interested by virtue of his interest in ATTG pursuant to Section 8(4) of the Act.
- (3) Includes the Completion Consideration Shares and Pledged Consideration Shares held as security for the Profit Guarantee.

6.6 Public shareholding spread

As at the LPD, the public shareholding spread of PTT is approximately 47.24%. Upon the completion of the Proposed Acquisition, the public shareholding spread of the Company will decrease to approximately 25.97% upon issuance of the Consideration Shares as illustrated below:-

Particular	As at LPD		Upon issuance of the Consideration Shares	
	No. of Shares	%	No. of Shares	%
No. of issued Shares	99,000,000	100.00	180,081,081	100.00
Less:				
(i) Directors of PTT and its subsidiary/associated companies:-				
▪ TSP	(112,500)	(0.11)	(14,920,312)	(8.29)
▪ Lum Pek Yoke	(1,333)	Negligible	(1,333)	Negligible
▪ TSL	-	-	(17,624,620)	(9.79)
(ii) Shareholder who owns 5% or more of the issued Shares:-				
▪ ATTG	(52,117,400)	(52.64)	(100,766,049)	(55.96)
(iii) An associate of a director or shareholder who owns 5% or more of the issued Shares	-	-	-	-
Public shareholding spread	46,768,767	47.24	46,768,767	25.97

This is in compliance with Paragraph 8.02(1) of the Listing Requirements, which requires the Company to ensure that at least 25% of its total listed PTT Shares are in the hands of public shareholders.

7. INTER-CONDITIONALITY

The Proposed Acquisition is not conditional upon any other corporate exercises that have been announced and/ or pending implementation by PTT.

Save for the Proposed Acquisition, there are no outstanding corporate exercises or proposals that have been announced by PTT but not yet completed prior to the printing of this Circular.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSON CONNECTED TO THEM

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

- (i) Dato' Rahim, being the Executive Chairman and major shareholder of the Company via his indirect interest through ATTG. He is also a person connected to TSL and TSP pursuant to his directorship and major shareholdings in ATTG, of which both TSL and TSP are directors and major shareholders;
- (ii) TSL, being the Deputy Chairman and major shareholder of the Company via his indirect interest through ATTG, is also a director and major shareholder of PTTSB; and
- (iii) TSP, being the Managing Director and major shareholder of the Company via his indirect interest through ATTG, is also a director and major shareholder of PTTSB.

Accordingly, Dato' Rahim, TSL and TSP are deemed interested in the Proposed Acquisition.

ATTG, the major shareholder of PTT, is deemed interested in view that TSP, TSL and Dato' Rahim are the directors and shareholders of ATTG.

The shareholdings of ATTG and the Interested Directors in PTT as at the LPD are as follows:-

Name	Direct		Indirect	
	No. of PTT Shares	% ⁽¹⁾	No. of PTT Shares	% ⁽¹⁾
ATTG	52,117,400	52.64	-	-
Dato' Rahim	-	-	52,117,400 ⁽²⁾	52.64
TSL	-	-	52,117,400 ⁽²⁾	52.64
TSP	112,500	0.11	52,117,400 ⁽²⁾	52.64

Notes:-

(1) Based on the issued share capital of 99,000,000 PTT Shares as at the LPD.

(2) Deemed interested by virtue of his interest in ATTG pursuant to Section 8(4) of the Act.

As such, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Acquisition. In addition, the Interested Directors will also undertake to ensure that persons connected to them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in PTT on the resolution pertaining to the Proposed Acquisition to be tabled at an EGM to be convened.

The interested major shareholders, namely, ATTG, TSP, TSL and Dato' Rahim will abstain from voting and undertake to ensure that persons connected to them (if any) to abstain from voting in respect of their direct and/or indirect shareholdings in PTT on the resolution pertaining to the Proposed Acquisition to be tabled at an EGM to be convened.

9. AMOUNTS TRANSACTED WITH INTERESTED DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM FOR THE PRECEDING 12 MONTHS

Save for the following, there were no other transactions entered into by the Group with the Interested Directors, major shareholders and/or persons connected with them for the preceding 12 months up to the LPD:

- a) Proposed Acquisition; and
- b) RRPT as disclosed in PTT's circular to shareholders dated 31 October 2022.

10. HIGHEST PERCENTAGE RATIO FOR THE PROPOSED ACQUISITION

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisition is approximately 240.96% computed based on the audited total assets of PTTSB as at 31 December 2022 over the audited total assets of PTT Group as at 30 June 2022.

For the avoidance of doubt, notwithstanding the percentage ratio in relation to the Proposed Acquisition exceeds 100%, the Proposed Acquisition will not result in a significant change in the business direction or policy of PTT Group pursuant to the Listing Requirements and the Equity Guidelines issued by the Securities Commission Malaysia as PTTSB and PTT Group have similar core business, i.e. construction.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors who have abstained from making any recommendation in relation to the Proposed Acquisition), after having considered all aspects of the Proposed Acquisition including but not limited to the rationale as well as terms and conditions of the Proposed Acquisition and the views of the Independent Adviser, is of the opinion that the Proposed Acquisition is in the best interest of the Company and the terms of the Proposed Acquisition are fair, reasonable and on normal commercial terms and hence, will not be detrimental to the interests of the non-interested shareholders of the Company.

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

12. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of the Company, after having considered all relevant aspects of the Proposed Acquisition, including but not limited to the rationale, terms and conditions of the Proposed Acquisition, the basis and justification for the Purchase Consideration as well as the views of the Independent Adviser, is of the opinion that the Proposed Acquisition is:-

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

13. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITION

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

- (i) Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities. The approval was obtained vide its letter dated 23 June 2023 and subject to the following conditions:-

No.	Conditions	Status of compliance
(a)	Confirmation by AmlInvestment Bank on the compliance of at least 25% of the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements upon the listing and quotation of the Consideration Shares;	To be complied
(b)	PTT and AmlInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;	To be complied
(c)	PTT / AmlInvestment Bank to furnish Bursa Securities with the certified true copy of the resolutions passed by the shareholders at the EGM approving the Proposed Acquisition;	To be complied
(d)	PTT and AmlInvestment Bank to inform Bursa Securities upon the completion of the Proposed Acquisition; and	To be complied
(e)	PTT and AmlInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition are completed.	To be complied

- (ii) non-interested shareholders of PTT at the forthcoming EGM to be convened for the following:-

- (a) the Proposed Acquisition; and
(b) waiver of statutory pre-emptive rights for the Consideration Shares under Section 85(1) of the Act.

Section 85(1) of the Act provides that:-

“Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”

Section 85(1) of the Act, when read together with Article 50 of the Constitution, may be construed to mean that all new shares or other convertible securities in the Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled (**“Pre-emptive Rights”**).

Accordingly, in conjunction with the Proposed Acquisition, we wish to seek the non-interested shareholders' approval for an express waiver of their Pre-emptive Rights in respect of the Consideration Shares. Such waiver has been incorporated as part of the ordinary resolution pertaining to the Proposed Acquisition. Should the resolution for the Proposed Acquisition be approved by the non-interested shareholders, such approval shall have the effect of the non-interested shareholders having agreed to irrevocably waive their Pre-emptive Rights in respect of the Consideration Shares to be allotted and issued by the Company pursuant to the Proposed Acquisition, which will result in dilution to their shareholding percentage in the Company.

- (iii) consents from relevant financiers which includes, *inter alia*, the consent for the change in the shareholding structure of PTTSB arising from the Proposed Acquisition and the upliftment of dividend covenants. Such consents are expected to be obtained by August 2023.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the 3rd quarter of 2023.

The tentative timeline in relation to the implementation of the Proposed Acquisition is as follows:-

Date	Events
20 July 2023	EGM for the Proposed Acquisition
By 3 rd quarter 2023	Completion of the Proposed Acquisition

15. ADVISERS

AmInvestment Bank has been appointed to act as the Principal Adviser to PTT for the Proposed Acquisition.

In view that the Proposed Acquisition is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, BDOCC has been appointed by PTT on 9 March 2023 as the Independent Adviser to provide the following:-

- (i) an independent evaluation of the Proposed Acquisition;
- (ii) an opinion as to whether the Proposed Acquisition is fair and reasonable and on normal commercial terms as well as not detrimental to the non-interested shareholders of the Company; and
- (iii) a recommendation as to whether the non-interested shareholders of the Company should vote for or against the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

In addition, Laurelcap has been appointed to conduct the valuation on the Space U8 Retained Properties, Terengganu Land and the Serenia Factories owned by PTTSB.

16. EGM

The EGM, the Notice of which is enclosed in this Circular, will be held at Courtyard, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 20 July 2023 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Acquisition as described therein.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the Form of Proxy enclosed in this Circular, in accordance with the instructions printed thereon as soon as possible, in any event, so as to arrive at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time set for holding the EGM or at any adjournment thereof.

The completion and lodgement of the Form of Proxy will not preclude you from attending, participating, speaking and voting at the EGM should you subsequently decide to do so.

17. FURTHER INFORMATION

You are requested to refer to the enclosed appendices in this Circular for further information.

Yours faithfully
For and on behalf of the Board of
PTT SYNERGY GROUP BERHAD

DATO' MAHAMED BIN HUSSAIN
INDEPENDENT NON-EXECUTIVE DIRECTOR

PART B

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



EXECUTIVE SUMMARY

Definitions or defined terms used in this Executive Summary shall have the same meanings as defined in the “Definitions” section of the Circular except where the context requires otherwise or as otherwise defined.

All references to “we”, “us” and “our” in this Executive Summary are ascribed to BDOCC, being the Independent Adviser for the Proposed Acquisition.

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED ACQUISITION. THE NON-INTERESTED SHAREHOLDERS OF PTT ARE ADVISED TO READ AND UNDERSTAND THIS IAL IN ITS ENTIRETY, TOGETHER WITH PART A OF THE CIRCULAR AND THE APPENDICES THERETO FOR ANY OTHER RELEVANT INFORMATION, AND ARE NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSED ACQUISITION. YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION RELATING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM.

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

1. INTRODUCTION

On 30 March 2023, AmlInvestment Bank had, on behalf of the Board, announced that the Company had, on even date entered into the SSA (as supplemented via the Supplemental Letter Agreement) with the Vendors for the Proposed Acquisition. The Company had entered into the Supplemental Letter Agreement with the Vendors for the purpose of clarifying the manner and timing of payment of the PTTSB Related Party Advances and Subsequent Related Party Advances. Further details of the settlement of the PTTSB Related Party Advances are set out in **Section 4, Appendix I** of the Circular.

The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and interested major shareholders of PTT as set out in **Section 8, Part A** of the Circular.

Pursuant to the above, BDOCC was appointed by PTT on 9 March 2023 as the Independent Adviser to advise the non-interested shareholders of PTT on the Proposed Acquisition.

The purpose of this IAL is to provide the non-interested shareholders of PTT with an independent evaluation of the fairness and reasonableness of the Proposed Acquisition, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

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EXECUTIVE SUMMARY

2. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following:

Section in this IAL	Area of Evaluation	Our Evaluation
Section 7	Rationale of the Proposal Acquisition	<p>Our evaluation of the rationale of the Proposed Acquisition are set out in Section 7 of this IAL. The rationale are as follows:</p> <ul style="list-style-type: none"> (i) grow PTT Group's construction business; (ii) leverage the strength of PTTSB in relation to its management team, resources and expertise to further strengthen PTT Group's construction order book, financial position and prospects; (iii) provide an opportunity for PTT Group to bolster its earnings stream which is expected to strengthen the financial performance for the next 2 financial years of the enlarged PTT Group; and (iv) consolidate TSP and TSL's private construction business and construction-related assets into PTT Group. <p>We are of the opinion that the rationale of the Proposed Acquisition is <u>reasonable</u>.</p>
Section 8	Basis and justification of the Purchase Consideration	<p>Based on our assessment as set out in Section 8 of this IAL, we noted that the Purchase Consideration of RM152.0 million is within the estimated range of fair value of 100% equity interest in PTTSB's construction business of RM142.4 million to RM169.9 million. As set out in Sections 2.1 & 2.2, Part A of the Circular, we are of the view that the average annual Profit Guarantee of RM17.0 million is also an appropriate basis to be used to determine the fairness of the Purchase Consideration. In addition, we wish to highlight that the investment properties, consisting of Space U8 Retained Properties, Terengganu Land and Serenia Factories with a total market value (net of borrowings) of RM36.1 million after deducting the borrowings as at the Valuation Date arising from the direct/indirect pledged of the investment properties (the total market value of investment properties as ascribed by Laurelcap dated 27 March 2023 is RM111.0 million), have been taken into consideration in arriving at the Purchase Consideration of RM152.0 million. The investment properties have been excluded from our computation of the range of fair value of 100% equity interest in PTTSB's construction business.</p> <p>We are of the view that the Purchase Consideration is <u>fair</u>.</p>

EXECUTIVE SUMMARY

Section in this IAL	Area of Evaluation	Our Evaluation
Section 9	Evaluation of the Issue Price of the Consideration Shares	<p>We noted that the part of the Purchase Consideration will be satisfied via allotment and issuance of the Consideration Shares to the Vendors.</p> <p>Based on our assessment as set out in Section 9 of this IAL, we noted that the Issue price of Consideration Shares of RM1.11 represents the following:</p> <ul style="list-style-type: none"> (i) <u>Discount</u> ranging from RM0.0061 (0.55%) to RM0.0400 (3.48%) over the last closing price as at the SSA LTD and the five (5)-day VWAPs up to the SSA LTD; (ii) <u>Discount</u> ranging from RM0.0204 (1.80%) to RM0.0661 (5.62%) over the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAPs up to the SSA LTD; and (iii) <u>Premium</u> ranging from RM0.0895 (8.77%) to RM0.1000 (9.90%) over the last closing price as at the LPD and the five (5)-day VWAP up to LPD. <p>We noted that the Issue Price of RM1.11 represents a <u>premium</u> ranging from RM0.0895 (8.77%) to RM0.1000 (9.90%) over the last closing price and the five (5)-day VWAPs as at and up to the LPD. We also noted that the Issue Price of RM1.11 represents a <u>discount</u> ranging from RM0.0061 (0.55%) to RM0.0661 (5.62%) over the last closing price, five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAPs as at and up to the SSA LTD. Notwithstanding the above, we further noted that the Issue Price of RM1.11 represents a <u>premium</u> of RM0.24 (27.59%) to PTT Group's latest audited NA per share as at 30 June 2022.</p> <p>As such, we are of the view that the Issue Price of the Consideration Shares is <u>fair</u>.</p>
Section 10	Evaluation of salient terms of the SSA	<p>Based on our evaluation as set out in Section 10 of this IAL on the following salient terms of the SSA:</p> <ul style="list-style-type: none"> (i) Purchase Consideration; (ii) Manner of payment; (iii) Excluded Assets; (iv) Settlement of related party advances; (v) Company entitled to appoint a nominee for Sale Shares; (vi) Vendors entitled to appoint a nominee for Consideration Shares; (vii) Profit Guarantee obligations; (viii) Conditions Precedent; and (ix) Termination. <p>We are of the opinion that the salient terms of the SSA are mutually agreed upon by the parties and are considered <u>reasonable</u>.</p>

EXECUTIVE SUMMARY

Section in this IAL	Area of Evaluation	Our Evaluation
Section 11	Effects of the Proposed Acquisition	<p>Based on our evaluation as set out in Section 11 of this IAL, we noted that the following:</p> <ul style="list-style-type: none"> (i) The Proposed Acquisition will result in an increase in the issued share capital from 99,000,000 shares to 180,081,081 shares, arising from the issuance of 81,081,081 new PTT Shares; (ii) The proforma gearing of PTT will increase accordingly from 0.03 times as at 30 June 2022 (after adjusting for subsequent events) to 1.25 times as PTT intends to fund the Cash Consideration via bank borrowings of RM62.0 million (the interest expense arising from the bank borrowings of RM62.0 million is expected to reduce the future earnings and EPS of the enlarged PTT Group). In addition, the increase in the proforma gearing is also due to the total bank borrowings and lease liabilities of PTTSB as at 31 December 2022 of approximately RM101.3 million (include RM69.4 million which are short-term in nature for working capital purpose) and RM59.6 million (mainly for the purchase of the machinery), respectively; (iii) The Proposed Acquisition will increase the NA per share from RM0.89 as at 30 June 2022 (after adjusting for subsequent events) to RM0.98. Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by second half of 2023. Assuming the Proposed Acquisition had been effected at the beginning of FYE 30 June 2022, the Proposed Acquisition will contribute to the earnings of the enlarged PTT Group and will increase the proforma EPS from 8.50 to 12.92; (iv) Subject to the purchase price allocation exercise to be performed, PTT will recognise any goodwill arising from the Proposed Acquisition pursuant to the requirements of the Malaysian Financial Reporting Standards. The amount of goodwill that arise will be accounted for in the financial statements of the enlarged PTT Group upon completion of the Proposed Acquisition and will be subjected to annual impairment testing; (v) Upon issuance of the Consideration Shares, the Proposed Acquisition will result in a dilution in the shareholdings of the existing shareholders of PTT. Upon completion of the Proposed Acquisition and full receipt of the Consideration Shares, the direct shareholding of ATTG will increase from 52.64% as at the LPD to 55.96%, the direct shareholding of TSP will increase from 0.11% as at the LPD to 8.29% while TSL will have direct shareholding of 9.79% as at the LPD; and

EXECUTIVE SUMMARY

Section in this IAL	Area of Evaluation	Our Evaluation
		<p>(vi) Assuming the Proposed Acquisition is completed as at the LPD, the public shareholding spread of PTT will reduce from approximately 47.24% to approximately 25.97%. This will satisfy Paragraph 8.02(1) of the Listing Requirements as PTT's public shareholding spread is not expected to fall below 25% pursuant to the Proposed Acquisition.</p> <p>Whilst the issuance of new PTT Shares pursuant to the Proposed Acquisition is expected to be dilutive, but the dilution impact will be mitigated by the Profit Guarantee during the Guaranteed Period. In addition, the management is of the view that the Proposed Acquisition will strengthen PTT Group's construction business and is expected to positively contribute to PTT Group's future earnings. As such, the overall effects of the Proposed Acquisition are reasonable and not detrimental to the interests of the non-interested shareholders of PTT.</p>
Section 12	Industry overview, outlook and prospects	<p>Based on our evaluation as set out in Section 12 of this IAL, we noted that the following:</p> <p>(i) The Malaysian economy, latest developments point towards further expansion in economic activity in the first quarter of 2023 after the strong performance in 2022. For 2023, the Malaysian economy is expected to continue to expand amid slower external demand;</p> <p>(ii) The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance;</p> <p>(iii) PTTSB has more than 19 years of experience in the construction industry, particularly earthworks and infrastructure works. PTTSB is registered with the CIDB as a qualified contractor with class Grade 7 accreditation which allows PTTSB to tender for projects without any limitation in size or value;</p> <p>(iv) PTTSB has established itself in the construction industry with its track record wherein PTTSB has completed approximately RM928.7 million construction projects in the past 5 financial years up to the LPD; and</p>

EXECUTIVE SUMMARY

Section in this IAL	Area of Evaluation	Our Evaluation
		<p>(v) Upon completion of the Proposed Acquisition, the enlarged PTT Group will have a collective outstanding order book of RM600.8 million (PTT's outstanding order book of RM416.3 million and PTTSB's outstanding order book of RM184.5 million as at the LPD). As at the LPD, PTTSB has also submitted quotations for several projects for an aggregate amount of approximately RM168.1 million.</p> <p>(vi) Based on PTTSB's historical financial performance, we noted that PTTSB recorded year-on-year revenue growth of approximately 36.40% and 22.53% for FYE 31 December 2021 and FYE 31 December 2022, respectively, mainly contributed by PTTSB's secured projects. PTTSB's PAT has decreased by approximately 36.00% for FYE 31 December 2021 as compared to the previous financial year, mainly due to a decrease in the fair value gain recognised for its investment property during the year. The PAT of PTTSB has increased by approximately 28.73% for FYE 31 December 2022 compared to the previous financial year and is in line with the increase in gross profit during the financial year.</p> <p>Based on the above, we are of the view that the prospects of the enlarged PTT Group following the completion of the Proposed Acquisition appears to be favourable and the Proposed Acquisition to contribute positively to the enlarged PTT Group.</p>
Section 13	Risk factors in relation to the Proposed Acquisition	<p>In considering the Proposed Acquisition, the non-interested shareholders of PTT are advised to give careful consideration to the following risk factors:</p> <ul style="list-style-type: none"> (i) Non-completion risk; (ii) Achievability of the Profit Guarantee; (iii) Investment and integration risk; (iv) Funding and interest rate risk; (v) Goodwill and impairment risk; and (vi) Risks inherent to the construction industry. <p>We wish to highlight that although efforts and measures will be taken by the enlarged PTT Group to mitigate the abovementioned risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material impact on the business and operations of the enlarged PTT Group.</p>



3. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in this IAL. Based on this, BDOCC views that the Proposed Acquisition is fair and reasonable and is not detrimental to the non-interested shareholders of PTT.

Accordingly, we advise and recommend that the non-interested shareholders vote in favour of the ordinary resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

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30 June 2023

To: The non-interested shareholders of PTT Synergy Group Berhad

Dear Sir / Madam,

PTT SYNERGY GROUP BERHAD (“PTT” OR THE “COMPANY”)

INDEPENDENT ADVICE LETTER (“IAL”) TO THE NON-INTERESTED SHAREHOLDERS OF PTT IN RELATION TO THE PROPOSED ACQUISITION BY PTT OF THE ENTIRE EQUITY INTEREST IN PEMBINAAN TETAP TEGUH SDN BHD (“PTTSB”) FOR A TOTAL PURCHASE CONSIDERATION OF RM152.0 MILLION

This IAL has been prepared to accompany the Circular in relation to the Proposed Acquisition. Definitions or defined terms used in this IAL shall have the same meanings as defined in the “Definitions” section of the Circular, except where the context requires otherwise or as otherwise defined.

All references to “we”, “us” and “our” in this IAL are ascribed to BDOCC, being the Independent Adviser for the Proposed Acquisition.

1. INTRODUCTION

On 30 March 2023, AmInvestment Bank had, on behalf of the Board, announced that the Company had, on even date entered into the SSA (as supplemented via the Supplemental Letter Agreement) with the Vendors for the Proposed Acquisition. The Company had entered into the Supplemental Letter Agreement with the Vendors for the purpose of clarifying the manner and timing of payment of the PTTSB Related Party Advances and Subsequent Related Party Advances. Further details of the settlement of the PTTSB Related Party Advances are set out in **Section 4, Appendix I** of the Circular.

The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and interested major shareholders of PTT as set out in **Section 8, Part A** of the Circular.

Pursuant to the above, BDOCC was appointed by PTT on 9 March 2023 as the Independent Adviser to advise the non-interested shareholders of PTT on the Proposed Acquisition.

The purpose of this IAL is to provide the non-interested shareholders of PTT with an independent evaluation of the fairness and reasonableness of the Proposed Acquisition, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

NON-INTERESTED SHAREHOLDERS OF PTT ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR, TOGETHER WITH THE ACCOMPANYING APPENDICES, AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF PTT.

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



2. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The Proposed Acquisition is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and interested major shareholders of PTT as set out in **Section 8, Part A** of the Circular.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED ACQUISITION

BDOCC was not involved in the formulation of the Proposed Acquisition and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Acquisition. BDOCC's terms of reference as an Independent Adviser are limited to expressing an independent evaluation of the Proposed Acquisition which is based on the information provided to us or which is available to us, including but not limited to the following:

- (i) The information contained in Part A of the Circular and the appendices attached thereto;
- (ii) SSA dated 30 March 2023 entered between PTT and the Vendors in relation to the Proposed Acquisition;
- (iii) Audited financial statements of PTTSB for FYE 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022;
- (iv) Income statements and cash flow projections of PTTSB from FYE 31 December 2023 to FYE 31 December 2025 together with the key underlying bases and assumptions as provided by the management of PTTSB (hereinafter referred to as the “**Financial Projections**”);
- (v) Valuation certificates dated 26 June 2023 and/or valuation reports dated 27 March 2023 prepared by Laurelcap in relation to the valuation of the investment properties of PTTSB;
- (vi) Discussions with the Board and management of PTT and PTTSB on 27 March 2023, 30 March 2023 and 12 May 2023;
- (vii) Other relevant information, documents, confirmations and representations furnished to us by the Board and management of PTT and PTTSB; and
- (viii) Other publicly available information which we deemed to be relevant.

We have made such reasonable enquiries to the Board and management of PTT and PTTSB. We have relied upon the information and/or documents as mentioned above as well as the relevant facts and information and/or representations necessary for our evaluation of the Proposed Acquisition that have been disclosed to us, and that such information is accurate, valid and there is no omission of material facts which would make any information provided to us to be incomplete, misleading or inaccurate. We express no opinion on any such information and have not undertaken any independent investigation into the business and affairs of PTT, PTTSB and all relevant parties involved in the Proposed Acquisition. Based on the above, we are satisfied with the information and documents provided by PTT and PTTSB and are not aware of any fact or matter not disclosed that renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL.

In rendering our advice, BDOCC had taken note of pertinent issues, which we believe are necessary and important to an assessment of the implications of the Proposed Acquisition and therefore of general concern to the non-interested shareholders of PTT. As such:

- (i) The scope of BDOCC's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the terms and conditions of the Proposed Acquisition. Comments or points of consideration which may be commercially oriented such as the rationale and effects of the Proposed Acquisition are included in our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of PTT to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Acquisition;
- (ii) BDOCC's views and advice as contained in this IAL only cater to the non-interested shareholders of PTT at large and not to any shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual shareholder or any specific group of shareholders; and
- (iii) We recommend that any individual shareholder or group of shareholders of PTT who are in doubt as to the action to be taken or require advice in relation to the Proposed Acquisition in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, should consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account the information, events and conditions arising after the LPD.

The Board has seen and approved the contents of this IAL. They collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAL and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any information in this IAL false or misleading.

The responsibility of the Board in respect of the independent advice and expression of opinion by BDOCC in relation to the Proposed Acquisition as set out in **Section 1, Appendix VII** of the Circular, is to ensure that accurate information in relation to PTT was provided to BDOCC for its evaluation of the Proposed Acquisition and to ensure that all information in relation to PTT that is relevant to BDOCC's evaluation of the Proposed Acquisition have been completely disclosed to BDOCC and that there are no omission of material facts which would make any information provided to BDOCC false or misleading.

We shall notify the shareholders of PTT if, after the despatch of this IAL, we become aware of the following:

- (i) significant change affecting the information contained in this IAL;
- (ii) there is reasonable ground to believe that the statements in this IAL are misleading/deceptive; and
- (iii) there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the shareholders of PTT.



4. DECLARATION OF CONFLICT OF INTEREST

BDOCC confirms that it is not aware of any existing conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of BDOCC's appointment as the Independent Adviser in respect of the Proposed Acquisition.

Save for the current appointment as the Independent Adviser of the Proposed Acquisition, BDOCC did not have any other professional relationship with PTT at any time during the past 2 years prior to the date of this IAL.

5. CREDENTIALS, EXPERIENCE AND EXPERTISE OF BDOCC

BDOCC is a corporate advisory firm in Malaysia with a corporate finance advisory team which provides an extensive range of services to both the corporate and financial sectors as well as the investment community. The areas of expertise include valuation services, capital market transactions as well as mergers and acquisitions.

The credentials and experience of BDOCC as an Independent Adviser, where we have been appointed in the past 2 years prior to the date of this IAL, include the following proposals:

- (i) Appointment by Damansara Realty Berhad as the Independent Adviser in relation to the proposed disposal of a real property asset to a related party for a total cash consideration of approximately RM38.4 million. Our independent advice letter was issued on 8 July 2021;
- (ii) Appointment by OCR Group Berhad as the Independent Adviser in relation to the proposed acquisition of 50% equity interest in Stack Builder Sdn Bhd, proposed acquisition of 100% equity interest in Wonderland Projects Sdn Bhd and proposed settlement by OCR of shareholders' advances owing by Wonderland to the Wonderland Vendors. Our independent advice letter was issued on 2 November 2021;
- (iii) Appointment by MPH Capital Berhad as the Independent Adviser in relation to the proposed disposal of 51% equity interest in MPI Generali Insurans Berhad to Generali Asia N.V. for a total cash consideration of RM485.0 million, subject to adjustments. Our Independent advice letter was issued on 28 June 2022;
- (iv) Appointment by Citaglobal Berhad as the Independent Adviser in relation to the proposed acquisition of 100% equity interest in Citaglobal Engineering Services Sdn Bhd from the vendor for a purchase consideration of RM140.0 million, to be satisfied via issuance of consideration shares. Our Independent advice letter was issued on 21 September 2022;
- (v) Appointment by Heng Huat Resources Group Berhad as the Independent Adviser for the conditional mandatory take-over offer by GH Consortium Sdn Bhd to acquire all the offer securities for a cash consideration of RM0.3771 per offer share and RM0.2971 per offer warrant. The independent advice circular was issued on 30 October 2022;
- (vi) Appointment by Iskandar Waterfront City Berhad as the Independent Adviser in relation to the proposed disposal of a piece of freehold vacant land for a cash consideration of RM53.2 million and settlement of debt owing by the company and its subsidiary amounting to RM50.8 million by way of set-off against the disposal consideration. Our independent advice letter was issued on 31 October 2022;
- (vii) Appointment by KPJ Healthcare Berhad as the Independent Adviser in relation to the proposed sale and leaseback of 4 real property assets involving the interest of related parties. Our independent advice letter was issued 22 November 2022;

- (viii) Appointment by Comintel Corporation Bhd as the Independent Adviser for the unconditional mandatory take-over offer by JT Conglomerate Sdn Bhd to acquire the offer shares for a cash consideration of RM0.15 per offer share. Our independent advice circular was issued on 27 December 2022;
- (ix) Appointment by KPJ Healthcare Berhad as the Independent Adviser in relation to the proposed disposal of 2 parcels of freehold land in Bethania Queensland Australia by Jeta Gardens (Qld) Pty Ltd, an indirect subsidiary of KPJ Healthcare Berhad, to JLand Australia Pty Ltd for a total cash consideration of approximately RM19.6 million. Our independent advice letter was issued on 22 March 2023;
- (x) Appointment by Tropicana Corporation Berhad as the Independent Adviser in relation to the proposed capitalisation of the advances amounting to RM180.0 million via issuance of shares. Our independent advice letter was issued on 8 June 2023; and
- (xi) Appointment by DPS Resources Berhad as the independent adviser in relation to the proposed exemptions to Tan Sri (Dr) Sow Chin Chuan and persons acting in concert with him, from the obligation to undertake a mandatory offer for the remaining shares and convertible securities in DPS Resources Berhad not already held by them. Our independent advice letter was issued on 14 June 2023.

Premised on the foregoing, BDOCC is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested shareholders of PTT in relation to the Proposed Acquisition.

6. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following factors in forming our opinion:

	Section in this IAL
(1) Rationale of the Proposal Acquisition	7
(2) Basis and justification for the Purchase Consideration	8
(3) Evaluation of the Issue Price of the Consideration Shares	9
(4) Evaluation of the salient terms of the SSA	10
(5) Effects of the Proposed Acquisition	11
(6) Industry overview, outlook and prospects	12
(7) Risk factors in relation to the Proposed Acquisition	13

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7. RATIONALE OF THE PROPOSED ACQUISITION

We take cognisance of the rationale of the Proposed Acquisition as outlined in **Section 3, Part A** of the Circular. The Proposed Acquisition will enable PTT Group to:

- (i) grow PTT Group's construction business;
- (ii) leverage the strength of PTTSB in relation to its management team, resources and expertise to further strengthen PTT Group's construction order book, financial position and prospects;
- (iii) provide an opportunity for PTT Group to bolster its earnings stream which is expected to strengthen the financial performance for the next 2 financial years of the enlarged PTT Group; and
- (iv) consolidate TSP and TSL's private construction business and construction-related assets into PTT Group.

Our comments on the reasonableness of the rationale of the Proposed Acquisition

Our evaluation of the rationale of the Proposed Acquisition is as follows:

(i) Grow PTT Group's construction business.

We noted that the acquisition of PTTSB, which is also involved in the construction business is in-line with PTT Group's objectives and strategy to grow its construction business.

(ii) Leverage the strength of PTTSB in relation to its management team, resources and expertise to further strengthen PTT Group's construction order book, financial position and prospects.

We noted that as at the LPD, PTTSB has a workforce of 198 employees which includes engineers, site supervisors, quantity surveyors, projects managers, lorry drivers, machine operators and administrative staff as well as heavy machinery including trucks, excavators, compactors, tractors, drills, rollers, bulldozers, motor graders and backhoes used for its construction activities.

Based on the above, we are of the view that the Proposed Acquisition will provide benefits to the enlarged PTT Group by combining the management team, resources and expertise of PTTSB.

(iii) Provide an opportunity for PTT Group to bolster its earnings stream which is expected to strengthen the financial performance for the next 2 financial years of the enlarged PTT Group.

We noted that PTTSB had long-term relationships with its client including property developers and main contractors such as Sime Darby Berhad and its group of companies, Tropicana Industrial Park Sdn Bhd, Beibu Gulf Holding (M) Sdn Bhd and China Communications Construction (ECRL) Sdn Bhd and over the last 5 years up to the LPD, PTTSB had managed to secure and/or complete RM1.11 billion worth of contracts mainly from the aforementioned clients. As at the LPD, PTTSB has 10 on-going construction projects with an aggregate contract value of RM495.8 million.

Based on the above, we are of the view that the Proposed Acquisition will complement the enlarged PTT Group in bidding for additional projects from property developers and main contractors in which PTTSB has established relationship with.



- (iv) **Consolidate TSP and TSL's private construction business and construction-related assets into PTT Group.**

Upon completion of the Proposed Acquisition, PTTSB will be a wholly-owned subsidiary of PTT Group and this will eliminate existing and potential conflicts of interest between PTT and its major shareholders (namely TSL and TSP) as well as serve to realign the interests of PTTSB and PTT Group in undertaking construction projects moving forward.

Based on the above, we are of the view that it will protect the interest of the shareholders of PTT.

Premised on our evaluation as set out above, we are of the opinion that the rationale of the Proposed Acquisition is reasonable. Nevertheless, non-interested shareholders of PTT should note that the potential benefits arising from the Proposed Acquisition are subject to certain risk factors as outlined in Section 13 of this IAL.

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8. BASIS AND JUSTIFICATION OF THE PURCHASE CONSIDERATION

We take cognisance of the basis and justification in arriving at the Purchase Consideration as detailed in **Sections 2.1 & 2.2, Part A** of the Circular.

We noted that the Purchase Consideration was arrived at after negotiation based on a willing-buyer willing-seller basis, after taking into consideration, amongst others, the following:

- (i) the Profit Guarantee provided by the Vendors. The Profit Guarantee for the Guaranteed Period (i.e. FYE 31 December 2023 and FYE 31 December 2024) translates to an average Profit Guarantee of RM17.0 per financial year (i.e. 12-month period). The Purchase Consideration represents an implied P/E Multiple of approximately 8.94 times forward earnings based on the average Profit Guarantee of RM17.0 million per financial year;
- (ii) the P/E Multiples of 6 comparable listed companies that are principally involved in the construction business, have a market capitalisation ranging between RM100.0 million to RM400.0 million and have an annual PAT ranging from approximately RM10.0 million to RM30.0 million during their respective preceding 12-month financial period. The implied P/E Multiple of 8.94 times represented by the Purchase Consideration falls within the range of the comparable listed companies of 7.31 times to 18.43 times and is lower than the average P/E Multiple of the comparable listed companies and P/E Multiple of PTT of 12.64 times and 10.62 times respectively as at 8 March 2023. As disclosed in **Section 2.1.1, Part A** of the Circular, we noted that the market capitalisation for PTT of approximately RM201.0 million is computed based upon the issuance of Consideration Shares and the 5-day VWAP of PTT Shares up to and including the SSA LTD of RM1.1161. As such, we are of the view that the selection of comparable listed companies with market capitalisation ranges between RM100.0 million to RM400.0 million is reasonable;
- (iii) the P/E Multiples of 8 historical precedent transactions involving construction and construction-related companies. The implied P/E Multiple of 8.94 times represented by the Purchase Consideration falls within the range of P/E Multiples of precedent transactions of 6.78 times to 12.00 times as at their respective dates of announcement on the Bursa Securities's website;
- (iv) the adjusted NA of PTTSB as of 31 December 2022 of RM104.8 million (after adjusting for the Excluded Assets). PTTSB's adjusted NA includes the investment properties which consist of Space U8 Retained Properties, Terengganu Land and Serenia Factories and have an aggregate NBV of RM109.6 million. Additionally, the adjusted NA of PTTSB also consists of machineries utilised to undertake construction works and have an aggregate NBV of RM57.4 million;
- (v) PTTSB's long operating history as it has been involved in the construction business since 2004 as well as registered positive PAT ranging from RM13.2 million to RM20.6 million for the last 3 FYEs 31 December 2020, 31 December 2021 and 31 December 2022; and
- (vi) as at the LPD, PTTSB's outstanding order book of approximately RM184.5 million is expected to generate earnings to PTTSB for the next 2 financial years. PTTSB has also, as at the LPD, tendered and submitted quotations for several projects for an aggregate amount of approximately RM168.1 million. Additionally, PTTSB has expressed interest to government entities and/or agencies and submitted proposals to participate in projects with a contract value of up to RM400.0 million. At this juncture, there is no indication from the relevant government entities and/or agencies on the mode of awarding such projects.

In evaluating the Purchase Consideration, we have adopted the income approach, using the discounted cash flow (“**DCF**”) approach. The DCF approach is used as the primary approach in view of the principal activities and the financial performance of PTTSB as well as the availability of financial projections of PTTSB from FYE 31 December 2023 to FYE 31 December 2025.

Under the DCF approach, the free cash flow to the firm (“**FCFF**”) projected to be generated from the business is discounted at discount rates to derive the present value of all future cash flows from the business available to the providers of capital for the business. A key assumption for the DCF approach is the choice of a discount rate that takes into account the relevant expected market return and interest rates as well as the business and financial risks relating to the business. The present value of FCFF is also known as the Enterprise Value.

8.1 Valuation of PTTSB’s construction business using DCF approach

PTTSB was incorporated on 20 July 2000 under the Companies Act 1965 and is deemed registered under the Act.

PTTSB is principally engaged as construction contractors and rental of properties. PTTSB commenced its construction business in the year 2004. PTTSB is registered with the Construction Industry Development Board (“**CIDB**”) as a qualified contractor with class Grade 7 accreditation which allows PTTSB to tender for projects without any limitation in size or value.

As stated in **Section 2, Part A** of the Circular, the Proposed Acquisition entails the acquisition by PTT of the entire share capital in PTTSB for the Purchase Consideration of RM152.0 million.

In our evaluation of the Purchase Consideration, we have adopted the DCF approach to value the entire equity interest in PTTSB’s construction business (“**Valuation**”). We have adopted the DCF approach as the sole method in valuing PTTSB as the DCF approach measures the intrinsic value of its business which takes into consideration, amongst others, PTTSB’s cost of capital, capital structure and its potential growth.

The DCF approach considers both the time value of money and the future cash flows to be generated from the business over a specified period of time. As the methodology entails the discounting of future cash flows to be generated from the said business at a specified discount rate to arrive at the fair value of the business, the riskiness of generating such cash flows will also be taken into consideration.

In conducting the Valuation, we held discussions with the management of the PTTSB to obtain a general understanding of the business and operations of PTTSB.

We also obtained an understanding of the bases and assumptions of the Financial Projections for which the management of PTTSB is responsible and that the specific assumptions are reflected in the Financial Projections. We also reviewed the arithmetic accuracy of the Financial Projections. Based on the above, we are satisfied that the Financial Projections were prepared on a reasonable basis. However, BDOCC, in no way, guarantees or otherwise warrants the achievability of the Financial Projections. As far as the Financial Projections are concerned, PTTSB remains ultimately responsible for the accuracy, completeness and reliability of the Financial Projections including the underlying bases and assumptions.

In arriving at the discount rates of the Valuation, we have selected the publicly listed comparable companies involved in construction related business and the provision of earthwork services as the comparable companies which we view as broadly comparable to PTTSB. We have applied the prevailing risk-free rate, equity risk premium and beta of the comparable companies at 31 December 2022 (“**Valuation Date**”). We have also relied on the data of the comparable companies in estimating the discount rates with adjustments taking into consideration the size, unlisted status as well as the profile of PTTSB. Please note that the selection of comparable companies and adjustments made are highly subjective and judgmental and the selected comparable companies may not be entirely comparable due to various factors.

The key bases and assumptions adopted in the preparation of the Financial Projections by the management of PTTSB are as follows:

- (i) The management of PTTSB has prepared the Financial Projections on a going concern basis as well as based on the on-going projects, potential future projects which are at various stages of being pursued and the future projects to be secured;
- (ii) The existing secured outstanding order book provides a basis to project its future financial projection from future projects which include projects currently being pursued as well as the future projects to be secured;
- (iii) PTTSB's contracts are expected to be executed and completed within the projected time frame and the cash flows arising from the outstanding order book as at the Valuation Date as well as the subsequent replenishment of PTTSB's order book will be fully realised as projected by the management of PTTSB;
- (iv) It is assumed that there will not be any significant or material increase in costs which is expected to have a material adverse effect on the financial results, cash flows or business prospects of PTTSB;
- (v) Sufficient internally generated funds and borrowings will be available to finance the working capital requirements;
- (vi) The prospects of PTTSB as set out in Section 12 of this IAL;
- (vii) The corporate tax rate is based on the Malaysian statutory tax rate of 24% of profit before tax;
- (viii) There will not be any significant or material changes in the principal activities and existing structure of PTTSB, environmental condition, political, social and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the construction industry; and
- (ix) There is no significant or material change in the accounting policies of PTTSB.

We noted that the management of PTTSB has prepared the Financial Projections after taking into consideration the expected completion date for the secured projects and estimated date to secure future projects that are currently being pursued as well as the future projects to be secured by PTTSB, their expected project periods and the expected construction commencement date as well as their expected completion date based on the management of PTTSB's best estimate.

Based on the above and the representations from the management of PTTSB, nothing has come to our attention that the bases and assumptions adopted in the preparation of the Financial Projections are not reasonable.

Please note that the Financial Projections inherently has its limitation as it is projected over an extended period of time and is subject to meeting the bases and assumption which might be affected by the then prevailing market conditions and business risks which may not be within the control or foresee by the management of PTTSB during the period of the Financial Projections.

The key bases and assumptions adopted in our Valuation are as follows:

- (i) That the audited financial statements of PTTSB as at 31 December 2022 provide a true and fair view of the financial position of PTTSB as at the Valuation Date;

- (ii) That the Financial Projections as provided by management of PTTSB will be achieved. PTTSB's construction contracts will be executed and completed within the projected time frame and the cash flows as identified in the DCF model arising from the outstanding order book as at the Valuation Date as well as the subsequent replenishment of PTTSB's order book will be fully realised as projected by the management of PTTSB after taking into account the timing of implementation and securing the projects. There will not be any significant or material increase in costs which is expected to have a material adverse effect on the financial results, cash flows or business prospects of PTTSB. PTTSB assumes full responsibilities for the accuracy, completeness and reliability of the Financial Projections;
- (iii) That PTTSB has/will have all the relevant licences, permits, approvals, agreements, contracts or any other contractual agreements, to carry out the business ("**Licences/Agreements**"). Accordingly, it is further assumed that there are no breaches and there will not be any breaches of any provision in the Licences/Agreements and the Licenses/Agreements are renewed upon expiry;
- (iv) There is no material change to the Valuation from the Valuation Date up to the completion date of the Proposed Acquisition;
- (v) That the time value implications, if any, from the Valuation Date up to the actual completion date of the Proposed Acquisition is not material;
- (vi) That PTTSB is in full compliance with all applicable regulations and laws;
- (vii) That the business interest of PTTSB is free and clear of any liens or encumbrances;
- (viii) That there will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation, and other lending guidelines in the countries where PTTSB is operating which will affect the activities of PTTSB during the Financial Projections period;
- (ix) That there will be no material changes in the present management of PTTSB and principal activities as well as the accounting and operating policies presently adopted by PTTSB. There will be continuity in responsible ownership and competent management with respect to the operation of the business;
- (x) That there are no material changes in the financial position and performance as well as business operations of PTTSB that will affect PTTSB after the Valuation Date;
- (xi) That there are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or operations of PTTSB now and in the future;
- (xii) That there will be no material changes to the condition of the assets which will affect the operations in the future;
- (xiii) That the investment properties, consisting of Space U8 Retained Properties, Terengganu Land and Serenia Factories, which are not directly attributable to the business operations or financial performance of PTTSB, are being carved-out and excluded in the Valuation; and
- (xiv) That there will be no event of *force majeure* occurring such as any act of God, act of public enemies, war, act of terrorism, restraint of Government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of the management of PTTSB, which could materially affect the financial position and business operations of PTTSB.

In arriving at the Valuation of PTTSB's construction business, we have discounted the projected FCFF to be generated at the weighted average cost of capital ("WACC") using the approach described below:

No.	Key bases and assumption	Description				
1.	Valuation cut-off date 31 December 2022	The cut-off date for the historical statements of audited financial position of PTTSB being 31 December 2022.				
2.	Valuation date 31 December 2022	This is the reference date for risk-free rate of return, beta and expected market rate of return which are used in the DCF valuation.				
3.	FCFF Based on PTTSB Financial Projections	FCFF is the free cash flows from operations available to the providers of capital of a business after taking into consideration all operating expenses, movement in working capital and net investing cash flows.				
4.	Cost of equity (“K _e ”) 12.68% to 15.12%	<p>Cost of equity represents the rate of return on the entity required by an investor on the cash flow streams generated by the entity, given, amongst others, the risks associated with the cash flow.</p> <p>We have derived the estimated cost of equity using the Capital Asset Pricing Model with the following inputs: $K_e = R_f + \beta (R_m - R_f)$</p> <p>Capital Asset Pricing Model is one of the common model used to determine a required rate of return of an asset. It is used to estimate the cost of equity based on risk-free rate of return (refer item 5 below), expected market rate of return (refer item 6 below) and beta (refer item 7 below).</p> <p>The K_e has been adjusted to take into consideration the inherent risk as well as size and marketability adjustments. Inherent risk has been applied to reflect the uncertainty involved in PTTSB Financial Projections. In addition, we have also applied size and marketability adjustment of 25% in the Valuation in view of its unlisted status.</p> <p>The computation of the adjusted cost of equity is as follows: Adjusted K_e = (Unadjusted K_e + inherent risk) x (1 + size and marketability adjustment)</p> <p>The impact to the K_e based on the adjustments above is as follows:</p> <table><tr><td></td><td>Impact to K_e</td></tr><tr><td>PTTSB</td><td>Increase of 4.79% to 6.27%</td></tr></table> <p>We wish to highlight that in the process of a valuation, it is not uncommon for a valuer to apply adjustments based on their judgements to derive a value. We have for this Valuation applied our judgements to arrive at the adjustments after considering, amongst others, the inputs and assumptions of the Financial Projections and the</p>		Impact to K_e	PTTSB	Increase of 4.79% to 6.27%
	Impact to K_e					
PTTSB	Increase of 4.79% to 6.27%					

No.	Key bases and assumption	Description
		selected comparable companies to derive the range of fair value of PTTSB's construction business. Please note the adjustments made are highly subjective and judgmental.
5.	Risk-free rate of return ("R _f ")	<p>Risk-free rate of return represents the expected rate of return from a risk-free investment.</p> <p>The best available approximation of the risk-free rate of return is the gross yield of twenty-nine (28)-year Malaysian Government Securities. We are of the view that the longest tenure Malaysian Government Securities, rather than the shorter tenure Malaysian Government Securities, is appropriate to approximate the R_f of the business which is being valued at perpetuity.</p> <p>As extracted from the Bank Negara Malaysia website, the said yield is 4.55% as at the Valuation Date.</p>
6.	Expected market rate of return ("R _m ")	<p>Expected market rate of return is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.</p> <p>In our opinion, the expected market rate of return for the FTSE Bursa Malaysia Index is an indicator of the equity market return in Malaysia. As extracted from Bloomberg, the expected market rate of return for the FTSE Bursa Malaysia Index as at the Valuation Date, which is based on the dividend discount model, is 9.28%.</p>
7.	Beta ("β")	<p>Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than one (1) signifies that the asset is riskier than the market and vice versa.</p> <p>For information purposes, the term "unlevered β" refers to the β of a company without any debt. Unlevering a β removes the financial effects from leverage. The formula to calculate a company's unlevered β is as follows: $\text{Unlevered } \beta = \text{levered } \beta / [1 + (1-T) \times D/E]$</p> <p>The term "levered β" refers to the β of a company with debt. Levering a β includes the financial effects from leverage. The unlevered β should be adjusted to levered β of as per formula below: $\text{Levered } \beta = \text{Unlevered } \beta \times [1 + (1-T) \times D/E]$</p> <p>In deriving the estimated beta to derive the estimated Valuation of PTTSB, we have relied on the raw three (3)-year weekly betas up to the Valuation Date of comparable companies whose core business includes construction related business and involved in the provision of earthwork services. As the raw beta extracted from Bloomberg is based on the capital structure of the respective comparable companies, we have unlevered the raw beta and levered it based on the expected capital structure of PTTSB.</p> <p>To obtain the raw betas of the comparable companies, we selected listed companies that we deemed comparable to PTTSB based on the following selection criteria:</p>

No.	Key bases and assumption	Description												
		<p>(i) More than 50% revenue is derived from construction related business and involved in the provision of earthwork services;</p> <p>(ii) The comparable companies are listed on Bursa Securities; and</p> <p>(iii) The comparable companies are listed for more than 3 years.</p> <p>The comparable companies identified and used in determining the estimated beta to derive the estimated Valuation based on the said criteria are as follows:</p> <table><tr><th>No.</th><th>Comparable company</th><th>Stock exchange listing</th><th>Market capitalisation as at 31 December 2022 (RM' million)</th></tr><tr><td>(1)</td><td>Gadang Holdings Bhd</td><td>Bursa Securities</td><td>229.5</td></tr><tr><td>(2)</td><td>Advancecon Holdings Bhd</td><td>Bursa Securities</td><td>123.2</td></tr></table> <p>Please note that the selection of comparable companies and adjustments made are highly subjective and judgmental and the selected comparable companies may not be entirely comparable due to various factors, which include amongst others, size, geographical location of the operating assets, business model and management expertise.</p>	No.	Comparable company	Stock exchange listing	Market capitalisation as at 31 December 2022 (RM' million)	(1)	Gadang Holdings Bhd	Bursa Securities	229.5	(2)	Advancecon Holdings Bhd	Bursa Securities	123.2
No.	Comparable company	Stock exchange listing	Market capitalisation as at 31 December 2022 (RM' million)											
(1)	Gadang Holdings Bhd	Bursa Securities	229.5											
(2)	Advancecon Holdings Bhd	Bursa Securities	123.2											
8.	Pre-tax cost of debt ("K _d ")	5.50%												
9.	WACC	9.98% to 12.11%												
		<p>The WACC is the weighted average of the rates of return required by each of the capital providers (usually just equity and debt) where the weights are the proportions of the firm's total market value from each capital source:</p> $WACC = E (K_e) + D(K_d) (1-T)$ <p>where:</p> <p>E = Proportion of equity to the capital structure</p> <p>D = Proportion of debt to the capital structure</p> <p>K_e = Cost of equity</p> <p>K_d = Pre-tax cost of debt</p> <p>T = Malaysian corporate income tax rate of 24%</p>												
10.	Debt-to-equity ratio	0.23 to 0.67												
		<p>Debt-to-equity ratio is a ratio used to measure a company's financial leverage, calculated by dividing a company's total liabilities by its stockholders' equity based on the expected capital structure for the respective financial years.</p>												

No.	Key bases and assumption	Description
11.	Terminal growth rate	<p>The terminal growth rate is an estimate of the company's growth in expected future cash flows beyond a projection period. We adopted terminal growth rate of 1.00% after taking into consideration the average 5-year annual inflation rate of from 2018 to 2022 in Malaysia of 1.4%.</p> <p>(Source: Department of Statistics Malaysia Official Portal)</p>
12.	Enterprise value	<p>The formula used to derive enterprise value i.e. the net present value of FCFF is as follows: Enterprise Value = Present value of projected FCFF⁽¹⁾ + Present value of terminal value⁽²⁾</p> <p><u>Note:-</u> $\text{Present value of FCFF} = \frac{\text{FCFF}}{(1 + \text{WACC})^n}$ <i>whereby, n represents time, in years into the future.</i> </p> <p>$\text{Terminal value (in present terms)} = \frac{\text{Expected sustainable level of FCFF} \times (1 + g)}{(\text{WACC} - g)} \times \frac{1}{(1 + \text{WACC})^n}$</p>

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8.1.1 Range of fair value of PTTSB's construction business

Based on the above, the range of estimated fair value of PTTSB's construction business is as follows:

	RM million	
	Low	High
Range of enterprise value of 100% equity interest in PTTSB's construction business ⁽¹⁾	272.5	300.0
Minus: Net borrowings ⁽²⁾	(130.1)	(130.1)
Range of fair value of 100% equity interest in PTTSB's construction business	142.4	169.9

Notes:

(1) *In arriving at the Valuation, the Financial Projections as provided by the management of PTTSB is discounted at derived discount rates of between 9.98% to 12.11%. In deriving the discount rates to arrive at its enterprise value, we have applied the prevailing risk-free rate and equity risk premium and betas of comparable companies as at the Valuation Date. We have also relied on the data of the comparable companies in estimating the discount rates with adjustments taking into consideration the size and marketability of PTTSB relative to the comparable companies and the inherent risks and uncertainties of the Financial Projections.*

Please note that the selection of the comparable companies and the adjustments made are highly subjective and judgmental and the selected comparable companies may not be entirely comparable due to various factors.

(2) *Net borrowings consist of term loans, hire purchase payables and bank overdrafts, set off against the surplus cash and bank balances.*

Our comments on the fairness of the Purchase Consideration

Based on the table above, the Purchase Consideration of RM152.0 million is within the estimated range of fair value of 100% equity interest in PTTSB's construction business of RM142.4 million to RM169.9 million.

As set out in **Sections 2.1 & 2.2, Part A** of the Circular, we are of the view that the average annual Profit Guarantee of RM17.0 million is also an appropriate basis to be used to determine the fairness of the Purchase Consideration. The implied P/E Multiple of 8.94 times of the Proposed Acquisition, based on the average annual Profit Guarantee of RM17.0 million, falls within the P/E Multiple range of the comparable listed companies and precedent transactions. In addition, the average annual Profit Guarantee of RM17.0 million is derived after considering the PAT recorded by PTTSB which ranges from RM13.2 million to RM20.6 million for the 3 years up to the FYE 31 December 2022. This is further supported by the outstanding order book as at the LPD of approximately RM184.5 million.

Please note that the estimated range of fair value of 100% equity interest in PTTSB's construction business of RM142.4 million to RM169.9 million as at 31 December 2022 as derived above should be read in conjunction with the approach used in the Valuation together with the key bases and assumptions as disclosed in Section 8.1 of this IAL.

In addition, we wish to highlight that the investment properties, consisting of Space U8 Retained Properties, Terengganu Land and Serenia Factories with a total market value (net of borrowings) of RM36.1 million after deducting the borrowings as at the Valuation Date arising from the direct/indirect pledged of the investment properties (the total market value of investment properties as ascribed by Laurelcap dated 27 March 2023 is RM111.0 million), have been taken into consideration in arriving at the Purchase Consideration of RM152.0 million. The investment properties have been excluded from our computation of the range of fair value of 100% equity interest in PTTSB's construction business. Our comments on the valuation of PTTSB's investment properties are set out in Section 8.2 of this IAL.

As such, we are of the view that the Purchase Consideration is fair.

8.2 Valuation of PTTSB's Investment Properties

As set out in **Sections 2.1 & 2.2, Part A** of the Circular, the Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the market value of the investment properties amounting to RM111.0 million, as ascribed by Laureicap in its valuation reports dated 27 March 2023.

The valuation of the investment properties has been carried out by using the following methods:

Investment Properties	Valuation Method	Market Value (RM'000)
Serenia Factories	Primary method : Comparison approach Secondary method : Income approach by way of "term & reversion method"	48,000
Space U8 Retained Properties	Primary method : Comparison approach Secondary method : Income approach by way of "term & reversion method"	59,960
Terengganu Land	Comparison approach	3,000
Total Market Value		110,960
Total Market Value (Net of borrowings)		36,137

We have reviewed the contents of the valuation reports which were 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. Accordingly, we are satisfied with the bases and assumptions adopted by the Valuer in arriving at the market value of the investment properties.

A summarised information of the investment properties is shown in the table below.

Property	Serenia Factories	Space U8 Retained Properties	Terengganu Land
Lot No.	Lot 119358, Lot 119359, Lot 119360 & Lot 119361	Lot 78715	Lot 848, Lot 849 & Lot 851
Town District State	Mukim Dengkil Sepang Selangor Darul Ehsan	Mukim Damansara Petaling Selangor Darul Ehsan	Mukim Hulu Berang Hulu Terengganu Terengganu Darul Iman
Description	Comprises 4 units of 3-storey detached factory located at Jalan Cipta Serenia 1, Bandar Serenia, 43900 Sepang, Selangor Darul Ehsan 1. No 11, GRN 336653, Lot 119358 2. No 13, GRN 336654, Lot 119359	Comprises 7 stratified commercial properties within Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan 1. Car Park: Ground Floor, Basement 1 & Basement 2	Comprises 3 parcels of land located in Mukim Hulu Berang, Daerah Hulu Terengganu, Negeri Terengganu 1. GM 70, Lot 848 2. GM 71, Lot 849 3. GM 72, Lot 851

Property	Serenia Factories	Space U8 Retained Properties	Terengganu Land
	3. No 15, GRN 336655, Lot 119360 4. No 17, GRN 336656, Lot 119361	2. Block 1A: Ground Floor, Level 2, Level 3 & Level 4 at the western portion 3. Block 2A: Ground Floor, Level 2, Level 3 & Level 4 at the eastern portion 4. B1-2-1: Level 2 at eastern portion of Block 1 5. B1-3-1: Level 2 at eastern portion of Block 1 6. B1-1-3: Level 4 at eastern portion of Block 1 7. B1-2-3: Level 4 at eastern portion of Block 1	
Property Type	Factory	Car park and shop/retail	Agricultural land with residential development potential and/or agricultural land
Property Tenure (years)	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Property Category (usage / condition)	Industrial use	Commercial use	Agricultural use
Property Area	The total land area is approximately 16,203 square metres ("sqm")	The total parcel area is 46,724 sqm	The total land area is approximately 112,907 sqm
Restrictions-in-interest	No	No	No
Property Age	Approximately 4 years	Approximately 12 years	Not applicable
Encumbrances	1. Lot 119358 - charge to Al Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 13727/2022 dated 15 February 2022 2. Lot 119359 - charge to Al Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 40011/2022 dated 18 April 2022 3. Lot 119360 - charge to Ambank (M) Berhad vide Presentation No. 618/2021 and 45479/2021 dated 4 January 2021 and 31 May 2021 respectively	1. Car Park - charge to Ambank (M) Berhad vide Presentation No. 6436/2021(GD) dated 9 February 2021 2. Block 1A - charge to Ambank (M) Berhad vide Presentation No. 71341/2020(GD) dated 9 December 2020 3. Block 2A - charge to Ambank (M) Berhad vide Presentation No. 6406/2021(GD) dated 9 February 2021	1. Lot 848 - charge to Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 1057/2019 on 4 July 2019 2. Lot 849 - charge to Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 1057/2019 on 4 July 2019 3. Lot 851 - charge to Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 1057/2019 on 4 July 2019

Property	Serenia Factories	Space U8 Retained Properties	Terengganu Land
Expected Rental Income per month (RM)	184,500	140,466.91	Nil, vacant
NBV as at 31 December 2022 (RM)	47,030,404	59,589,190	3,000,000
Method of Valuation	Comparison approach and income approach by way of "Term and Reversion"	Comparison approach and income approach by way of "Term and Reversion"	Comparison approach
Date of Valuation	27 March 2023	27 March 2023	27 March 2023
Market Value (RM'000)	48,000	59,960	3,000

We noted that the Valuer has adopted the comparison approach and income approach by way of "term & reversion method" in the valuation of the investment properties. A brief description of the respective valuation methods is as follows:

- (i) Comparison approach involves comparing the subject properties with recently transacted properties of a similar nature or offers for sale of similar properties in the area. Adjustments are then made for differences in location, size, access, tenure, zoning, terrain, market conditions and other factors in order to arrive at a common basis for comparison.
- (ii) Income approach by way of "term & reversion method" involves estimating the market rental, which the subject properties can reasonably be let for. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalised at an appropriate current market yield to arrive at its indicative market value.

We also noted that the Valuer has adopted the comparison approach as the primary method and income approach by way of "term & reversion method" as the secondary method in the valuation of Serenia Factories and Space U8 Retained Properties. For the valuation of Terengganu Land, the Valuer has only adopted the comparison approach. The comparison approach has been the only method of valuation for Terengganu Land as there is no planning approval obtained for the lands as at the date of valuation on 27 March 2023.

Premised on the above, as the valuation methods adopted are consistent with the generally applied valuation methodologies, we are of the view that the valuation methods adopted by the Valuer in arriving at the market value of the respective investment properties are **reasonable**. For further information in relation to our analysis on the valuation carried out by the Valuer, please refer to Appendix of this IAL.

9. EVALUATION OF THE ISSUE PRICE OF THE CONSIDERATION SHARES

As disclosed in **Section 2, Part A** of the Circular, we noted that the Purchase Consideration of RM152.0 million for the Proposed Acquisition is proposed to be satisfied via the following:

- (i) cash consideration amounting to RM62.0 million; and
- (ii) issuance of up to 81,081,081 new PTT ordinary shares at an issue price of RM1.11 per PTT Share of which 50,450,450 Consideration Shares are issued to the Vendors free from the obligation of achieving the Profit Guarantee while 30,630,631 Consideration Shares shall be pledged to the Trustee as security for the performance of the Vendors' obligation in respect of the Profit Guarantee.

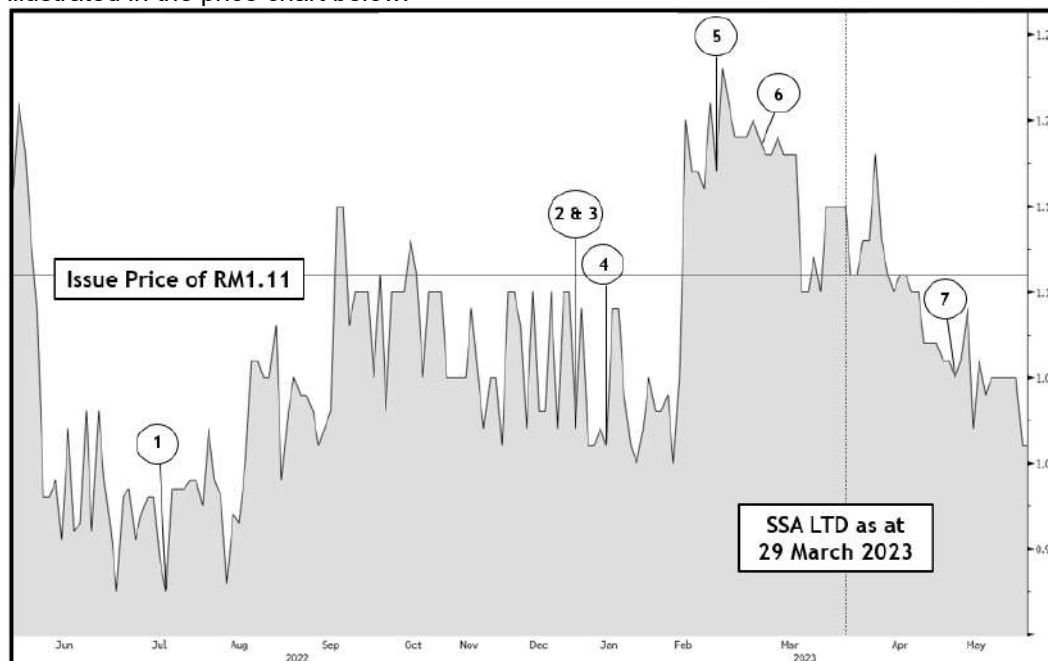
We noted that the issuance of the Consideration Shares pursuant to the Proposed Acquisition is subject to the approval of Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities as well as the approval from non-interested shareholders of PTT at the Company's EGM to be convened.

In **Section 2.3, Part A** of the Circular, we noted that the Issue Price of the Consideration Shares was determined on a willing-buyer willing-seller basis. The Issue Price per Consideration Share of RM1.11 represents approximately 0.55% discount to the 5-day VWAP of PTT Shares up to and including the SSA LTD of RM1.1161. We also noted that the Issue Price per Consideration Share represents approximately 5.62% discount over the 30-day VWAP of PTT Shares from 28 February 2023 to 29 March 2023 of RM1.1761.

As such, in evaluating the fairness of the Issue Price of the Consideration Shares, we have taken into consideration the following:

- (i) Historical market price performance of PTT Shares

The movement of the market price of PTT Shares over the past 1 year up to LPD as illustrated in the price chart below:



(Source: Bloomberg)

The above information extracted from Bloomberg has been adjusted for the effects of any dividends and corporate exercise throughout the relevant period.

We noted that the principal activities of PTT have remained the same throughout the past 1 year up to the LPD.

We noted that PTT Shares have closed same / below the Issue Price of RM1.11 for the past 1 years up to LPD on 9 June 2023 except for the period from 10 June 2022, 15 September 2022 to 19 September 2022, 11 October 2022, 17 February 2023 to 15 March 2023, 20 March 2023, 22 March 2023 to 30 March 2023 as well as 4 April 2023 to 7 April 2023.

We are not aware of any particular reasons which might have led to the upward or downward movements of the market price of PTT Shares for the past 1 year up to LPD, but we noted the following material announcements made by PTT on Bursa Securities:

No.	Date	Significant events
(1)	14 July 2022	The Board announced that its wholly-owned subsidiary, PTT Infra Sdn Bhd (formerly known as Pembinaan ATT Sdn Bhd) had on 14 July 2022 accepted the letter of award (“LOA”) from Tropicana Development (Johor Bahru) Sdn Bhd for the common infrastructure works in respect of Phase 1 for Cadangan Susunatur Industri dan Kemudahan di atas PTD 14020, Mukim Jeram Batu, Daerah Pontian, Johor Darul Takzim amounting to RM53,800,000.00. Pursuant to the LOA, the works shall commence on 15 July 2022 and is to be completed by 14 January 2024.
(2)	29 December 2022	The Board announced that PTT Assets Sdn Bhd, a wholly-owned sub-subsidiary of PTT had on 29 December 2022 entered into a Sale and Purchase Agreement with Sime Darby Property (Bukit Raja) Sdn Bhd for the acquisition of all that piece of land Lot No. i8B/49 with provisional address at 18, Jalan Inai 2D/KU5, Bandar Bukit Raja, Selangor Darul Ehsan held under H.S.(D). No. 165675, P.T. No. 84377, Mukim of Kapar, District of Klang, State of Selangor Darul Ehsan, measuring an area of approximately 4,987 square metres in the development named as The Detached Factories (Phase i8B - Bandar Bukit Raja 2) together with a double storey detached factory (Type A) erected or to be erected thereon, for a total cash consideration of RM12,256,888.00.
(3)	29 December 2022	The Board announced that PTT had on 29 December 2022 entered into a Sale and Purchase Agreement with Mr Sim Cheng Young for the disposal of contiguous parcels of vacant agricultural lands of GRN 41111 & GRM 41112, Lot 1696 & Lot 1926, Mukim of Beranang, District of Ulu Langat, State of Selangor Darul Ehsan, for a total disposal consideration of RM4,755,000.00.
(4)	13 January 2023	The Board announced that PTT had on 13 January 2023 entered into a Memorandum of Understanding with SANY International Developing (M) Sdn Bhd and Rootcloud Technology (Singapore) Pte Ltd whereby the parties intend to explore the possibility in collaborating in a business which provides electric vehicle support and solution via electric battery leasing services and provision of renewable energy and zero carbon logistic instrument.

No.	Date	Significant events
(5)	24 February 2023	On behalf of the Board, AmlInvestment Bank Berhad wishes to announce that the Board has on 24 February 2023 fixed the issue price for the Private Placement comprising up to 9,000,000 PTT Shares at RM1.07 each.
(6)	7 March 2023	On behalf of the Board, AmlInvestment Bank Berhad wishes to announce that the Private Placement has been successfully completed following the listing and quotation of 9,000,000 Placement Shares on the Main Market of Bursa Securities.
(7)	2 May 2023	The Board announced that PTT had on 2 May 2023 entered into a shareholders' agreement with Mr. Then Ikh Choo (" TIC "), PTT Development Sdn Bhd and PTT Logistics Sdn Bhd (" PTTL ") (" Shareholders' Agreement ") which sets out the subscription of 30% equity interest in PTTL by TIC as well as to regulate the respective rights, obligations, and liabilities as shareholders of PTTL upon the terms and subject to the conditions of the Shareholders' Agreement.

In addition, we have also compared the Issue Price of the Consideration Shares of RM1.11 to the historical VWAPs of PTT Shares over various timeframes up to the SSA LTD and LPD, this yields the following premiums/(discounts) to the closing market prices and VWAPs of the PTT Shares:

	Closing market price or VWAP of PTT Shares	(Discount)/Premium of the Issue Price of the Consideration Shares of RM1.11 over the closing market price or VWAP of PTT Shares	
	RM	RM	%
Up to the SSA LTD:			
Last closing market price	1.1500	(0.0400)	(3.48)
Five (5)-day VWAP	1.1161	(0.0061)	(0.55)
One (1)-month VWAP	1.1761	(0.0661)	(5.62)
Three (3)-month VWAP	1.1469	(0.0396)	(3.44)
Six (6)-month VWAP	1.1304	(0.0204)	(1.80)
Twelve (12)-month VWAP	1.1412	(0.0312)	(2.73)
Up to the LPD:			
Last closing market price	1.0100	0.1000	9.90
Five (5)-day VWAP	1.0205	0.0895	8.77

(Source: Bloomberg)

Based on the table above, we noted that the Issue price of Consideration Shares of RM1.11 represents the following:

- Discount** ranging from RM0.0061 (0.55%) to RM0.0400 (3.48%) over the last closing price as at the SSA LTD and the five (5)-day VWAPs up to the SSA LTD;
- Discount** ranging from RM0.0204 (1.80%) to RM0.0661 (5.62%) over the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAPs up to the SSA LTD; and
- Premium** ranging from RM0.0895 (8.77%) to RM0.1000 (9.90%) over the last closing price as at the LPD and the five (5)-day VWAP up to LPD.



(ii) NA per PTT Shares

We also noted that the Issue Price of RM1.11 per Consideration Share represents a premium of 27.59% to PTT's latest audited NA per share of RM0.87 as at 30 June 2022. Further as illustrated in Section 11 of this IAL, the Proposed Acquisition would result in an increase in the enlarged PTT Group's NA and NA per share on a pro forma basis.

We noted that the Issue Price of RM1.11 represents a premium ranging from RM0.0895 (8.77%) to RM0.1000 (9.90%) over the last closing price and the five (5)-day VWAPs as at and up to the LPD. We also noted that the Issue Price of RM1.11 represents a discount ranging from RM0.0061 (0.55%) to RM0.0661 (5.62%) over the last closing price, five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAPs as at and up to the SSA LTD. Notwithstanding the above, we further noted that the Issue Price of RM1.11 represents a premium of RM0.24 (27.59%) to PTT Group's latest audited NA per share as at 30 June 2022. As such, we are of the view that the Issue Price of the Consideration Shares is fair.

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10. EVALUATION OF THE SALIENT TERMS OF THE SSA

In evaluating the salient terms of the SSA, we have taken the following into our consideration:

- (i) Purchase Consideration
- (ii) Manner of payment
- (iii) Excluded Assets
- (iv) Settlement of related party advances
- (v) Company entitled to appoint a nominee for Sale Shares
- (vi) Vendors entitled to appoint a nominee for Consideration Shares
- (vii) Profit Guarantee obligations
- (viii) Conditions Precedent
- (ix) Termination


Premised on our evaluation, we are of the view that the salient terms of the SSA are considered reasonable.

Please refer to our comments below on the salient terms of the SSA:

No.	Salient terms of the SSA	Our comments
1.	Purchase Consideration The sale and purchase consideration for the Sale Shares is RM152,000,000, which has been arrived at on a willing-buyer willing-seller basis and a P/E Multiple of 8.94 times based on the average Profit Guarantee of RM17.0 million per annum.	We noted that it is fair as the Purchase Consideration of RM152.0 million is based on a “willing-buyer willing-seller” basis. Based on our assessment as set out in Section 8 of this IAL, the Purchase Consideration of RM152.0 is within our estimated range of fair value of 100% equity interest in PTTSB’s construction business of RM142.4 million to RM169.9 million.
2.	Manner of payment (i) The Purchase Consideration shall be satisfied on the Completion Date by the Company via:- (a) paying the Cash Consideration to the Vendors in their respective proportions and amounts; and	The mode of settlement as set out in Section 2, Part A of the Circular is mutually agreed upon between PTT and the Vendors. The issuance of Consideration Shares to the Vendors to settle part of the Purchase Consideration will enable PTT to conserve its cash flow. In addition, notwithstanding that part of the Purchase Consideration will be satisfied via the Cash Consideration of RM62.0 million, the Cash Consideration of RM62.0 million shall

No.	Salient terms of the SSA	Our comments
	<p>(b) allotting and issuing the Consideration Shares at the Issue Price to the Vendors and ATTG, in their respective proportions and amounts,</p> <p>in accordance with the provisions of the SSA.</p> <p>(ii) The Consideration Shares shall, upon allotment and issue, rank equally in all respects with each other and with the then existing PTT Shares, save and except that the holders of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of allotment of the Consideration Shares.</p>	<p>be funded via bank borrowings obtained by PTT from AmBank (M) Berhad without utilising the existing cash and bank balances of PTT.</p> <p>Based on our assessment as set out in Section 9 of this IAL, the Issue Price of the Consideration Shares is deemed fair.</p> <p>The ranking of the Consideration Shares is reasonable as the Considerations Shares will be ranked equally with the existing PTT Shares upon allotment and issuance.</p>
3.	<p>Excluded Assets</p> <p>(i) The parties acknowledge and agree that the following terms and arrangements shall apply in relation to the Excluded Assets:</p> <p>(a) The Excluded Assets shall not form part of the underlying assets of PTTSB for the purposes of determining the Purchase Consideration for the Sale Shares.</p> <p>(b) The DIS Excluded Assets shall be distributed by PTTSB to the Vendors or their nominee(s) as at the declaration date of the dividend-in-specie ("DIS Declaration Date") based on their respective market value as appraised by Laureicap on 17 March 2023 ("Dividend-in-Specie").</p> <p>(c) The Disposed Excluded Assets to be disposed by PTTSB to TSP (being one of the Vendors) via the Excluded Assets SPAs. In the event that the conditions precedent stipulated in respect of the Excluded Assets Disposal (if any) are fulfilled prior to the Completion Date, the TSP Related Party Advances shall firstly, be netted off against the Disposed Excluded Assets Price. Thereafter, the remaining balance of the PTTSB Related Party</p>	<p>This term is not detrimental to the non-interested shareholders of PTT as the Excluded Assets are excluded from the Proposed Acquisition.</p> <p>The Excluded Assets consist of DIS Excluded Assets (i.e. 2 units of 3-storey terraced shop offices in Presint 15, Putrajaya) and Disposed Excluded Assets (i.e. 4 units of commercial properties comprising retail and office lots in a freehold commercial centre known as Space U8 located in Seksyen U8, Shah Alam, Selangor).</p> <p>Based on our assessment as set out in Section 8 of this IAL, the Excluded Assets has been excluded in arriving at our fair value of 100% equity interest in PTTSB's construction business.</p> <p>PTTSB is principally engaged as construction contractors and rental of properties. As disclosed in Section 2, Part A of the Circular, we noted that the exclusion of the Excluded Assets from the Proposed Acquisition is upon the request of the Vendors and after taking into consideration that the Excluded Assets are non-</p>


No.	Salient terms of the SSA	Our comments
	<p>Advances will be fully settled by the Company on the Completion Date.</p> <p>(ii) DIS Excluded Assets</p> <p>(a) Subject to the bank consents being obtained by PTTSB for the implementation of the Dividend-in-Specie, (i) PTTSB shall on the DIS Declaration Date, declare the Dividend-in-Specie to the Vendors which shall be settled by way of the distribution of the DIS Excluded Assets and (ii) Faddy and TSL (being 2 of the Vendors) shall appoint TSP as their nominee to receive the DIS Excluded Assets ("DIS Nomination").</p> <p>(b) Pursuant to the DIS Nomination and the declaration of the Dividend-in-Specie by PTTSB to TSP as a shareholder of PTTSB, PTTSB and TSP shall on the DIS Declaration Date execute a declaration of trust(s) ("Declaration of Trust") in respect of the DIS Excluded Assets, i.e. 2 units of 3 storey terraced shop offices bearing address of No. 42, 42A, 42B, 44, 44A and 44B, Jalan Diplomatik 3/1, Presint 15, 62050 Putrajaya, Wilayah Persekutuan Putrajaya.</p> <p>(c) Pursuant to the Declaration of Trust, PTTSB shall hold and deal with the DIS Excluded Assets as trustee for and on behalf of TSP for such period commencing from the DIS Declaration Date until such date upon which the DIS Excluded Assets are disposed and/or transferred by PTTSB to the purchaser(s) identified by TSP, subject always to –</p> <p>(aa) the Vendors indemnifying PTTSB and the Company for all costs, expenses, claims, charges, expenses, liabilities, taxes and obligations in so acting; and</p> <p>(bb) the Vendors bearing all costs, expenses, claims, charges, liabilities, taxes (including real property gains tax and income tax arising from the disposal of the DIS Excluded</p>	<p>core and do not contribute directly to the financial performance of PTTSB.</p> <p>Notwithstanding that PTTSB currently occupies Unit No. B1-1-1 in Space U8 as its office, it is not income generating asset for PTTSB and the aggregate Disposed Excluded Assets Price of RM1.8 million is based on the market value as appraised by Laureicap on 17 March 2023.</p>


No.	Salient terms of the SSA	Our comments
	<p>Assets) and obligations in respect of or arising from the DIS Excluded Assets ("DIS Excluded Assets Expenses") with effect from the DIS Declaration Date until the disposal and/or transfer of the legal title of the DIS Excluded Assets to such purchaser(s) identified by TSP.</p> <p>(d) The Company shall be entitled and authorised to deduct and set-off any amounts paid by PTTSB (if any) in respect of the DIS Excluded Assets Expenses or accrued as at the Completion Date from the Purchase Consideration.</p> <p>(e) Subject to (i) the bank consents being obtained by PTTSB for the implementation of the Dividend-in-Specie; and (ii) the execution of the Declaration of Trust, PTTSB shall upon receiving an instruction in writing from TSP at any time after the completion of the Proposed Acquisition, execute the relevant sale and purchase agreement(s) to dispose and/or transfer the DIS Excluded Assets to such purchaser(s) as may be identified by TSP and upon such terms and conditions deemed fit or expedient by TSP. In such event, PTTSB shall remit all proceeds of disposal received (less set-off of any amounts paid by or accruing to PTTSB in respect of the DIS Excluded Assets and any other amounts referred to in paragraph 3(ii)(c) above) to TSP subject to the other Vendors having renounced their rights to receive such proceeds of disposal to TSP and until such remittance, PTTSB shall hold such proceeds in trust.</p> <p>(f) In the event that by the day falling 6 months after the Completion Date, no sale and purchase agreement has been executed in respect of the disposal and/or transfer of the DIS Excluded Assets, the parties hereby agree that the DIS Excluded Assets shall be disposed and/or transferred by PTTSB to TSP or such persons to be identified or nominated by TSP, on the day falling on the 6th month from the Completion Date or such other date as may be mutually agreed by the parties.</p>	


No.	Salient terms of the SSA	Our comments
	<p>(g) The Vendors shall be liable for all costs, charges, expenses, liabilities, taxes and obligations in respect of the DIS Excluded Assets incurred or to be incurred by PTTSB after the DIS Declaration Date, including but not limited to the DIS Excluded Assets Expenses and all costs and expenses incurred in relation to the disposal, distribution and/or transfer of the DIS Excluded Assets to such purchaser(s) as may be identified by TSP, and the Vendors shall reimburse and indemnify the Company and PTTSB and hold them harmless against any and all costs, charges, expenses, liabilities, taxes and obligations in respect of the DIS Excluded Assets incurred by PTTSB before the DIS Declaration Date.</p> <p>(iii) Disposed Excluded Assets</p> <p>(a) PTTSB has entered into the Excluded Assets SPAs for the disposal of the Disposed Excluded Assets for an aggregate sale and purchase price of RM1,756,630 ("Disposed Excluded Assets Price") as follows:</p> <p>(aa) sale and purchase agreement dated 30 March 2023 entered into between PTTSB and TSP in respect of the disposal of one unit of shoplot in Space U8 bearing address of Unit No. B1-1-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM470,000.00;</p> <p>(bb) sale and purchase agreement dated 30 March 2023 entered into between PTTSB and TSP in respect of the disposal of one unit of shoplot in Space U8 bearing address of Unit No. B2-23A-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM406,630.00;</p>	<p>The term is reasonable and serves to protect the interest of PTT as it absolves PTT from being liable for costs and expenses associated with the disposal and/or transfer of the DIS Excluded Assets.</p>

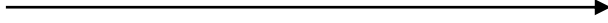
No.	Salient terms of the SSA	Our comments
	<p>(cc) sale and purchase agreement dated 30 March 2023 entered into between PTTSB and TSP in respect of the disposal of one unit of shoplot in Space U8 bearing address of Unit No. B2-25-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM460,000.00; and</p> <p>(dd) sale and purchase agreement dated 30 March 2023 entered into between PTTSB and TSP in respect of the disposal of one unit of shoplot in Space U8 bearing address of Unit No. B2-25-2, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM420,000.00.</p> <p>(b) The parties agree that the Disposed Excluded Assets Price shall be settled prior to the Completion Date in the following manner:</p> <p>(aa) PTTSB shall make arrangements acceptable to the existing chargee/assignee (such as the provision of substitute security) so as to render the Disposed Excluded Assets to be free from any encumbrances; and</p> <p>(bb) the Disposed Excluded Assets Price shall be set-off against an equivalent amount of TSP Related Party Advances.</p> <p>(c) In the event the conditions precedent stipulated in the Excluded Assets SPAs cannot be fulfilled, the parties agree that the Disposed Excluded Assets will be retained by PTTSB as retained assets.</p>	<p>The term is not detrimental to the non-interested shareholders of PTT in connection to the arrangements made to dispose of the Disposed Excluded Assets prior to the Completion Date and in case of incompletion due to unfulfilment of the terms in the Excluded Assets SPAs.</p>


No.	Salient terms of the SSA	Our comments
4.	<p data-bbox="263 1458 288 1912">Settlement of Related Party Advances</p> <p data-bbox="323 1021 413 1912">(i) The PTTSB Related Party Advances amounts to an aggregate sum of RM9.8 million as at 31 December 2022 have been granted on an interest-free basis and with no fixed terms of repayment.</p> <p data-bbox="448 1021 505 1912">(ii) The TSP Related Party Advances amounts to RM3.4 million as at 31 December 2022.</p> <p data-bbox="541 1021 904 1912">(iii) In the event that the conditions precedent stipulated in the Excluded Assets SPAs (if any) are fulfilled prior to the Completion Date, the Disposed Excluded Assets Price shall be set-off against an equivalent amount of TSP Related Party Advances. Thereafter, the Company shall settle the remaining amount of Related Party Advances amounting to RM8,000,000 and any Related Party Advances extended by the related party to PTTSB subsequent to 31 December 2022 up to the Completion Date ("Subsequent Related Party Advances") (net of the amount set-off against the TSP Related Party Advances) in accordance with the terms of the SSA on the Completion Date so that PTTSB is free of any Related Party Advances and Subsequent Related Party Advances on the Completion Date.</p> <p data-bbox="940 1021 1335 1912">(iv) However, in the event that the conditions precedent stipulated in the Excluded Assets SPAs (if any) are to be fulfilled after the Completion Date, the Disposed Excluded Assets Price shall be paid by TSP on or before the completion date of the Excluded Assets SPAs or the extended completion date of the Excluded Assets SPAs, as the case may be, to the Company's solicitors as stakeholders, in accordance with the terms of the Excluded Assets SPAs. Thereafter, the Related Party Advances (which includes TSP Related Party Advances) and Subsequent Related Party Advances shall be settled by the Company on the Completion Date together with payment by the Company of the Purchase Consideration, so that PTTSB is free of any Related Party Advances and Subsequent Related Party Advances on the Completion Date.</p>	<p data-bbox="323 230 413 1014">This term is reasonable and protects the interest of PTT as it ensures the settlement of Related Party Advances prior to completion of the Proposed Acquisition.</p> <p data-bbox="448 230 873 1014">We noted that PTT will fund the Cash Consideration and the settlement of PTTSB Related Party Advances amounting to an aggregate of RM72.0 million via term loans granted from AmBank (M) Berhad. The terms (e.g. tenure, interest rate) and acceptance of the loan facilities are mutually agreed upon based on commercial terms between PTT and AmBank (M) Berhad with an initial annual financing cost of approximately RM5.3 million (computed based on the current base lending rate of AmBank (M) Berhad) which is expected to reduce accordingly once the outstanding principal amount of the loan facilities is repaid. We are of the view that it is reasonable in choosing AmBank (M) Berhad as the financier as PTT has an established relationship with AmBank (M) Berhad due to the existing credit facilities that have been extended to PTT.</p>

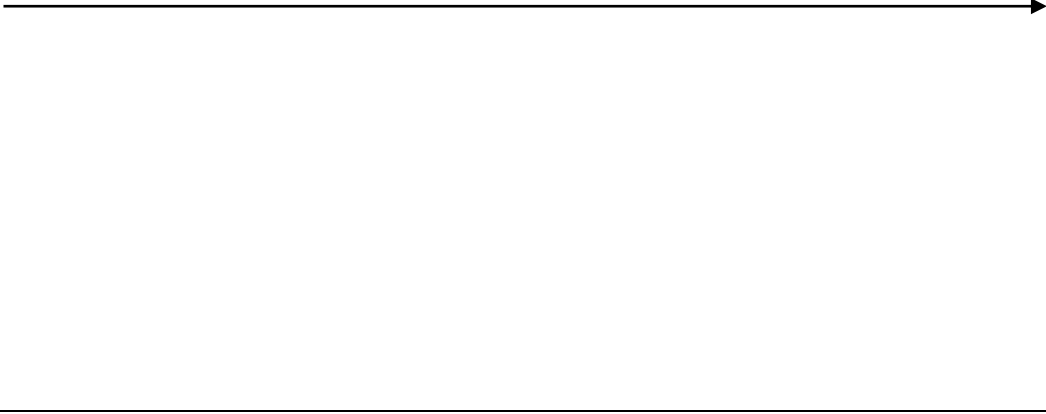
No.	Salient terms of the SSA	Our comments
	<p>(v) The amount of Related Party Advances and Subsequent Related Party Advances so settled by the Company shall thereafter constitute shareholder advances due and owing from PTTSB to the Company.</p> <p>(vi) The Vendors shall procure PTTSB to provide the management accounts as at the last day of the calendar month preceding the Completion Date evidencing and substantiating the amount of the Subsequent Related Party Advances to the Company on the Completion Date.</p> <p>(vii) The payment of the Related Party Advances under this paragraph 4 shall form part of the payment for the purchase of the Sale Shares by the Company, in addition to the payment of the Purchase Consideration, for the purposes of Completion in accordance with the SSA.</p>	
5.	<p>Company entitled to appoint a nominee for Sale Shares</p> <p>The parties agree that the Company will be entitled, at any time and from time to time but in any event before the Completion Date, to appoint a nominee to receive and accept the Sale Shares in place of the Company by giving to the Vendors a notice in writing of such nomination together with all particulars of the nominee. In the event of such nomination, the Vendors undertake and shall procure PTTSB to give effect to the transfer of the Sale Shares to the said nominee.</p>	<p>The term is not detrimental to the non-interested shareholders of PTT as it involves the arrangements between the Company and the appointed nominee pursuant to the terms of the SSA and it does not affect the total number of the Sale Shares involved in the Proposed Acquisition.</p>
6.	<p>Vendors entitled to appoint a nominee for Consideration Shares</p> <p>(i) The parties acknowledge and agree that subject to paragraph 6(ii) below, the Vendors will be entitled, at any time and from time to time but in any event before the Completion Date, to appoint a nominee to receive and accept the Consideration Shares in place of the Vendors by giving to the Company a notice in writing of such nomination together with all particulars of the nominee. In the event of such nomination, the Company undertakes to give effect to the allotment and issuance of the Consideration Shares to the said nominee.</p>	<p>The term is not detrimental to the non-interested shareholders of PTT as it involves the arrangements between the Vendors and the appointed nominee pursuant to the terms of the SSA and it does not affect the total number of the Consideration Shares to be issued to satisfy the Purchase Consideration.</p> <p>Notwithstanding that Faddly is neither a director nor shareholder of ATTG, the appointment of ATTG as his nominee to receive and</p>


No.	Salient terms of the SSA	Our comments
	<p>(ii) Faddy (being one of the Vendors) has appointed ATTG as his nominee to receive and accept the Consideration Shares in the respective proportion and amount to be issued to him. In respect of such appointment, the Company undertakes to give effect to the allotment and issuance of the Consideration Shares to ATTG in the respective proportion and amount to be issued to Faddy provided always that the Vendors shall fully indemnify the Company from and against any and all costs and expenses and liabilities incurred in respect thereof.</p>	<p>accept his portion of the Consideration Shares is not detrimental to the non-interested shareholders of PTT as it does not affect the total number of Considerations Shares to be issued and the Vendors will fully indemnify PTT on any and all costs, expenses and liabilities incurred.</p> <p>In addition, we noted that upon completion of the Proposed Acquisition, the Nomination of Consideration Shares will result in ATTG's equity interest to increase from 52.64% to 55.96%. Based on the above, there is no changes in the control of PTT as ATTG remained as the single largest controlling shareholder of PTT.</p>
7.	<p>Profit Guarantee obligations</p> <p>(i) Profit Guarantee</p> <p>(a) The Vendors hereby irrevocably and unconditionally guarantee to the Company that the cumulative of actual PAT of PTTSB ("Actual PAT") for the Guaranteed Period reported by the auditor and approved by the Board ("Actual Aggregate PAT") shall collectively be not less than RM34,000,000 ("Aggregate Guaranteed Profit").</p> <p>(b) For the purposes of determining the Actual PAT for each of the Guaranteed Financial Year, the Company shall procure and cause the auditor to conduct and complete its annual statutory audit in respect of the accounts of PTTSB, taking into consideration, amongst others, the following:-</p> <p>(aa) any extraordinary items;</p> <p>(bb) any profits of a capital nature arising inter alia from the disposal of fixed assets, investments loss, plant and equipment or any other assets or which are not in the ordinary course of business made on realization of shares, intellectual property, goodwill or real property, and profits</p>	<p>The term is reasonable and serves to protect the interest of PTT via a Profit Guarantee for which the Guaranteed Period shall collectively be not less than RM34.0 million for PTTSB. We also noted that the Profit Guarantee is one of the basis used by the Board to justify the Purchase Consideration.</p> 

No.	Salient terms of the SSA	Our comments
	<p>attributable to businesses, if any, acquired after the execution of the SSA;</p> <p>(cc) any cost in the nature of capital expenditure;</p> <p>(dd) any valuation adjustments for the Excluded Assets and real properties in PTTSB; and/or</p> <p>(ee) any adjusting events or possible adjusting events,</p> <p>occurring during the Guaranteed Period, for the purpose of certifying the amount of the Actual PAT for each of the Guaranteed Financial Years not later than 4 months from the last day of each of the Guaranteed Financial Years.</p> <p>(c) The Actual PAT for each of the Guaranteed Financial Years shall be as stated in the audited accounts prepared and issued by the auditor which has been approved by the Board ("Audited Accounts Approval Date"). In preparing and issuing the audited accounts for each of the Guaranteed Financial Years, the auditor shall ensure that a proper assessment is made of all actual and contingent liabilities, including determination of the completion status of all projects in progress and all liabilities (including liquidated ascertained damages), incurred and to be incurred or accrued in connection with the completion of such projects ("Accruals"). In the event that the auditor shall be unable to sufficiently ascertain all Accruals within the aforesaid period of 4 months, the Company shall be entitled to proceed with the completion of the annual statutory audit and engage the auditor or such other auditor (at the sole discretion of the Company) to conduct a special audit to assess amongst others, the Actual PAT for each of the Guaranteed Financial Years and the Accruals, until such time as a proper assessment can be completed to the satisfaction of the Company.</p>	

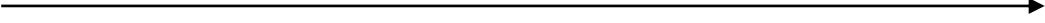
No.	Salient terms of the SSA	Our comments
	<p>Trustee under the terms of the SSA and the Stakeholders' Agreement.</p> <p>(c) The fees, charges, costs and expenses of the Trustee shall be borne by the Company and the Vendors in equal proportion (i.e. the Company and the Vendors shall each bear 50% of the total costs incurred), in accordance with the terms of the Stakeholders' Agreement.</p> <p>(d) The Vendors further agree and covenant that neither the Company nor the Trustee shall have any obligation to be liable to account for the value of the Pledged Consideration Shares or to preserve the value of the Pledged Consideration Shares and the Vendors shall not be entitled to claim against the Company or the Trustee for any loss (whether contingent or actual) incurred by the Vendors, for whatsoever reason and in whatsoever event, which relates to or arises from any reduction or fluctuation in the market value of the Pledged Consideration Shares, including where such reduction or fluctuation in market value is caused by any delay in (or failure to) exercise any right of sale or transfer or set-off or other dealing with the Pledged Consideration Shares.</p> <p>(iv) Release of Pledged Consideration Shares</p> <p>(a) In the event that PTTSB records Actual PAT for the FYE 2023 or the FYE 2024 in its audited accounts prepared and issued pursuant to the provisions of paragraph 7(i)(b) above, the Company shall notify the Trustee of the amount of Actual PAT recorded for such Guaranteed Financial Year within 5 business days after the relevant Audited Accounts Approval Date. The Trustee shall within 5 business days thereafter release and transfer to the Vendors in accordance with the percentage of Pledged Consideration Shares deposited by each of the Vendors such number of Pledged Consideration Shares computed in accordance with the following formula, provided always however that the aggregate market value of the remaining Pledged</p>	 <p>This term is not detrimental to the non-interested shareholders of PTT as the Pledged Consideration Shares in the securities account maintained by Trustee will only be released to the Vendors upon fulfilment of the Profit Guarantee. The terms of release of Pledged Consideration Shares will ensure that the value of the remaining Pledged Consideration Shares shall not be less than the value of the remaining Profit Guarantee which has yet to be met. The release of pledged securities for performance of vendor's obligation in respect of profit guarantee is not unusual for transactions with a profit guarantee provided.</p>

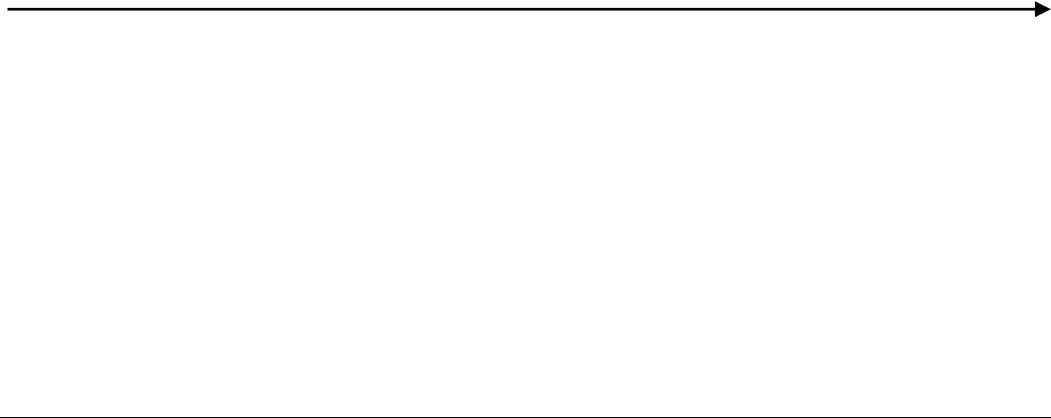
No.	Salient terms of the SSA	Our comments
	<p>Consideration Shares which are not to be released shall not under any circumstances whatsoever be less than the amount equivalent to the difference between the Aggregate Guaranteed Profit and the Actual Aggregate PAT achieved to date as at the relevant Guaranteed Financial Year in question ("Remaining Commitment"):</p> $A = \left(\frac{D}{E} \right)$ <p>and further provided always that the value of the remaining Pledged Consideration Shares shall not be less than the value of the remaining Profit Guarantee which has not been met:</p> $\left(\frac{B}{A} - A \right) \geq \left(\frac{C}{F} - \frac{D}{E} \right)$ <p>Where:</p> <p>"A" is the number of Pledged Consideration Shares to be released to the Vendors, provided always however that the aggregate current market price for all of the remaining Pledged Consideration Shares which are not to be released shall not be less than the Remaining Commitment;</p> <p>"B" is the number of Pledged Consideration Shares held by the Trustee;</p> <p>"C" is the Aggregate Guaranteed Profit;</p> <p>"D" is the Actual Aggregate PAT achieved up to the relevant Guaranteed Financial Year in Ringgit Malaysia;</p> <p>"E" is the current market price of each Pledged Consideration Share or the Issue Price, whichever is lower; and</p>	


No.	Salient terms of the SSA	Our comments
	<p>"F" is the current market price of each Pledged Consideration Share.</p> <p>For avoidance of doubt, in the event PTTSB records Actual PAT for the FYE 2023, the Pledge Consideration Shares will be released in accordance with this paragraph 7(iv). For illustrative purposes, assuming that in FYE 2023:-</p> <p>(1) RM17,000,000 in Actual PAT is recorded by PTTSB based on its audited accounts; and</p> <p>(2) the relevant Current Market Price of each Pledged Consideration Share is RM1.20,</p> <p>the number of Pledged Consideration Shares to be released to the Vendors pursuant to the provisions of this paragraph 7(iv) shall be calculated as follows:</p> $15,315,315 = \left(\frac{17,000,000}{1.11} \right)$ <p>and further provided always that the value of the remaining Pledged Consideration Shares shall not be less than the value of the remaining Profit Guarantee which has not been met:</p> $\left(30,630,631 - 15,315,315 \right) \geq \left(\frac{34,000,000 - 17,000,000}{1.20} \right)$ $= 15,315,316 \geq 14,166,667$ <p>(b) The number of Pledged Consideration Shares to be released to each of the Vendors respectively after applying the calculation referred to in paragraph 7(d) shall be in accordance with the percentage of Pledged Consideration Shares deposited by each of the Vendors.</p>	


No.	Salient terms of the SSA	Our comments
	<p>(c) For the avoidance of doubt, in the event of any loss after tax position for any Guaranteed Financial Year, no Pledged Consideration Shares shall be released and transferred by the Trustee to the Vendors. The Vendors shall in such event deposit or procure the deposit with the Trustee such additional number of PTT Shares computed in accordance with the following formula or an equivalent amount of cash or such other securities acceptable to the Company and the Trustee at such additional market/security value to be mutually agreed on between the parties, as may be required in order to top-up the Pledged Consideration Shares, and which are equivalent to the loss, within a period of not more than 7 days following the date of the notification by the Company to the Vendors:</p> $A = \left(\frac{B}{C} \right)$ <p>Where:</p> <p>“A” is the number of PTT Shares to be top up by the Vendors;</p> <p>“B” is the loss after tax in relation to the relevant Guaranteed Financial Years in Ringgit Malaysia; and</p> <p>“C” is the current market price of each Pledged Consideration Share or the Issue Price, whichever is lower.</p> <p>(d) For the purpose of the calculation in this paragraph 7(iv), the current market price of Pledged Consideration Share shall be equivalent to the current market value of the PTT Share, which shall be determined based on the 5-day VWAP of PTT Shares as quoted on Bursa Securities calculated up to the market day preceding the Audited Accounts Approval Date.</p>	


No.	Salient terms of the SSA	Our comments
	<p>(e) Any fractional share resulting from the calculation pursuant to this paragraph 7(iv) shall be rounded down to the nearest whole shares.</p> <p>(v) Top-up security</p> <p>(a) The aggregate market value of the Pledged Consideration Shares shall be reviewed from time to time by the Company, during the Guaranteed Financial Years, with the first review to take place 6 months following the date of issuance of the Consideration Shares, followed by a review to be conducted every 6 months thereafter ("Security Review Date"). A review shall also take place immediately if the Company undertakes any corporate exercises or if the Company shall notify the Vendors from time to time in writing of the need for any such review.</p> <p>(b) In the event that the aggregate market value of the Pledged Consideration Shares deposited with the Trustee as security for the satisfaction of the Aggregate Guaranteed Profit shall at any time for any reason whatsoever fall below:-</p> <p>(aa) at any time before the Audited Accounts Approval Date for FYE 31 December 2023, 1.0 time the Aggregate Guaranteed Profit; or</p> <p>(bb) at any time after the Audited Accounts Approval Date for FYE 31 December 2023, 1.0 time the respective Remaining Commitment,</p> <p>as the case may be, as at the relevant Security Review Date, including following any release of Pledged Consideration Shares pursuant to the provisions of paragraph 7(iv) (the aggregate amount of such shortfall being referred to as the "Security Shortfall"), the Company or the Trustee shall by written notice notify the Vendors of the Security Shortfall ("Security Shortfall</p>	<p style="text-align: center;">↓</p> <p>The term of the top-up security is reasonable and serves to protect the interest of PTT as the term ensures the Vendors to top up the Security Shortfall. The terms for the top-up of security will ensure that the aggregate market value of the Pledged Consideration Shares deposited with the Trustee as security for the satisfaction of the Aggregate Guaranteed Profit shall at any time above 1.0 time the Aggregate Guaranteed Profit/respective Remaining Commitment. Topping up of security is not unusual for transactions with a profit guarantee provided.</p> <p>We also noted that the Security Review Date is reasonable in reviewing the Security Shortfall.</p> <p style="text-align: center;">↓</p>


No.	Salient terms of the SSA	Our comments
	<p>Notice”), which shall be computed in accordance with the following formula:</p> $A = (B - C) - (D \times F)$ <p>Where:</p> <p>“A” is the Security Shortfall in Ringgit Malaysia;</p> <p>“B” is the Aggregate Guaranteed Profit;</p> <p>“C” is the Actual Aggregate PAT achieved for the relevant Guaranteed Financial Year in Ringgit Malaysia;</p> <p>“D” is the remaining number of Pledged Consideration Shares held by the Trustee; and</p> <p>“F” is the current market price of each Pledged Consideration Share.</p> <p>For the purpose of the calculation in this paragraph 7(v)(b), the current market price of Pledged Consideration Share shall be equivalent to the current market value of the PTT Share, which shall be determined based on the 5-day VWAP of PTT Shares as quoted on Bursa Securities calculated up to the market day preceding the Security Review Date.</p> <p>(c) The Vendors shall in such event deposit or procure the deposit with the Trustee of such additional number of PTT Shares in accordance with the percentage of Pledged Consideration Shares deposited by each of the Vendors, or such additional sum of money or other securities acceptable to the Company and the Trustee at such market/security value to be mutually agreed on between the parties and the Trustee, as may be required in order to top-up the Security Shortfall and bring the aggregate market value of the Pledged Consideration Shares and the additional securities deposited with the Trustee up to at least the Aggregate</p>	


No.	Salient terms of the SSA	Our comments
	<p>Guaranteed Profit or the Remaining Commitment, as the case may be, within a period of not more than 7 days following the date of the Security Shortfall Notice.</p> <p>For illustrative purposes, assuming that the review of the aggregate market value of the Pledged Consideration Shares is carried out in FYE 2024 and:-</p> <p>(1) RM17,000,000 in Actual PAT is recorded by PTTSB for the FYE 2023 based on its audited accounts;</p> <p>(2) the Trustee has already released the Pledged Consideration Shares having an aggregate market value of RM17,000,000 pursuant to paragraph 7(iv)(a); and</p> <p>(3) the relevant market price of Pledged Consideration Shares is RM1.00 determined based on the current market value of the PTT Shares, being the 5 day-VWAP of PTT Shares as quoted on Bursa Securities calculated up to the market day preceding the Security Review Date,</p> <p>the Security Shortfall (in Ringgit Malaysia) to be topped up by the Vendors pursuant to paragraph 7(v)(b) shall be calculated as follows:-</p> $1,684,684 = (34,000,000 - 17,000,000) - (15,315,316 \times 1.00)$ <p>(d) In the event that the Vendors shall fail to fulfil its obligations under paragraph 7(v)(c) to top up with the Trustee, such additional number of PTT Shares or additional sums of money or to deposit additional securities acceptable to the Company and the Trustee at such market/security value to be mutually agreed on between the parties and the Trustee, within the aforesaid 7 days period, the Vendors shall be deemed to have defaulted in its obligations under paragraph 7(v)(c) and the Vendors shall be liable for liquidated damages on the Security Shortfall at the rate of 10%</p>	



No.	Salient terms of the SSA	Our comments
	<p>per annum calculated on a daily basis, commencing from the day falling immediately after the lapse of the aforesaid period of 7 days until the date on which the relevant additional securities which have a minimum security value equivalent to the Security Shortfall are deposited with the Trustee.</p> <p>(e) In the event the Vendors shall elect to top up with the Trustee, the Security Shortfall via PTT Shares held by them, the number of additional PTT Shares to be deposited by the Vendors with the Trustee shall be calculated at the value of the PTT Shares based on the 5 day VWAP for each PTT Share as quoted on Bursa Securities immediately preceding the Security Review Date.</p> <p>(f) The Trustee shall and is hereby authorised to deposit any additional securities provided by the Vendors towards satisfaction of the Security Shortfall into the securities accounts maintained by the Trustee as shall be necessary and appropriate in the relevant circumstances.</p> <p>(g) The parties agree and acknowledge that no Pledged Consideration Shares shall be released by the Trustee to the Vendors in the event the aggregate market value of the Pledged Consideration Shares and other securities deposited with the Trustee are at any time in excess of the Aggregate Guaranteed Profit or the Remaining Commitment, as the case may be, following any reviews carried out pursuant to the provisions of this paragraph 7(v).</p> <p>(vi) Shortfall</p> <p>(a) In the event that following the Audited Accounts Approval Date in respect of the audited accounts of PTTSB for all of the Guaranteed Financial Years, the Actual Aggregate PAT is less than the Aggregate Guaranteed Profit, the Vendors shall, upon receipt of a notice in writing issued by the Company ("Shortfall Claim Notice"), immediately pay to the Company an amount</p>	 <p>The term is reasonable and serves to protect the interest of PTT as the Vendors are liable for the Shortfall as well as costs and expenses associated with the payment of the Shortfall. Settling the difference between a profit guarantee and profit after tax is not unusual for transactions with a profit guarantee provided.</p> <p>The Shortfall mechanism relating to the Profit Guarantee is illustrated in Section 7 (vi) (e), Appendix I of the Circular. In the</p>


No.	Salient terms of the SSA	Our comments
	<p>equal to the difference between the Aggregate Guaranteed Profit and the Actual Aggregate PAT ("Shortfall") in accordance with the percentage of PTT Shares initially deposited by each of the Vendors, in cash.</p> <p>(b) In the event the Vendors shall jointly and/or severally fail to pay the Shortfall to the Company within 14 days from the date of the Shortfall Claim Notice, the Company is entitled to give notice in writing to the Trustee of the Vendors' breach and the Trustee shall and is hereby authorised to forthwith, without incurring any liability of whatever nature whatsoever towards the Company and without any duty to give reasons therefor and without any prior notice to or concurrence on the part of the Vendors, dispose or procure the disposal (by sale or otherwise or whether in one or series of transaction(s)) of such number of Pledged Consideration Shares (including dividends and distributions and additional securities) from the securities account that is equivalent in value to –</p> <p>(aa) the Shortfall; and</p> <p>(bb) such costs, charges and expenses (including brokerage and legal costs on a solicitor-client basis) incurred or to be incurred by the Trustee in connection with the disposal of the Pledged Consideration Shares,</p> <p>and an amount representing the Shortfall shall be deducted from the proceeds of the disposal of the Pledged Consideration Shares and paid to the Company.</p> <p>(c) For the avoidance of doubt, nothing in this paragraph shall be construed as imposing a duty or duty of care on the Trustee to act in the best interests of the Company and/or the Vendors or to obtain the best possible price in the sale or disposal of the Pledged Consideration Shares. In exercising the right of sale, the Trustee shall consult with the Company on the manner and timing</p>	<p>event of a Shortfall during the Guarantee Period, the Vendors will be liable in respect of the shortfall amount between the Actual Aggregate PAT and the Profit Guarantee. The term is reasonable as it:</p> <p>(i) allows the Vendors to compensate the Shortfall in cash to the Company within 14 days from the date of the Shortfall Claim Notice; and</p> <p>(ii) if the Vendors does not compensate the Shortfall during the given timeframe, the Trustee is authorised to sell the required number of Pledged Consideration Shares and utilised such amount to pay the Shortfall.</p> <p>The settlement of Shortfall via the Pledged Consideration Shares and utilised such amount to pay the Shortfall is not detrimental to the non-interested shareholders of PTT as the number of Pledged Consideration Shares to be disposed of shall be based on the amount equivalent to the value of the Shortfall.</p> 

No.	Salient terms of the SSA	Our comments
	<p>for the disposal of the Pledged Consideration Shares in the open market and act in accordance with any written instructions of the Company issued by the Company from time to time. Without limitation to the foregoing, the Company shall be entitled to instruct the Trustee to defer or stagger the disposal of all or any part or tranche of the Pledged Consideration Shares for / over such period deemed appropriate by the Company (which shall not in any event exceed a period of 30 days after the date of first disposal of the Pledged Consideration Shares) so as to maintain an orderly market in trading of the shares of the Company.</p> <p>(d) In the event the proceeds from the disposal of the Pledged Consideration Shares are less than the amount of the Shortfall, the Vendors hereby undertake to pay to the Company in cash the amount representing the difference between (1) the aggregate proceeds from the disposal of the Pledged Consideration Shares and other securities and (2) the Shortfall within 14 days from the date of demand in writing by the Company, failing which (without prejudice to any other rights or remedies available to the Company) the Vendors shall be liable for liquidated damages on the Shortfall at the rate of 10% per annum calculated on a daily basis, commencing from the day falling immediately after the lapse of the aforesaid period of 14 days until the date on which full payment is made towards the satisfaction of the Shortfall to the Company.</p> <p>(e) For illustration purposes, the Shortfall shall be computed in accordance with the following formula:</p> $A = (B - C)$ <p>Where:</p> <p>“A” is the Shortfall to be paid by the Vendors to the Company in Ringgit Malaysia;</p> <p>“B” is the Aggregate Profit Guarantee; and</p>	

No.	Salient terms of the SSA	Our comments
	<p>“C” is the Actual Aggregate PAT achieved for the Guaranteed Financial Years.</p> <p>For the avoidance of doubt, in the event of a loss after tax position, “C” will respectively be negative numbers and the amounts of loss after tax shall be added to the Shortfall.</p> <p>Based on the above formula and for illustration purposes, assuming that PTTSB achieves RM30,000,000 Actual Aggregate PAT for the Guaranteed Financial Years, the Shortfall to be paid by the Vendors to the Company in Ringgit Malaysia is as follow:-</p> <p>4,000,000[®] = (34,000,000 – 30,000,000)</p> <p>[®] Such shortfall shall be payable by the Vendors to PTT in cash, failing which, the Trustee is authorised to dispose such number of Pledged Consideration Shares (amount of which is equivalent to the value of the Shortfall) and the cash proceeds of which shall be payable to PTT.</p> <p>(f) Subject to the indemnity provisions in the SSA, upon the Vendors having fully discharged their obligations under this paragraph, including settlement of the Shortfall and interest accrued thereon (if any), the Company shall within 14 days from the date of the discharge, instruct the Trustee to transfer all the balance of the Pledged Consideration Shares and balance of the proceeds from the disposal of the Pledged Consideration Shares and other securities or other monies, or the balance thereof held by the Trustee, after deducting all costs, charges and expenses (including brokerage and legal costs on a solicitor-client basis) incurred by the Trustee in connection with the placement, withdrawal and transfer or disposal of the Pledged Consideration Shares, in favour of the Vendors or their nominee(s) in accordance with the percentage of Pledged Consideration Shares deposited by each of the Vendors.</p>	

No.	Salient terms of the SSA	Our comments
	(g) For the avoidance of doubt, this paragraph 7 shall survive post completion of the Proposed Acquisition.	
8.	<p>Conditions Precedent</p> <p>The obligations of the parties that are set out in the SSA in respect of the sale and purchase of the Sale Shares are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) ("Conditions Precedent") by the day falling 6 months from the date of the SSA, or such later date as the parties may mutually agree upon ("Cut-Off Date"):</p> <ul style="list-style-type: none"> (i) the Company having completed and being satisfied at its discretion with the results of the due diligence conducted on PTTSB; (ii) the Vendors having delivered the disclosure letter to the Company within 20 business days after the execution of the SSA or such extended period as may be agreed upon between the parties in writing and the Company being satisfied at its discretion with the contents of the disclosure letter; (iii) the Company having obtained the approval of its non-interested shareholders at an EGM to be convened for the acquisition of the Sale Shares and the issuance of the Consideration Shares in accordance with the terms and conditions of the SSA; (iv) the Company having obtained the approval or consent of the financiers of the Company for, inter alia, the Proposed Acquisition and the issuance of the Consideration Shares upon the terms and subject to the conditions of the SSA, where required; (v) the Vendors having obtained the approval or consent of the financiers of PTTSB for, inter alia, the sale and transfer of the Sale Shares in favour of the Company, upon the terms and subject to the conditions of the SSA, where required; 	<p>The conditions precedent of the SSA are reasonable as it requires PTT and the Vendors to procure the relevant requisite approvals and to be in compliance with the applicable laws and regulatory requirements.</p> <p>We also noted that the conditions precedent set out in the SSA are typical for transaction of such nature as they require PTT and the Vendors to procure the relevant requisite approvals and to be in compliance with the applicable laws and regulatory requirements and to give effect to the transaction.</p> 

No.	Salient terms of the SSA	Our comments
	<p>(vi) the Vendors having obtained the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving PTTSB, where required, in each case to the extent that at the Completion Date the same remain to be completed or performed or remain in force;</p> <p>(vii) the Company having obtained the approval of Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities;</p> <p>(viii) the execution of the Stakeholders' Agreement;</p> <p>(ix) the Company being satisfied that no force majeure event has occurred; and</p> <p>(x) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties.</p>	
9.	<p>Termination</p> <p>If:–</p> <p>(a) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the persons against such refusal have not been successful;</p> <p>(b) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to the Company being terms and conditions which affect the Company, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the Company is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or</p>	<p>The term is reasonable and serves to protect the interest of PTT as it entitled PTT to terminate the SSA by giving a notice of termination if any of the Conditions Precedent have not been obtained or fulfilled or waived (as the case may be).</p> 

No.	Salient terms of the SSA	Our comments
	<p>(c) on the expiry of the Cut-Off Date, any of the Conditions Precedent have not been obtained or fulfilled or waived (as the case may be), then the Company shall be entitled to terminate the SSA by giving a notice of termination to that effect to the Vendors and thereafter, the parties shall not have any further rights under the SSA except in respect of:-</p> <p>(1) any obligation under the SSA which is expressed to apply after the termination of the SSA; and</p> <p>(2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination.</p>	

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11. EFFECTS OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken note of the effects of the Proposed Acquisition as set out in **Section 6, Part A** of the Circular are as follows:

11.1 Share Capital

The proforma effects of the Proposed Acquisition on the issued share capital of the Company are as follows:

	No. of PTT Shares	Amount (RM)
Issued share capital as at the LPD	99,000,000	83,207,094
Consideration Shares to be issued pursuant to the Proposed Acquisition	81,081,081	90,000,000
Enlarged issued share capital after the Proposed Acquisition	180,081,081	173,207,094

11.2 NA and Gearing

The proforma effects of the Proposed Acquisition on the NA and gearing of the PTT Group are as follows:

	Audited FYE 30 June 2022 (RM'000)	After subsequent event ⁽¹⁾ (RM'000)	Proforma effects after the Proposed Acquisition (RM'000)
Share capital	73,705	83,207	173,207 ⁽²⁾
Revaluation reserves	8,635	8,635	8,635
Accumulated losses	(3,867)	(3,867)	(5,967) ⁽³⁾
Equity attributable to owners of the Company / NA	78,473	87,975	175,875
No. of shares in issue ('000)	90,000	99,000	180,081
NA per share (RM)	0.87	0.89	0.98
Total borrowings (RM'000)	17,639	17,639	248,533 ⁽⁴⁾
Total cash and bank balances	5,166	14,668	29,486 ⁽⁵⁾
Gearing ⁽⁶⁾ (times)	0.16	0.03	1.25

Notes:

- ⁽¹⁾ After taking into consideration the private placement of 9,000,000 PTT Shares at an issue price of RM1.07 per PTT Share ("**Private Placement**") which was completed on 7 March 2023 and net off with transaction costs of RM0.1 million.
- ⁽²⁾ After taking into consideration the 81,081,081 Consideration Shares to be issued at the Issue Price of RM1.11 pursuant to the Proposed Acquisition.
- ⁽³⁾ After deducting estimated expenses incidental to the Proposed Acquisition of approximately RM2.1 million.
- ⁽⁴⁾ After taking into consideration the total bank borrowings and lease liabilities of PTTSB as at 31 December 2022 of approximately RM101.3 million and RM59.6 million respectively as well as the Cash Consideration of RM62.0 million and estimated net PTTSB Related Party Advances of approximately RM8.0 million which will be fully satisfied via bank borrowings.
- ⁽⁵⁾ After taking into consideration the total fixed deposits with licensed bank and cash and bank balances of PTTSB as at 31 December 2022 of approximately RM15.1 million and RM1.8 million respectively.
- ⁽⁶⁾ Computed based on total borrowings less total cash and bank balances over the equity attributable to the owners of the Company.

11.3 EPS

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by second half of 2023. Upon the completion of the Proposed Acquisition, PTTSB will be a wholly-owned subsidiary of PTT and PTT will be able to consolidate the earnings of PTTSB into the enlarged PTT Group. The impact on the consolidated EPS of PTT will depend upon, amongst others, the financial contribution of PTTSB vis-à-vis the dilution arising from the issuance of new PTT Shares pursuant to the Proposed Acquisition.

Assuming the Proposed Acquisition had been effected at the beginning of FYE 30 June 2022, the proforma effects of the Proposed Acquisition on the earnings and EPS of PTT Group for the FYE 30 June 2022 are set out below:

	Audited FYE 30 June 2022 (RM'000)	After subsequent event (RM'000)	Proforma effects after the Proposed Acquisition (RM'000)
PAT	8,416	8,416	23,268 ⁽¹⁾
No. of shares in issue ('000)	90,000	99,000	180,081
Proforma EPS (sen)	9.35	8.50	12.92

Note:

⁽¹⁾ After adding the audited PAT of PTTSB for the FYE 31 December 2022 of approximately RM17.0 million and deducting estimated expenses incidental to the Proposed Acquisition of approximately RM2.1 million.

The Proposed Acquisition is expected to contribute positively to the future earnings of the enlarged PTT Group during the Guarantee Period as well as after taking into account the long-term future earnings of the enlarged PTT Group.

11.4 Convertible securities

We noted that as at the LPD, PTT does not have any outstanding convertible securities.

11.5 Substantial shareholders' shareholdings

The proforma effects of the Proposed Acquisition on the substantial shareholders' shareholdings of PTT are as follows:

Substantial shareholder	(I) As at the LPD				(II) After (I) and the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of PTT Shares	% ⁽¹⁾	No. of PTT Shares	% ⁽¹⁾	No. of PTT Shares	%	No. of PTT Shares	%
ATTG	52,117,400	52.64	-	-	100,766,049 ⁽³⁾	55.96	-	-
TSP	112,500	0.11	52,117,400 ⁽²⁾	52.64	14,920,312 ⁽³⁾	8.29	100,766,049 ⁽²⁾	55.96
TSL	-	-	52,117,400 ⁽²⁾	52.64	17,624,620 ⁽³⁾	9.79	100,766,049 ⁽²⁾	55.96
Dato' Rahim	-	-	52,117,400 ⁽²⁾	52.64	-	-	100,766,049 ⁽²⁾	55.96

Notes:

(1) Based on the issued share capital of 99,000,000 PTT Shares as at the LPD.

(2) Deemed interested by virtue of his interest in ATTG pursuant to Section 8(4) of the Act.

(3) Includes the Completion Consideration Shares and Pledged Consideration Shares held as security for the Profit Guarantee.

11.6 Public shareholding spread

As at the LPD, the public shareholding spread of PTT is approximately 47.24%. Upon the completion of the Proposed Acquisition, the public shareholding spread of the Company will decrease to approximately 25.97% upon issuance of the Consideration Shares.

Particular	As at LPD		Upon issuance of the Consideration Shares	
	No. of Shares	%	No. of Shares	%
No. of issued Shares	99,000,000	100.00	180,081,081	100.00
Less:				
(i) Directors of PTT and its subsidiary/associated companies:-				
▪ TSP	(112,500)	(0.11)	(14,920,312)	(8.29)
▪ Lum Pek Yoke	(1,333)	Negligible	(1,333)	Negligible
▪ TSL	-	-	(17,624,620)	(9.79)
(ii) Shareholder who owns 5% or more of the issued Shares:-				
▪ ATTG	(52,117,400)	(52.64)	(100,766,049)	(55.96)
(iii) An associate of a director or shareholder who owns 5% or more of the issued Shares	-	-	-	-
Public shareholding spread	46,768,767	47.24	46,768,767	25.97

This is in compliance with Paragraph 8.02(1) of the Listing Requirements, which requires the Company to ensure that at least 25% of its total listed PTT Shares are in the hands of public shareholders.

Our comments on the effects of the Proposed Acquisition

Premised on our evaluation as set out in Section 11 of this IAL, we noted that the following:

- (i) The Proposed Acquisition will result in an increase in the issued share capital from 99,000,000 shares to 180,081,081 shares, arising from the issuance of 81,081,081 new PTT Shares;
- (ii) The proforma gearing of PTT will increase accordingly from 0.03 times as at 30 June 2022 (after adjusting for subsequent events) to 1.25 times as PTT intends to fund the Cash Consideration via bank borrowings of RM62.0 million (the interest expense arising from the bank borrowings of RM62.0 million is expected to reduce the future earnings and EPS of the enlarged PTT Group). In addition, the increase in the proforma gearing is also due to the total bank borrowings and lease liabilities of PTTSB as at 31 December 2022 of approximately RM101.3 million (include RM69.4 million which are short-term in nature for working capital purpose) and RM59.6 million (mainly for the purchase of the machinery), respectively;
- (iii) The Proposed Acquisition will increase the NA per share from RM0.89 as at 30 June 2022 (after adjusting for subsequent events) to RM0.98. Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by second half of 2023. Assuming the Proposed Acquisition had been effected at the beginning of FYE 30 June 2022, the Proposed Acquisition will contribute to the earnings of the enlarged PTT Group and will increase the proforma EPS from 8.50 to 12.92;
- (iv) Subject to the purchase price allocation exercise to be performed, PTT will recognise any goodwill arising from the Proposed Acquisition pursuant to the requirements of the Malaysian Financial Reporting Standards. The amount of goodwill that arise will be accounted for in the financial statements of the enlarged PTT Group upon completion of the Proposed Acquisition and will be subjected to annual impairment testing;

- (v) Upon issuance of the Consideration Shares, the Proposed Acquisition will result in a dilution in the shareholdings of the existing shareholders of PTT. Upon completion of the Proposed Acquisition and full receipt of the Consideration Shares, the direct shareholding of ATTG will increase from 52.64% as at the LPD to 55.96%, the direct shareholding of TSP will increase from 0.11% as at the LPD to 8.29% while TSL will have direct shareholding of 9.79% as at the LPD; and
- (vi) Assuming the Proposed Acquisition is completed as at the LPD, the public shareholding spread of PTT will reduce from approximately 47.24% to approximately of 25.97%. This is in compliance with Paragraph 8.02(1) of the Listing Requirements as PTT's public shareholding spread is not expected to fall below 25% pursuant to the Proposed Acquisition.

Premised on the above, whilst the issuance of new PTT Shares pursuant to the Proposed Acquisition is expected to be dilutive, but the dilution impact will be mitigated by the Profit Guarantee during the Guaranteed Period. In addition, the management is of the view that the Proposed Acquisition will strengthen PTT Group's construction business and is expected to positively contribute to PTT Group's future earnings. As such, the overall effects of the Proposed Acquisition are reasonable and not detrimental to the interests of the non-interested shareholders of PTT.

12. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

We take cognisance of the industry overview and outlook of the economy of Malaysia and construction and property market in Malaysia as well as the prospect of PTTSB and the enlarged PTT Group as set out in **Section 4, Part A** of the Circular.

In summary, we are of the view that the long-term prospect of the enlarged PTT Group to be encouraging underpinned by the following key factors:

- (i) The Malaysian economy, latest developments point towards further expansion in economic activity in the first quarter of 2023 after the strong performance in 2022. For 2023, the Malaysian economy is expected to continue to expand amid slower external demand. Growth will be driven by domestic demand, supported by improving labour market conditions, higher tourism activity and further progress of multi-year investment projects. Domestic financial conditions also remain conducive to financial intermediation;

(Source: BNM Quarterly Bulletin Vol. 38 No. 1 for the First Quarter of 2023, BNM)

- (ii) The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. The increasing demand for industrial buildings was supported by the improvement in private investment and robust domestic economic activities. The acceleration of infrastructure projects such as East Coast Rail Link ("**ECRL**") and Rapid Transit System Link also support the sector's performance;
- (iii) In addition, the development of residential property remains active which boded well with the implementation of measures under the Budget 2022, including a total government guarantee of up to RM2 billion via Skim Jaminan Kredit Perumahan as well as housing projects for low-income group with an allocation of RM1.5 billion;

- (iv) The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance. The implementation of new projects such as upgrading the Klang Valley Double Track Phase 2 and acceleration of ongoing infrastructure projects which include ECRL, Light Rail Transit 3 and fifth-generation cellular network rollout will spearhead the civil engineering subsector. In addition, the approved investment for projects in the manufacturing sector is anticipated to come on stream and subsequently create a greater demand for non-residential buildings. Activities in the residential buildings subsector are projected to grow steadily, supported by an increase in the supply of affordable houses in line with the Twelfth Malaysia Plan strategy. In addition, the continuous Malaysian Home Ownership Initiative incentive to encourage home ownership is expected to spur demand for residential buildings;

(Source: Economic Outlook Budget 2023 – Ministry of Finance Malaysia)

- (v) PTTSB has more than 19 years of experience in the construction industry, particularly earthworks and infrastructure works. PTTSB is registered with the CIDB as a qualified contractor with class Grade 7 accreditation which allows PTTSB to tender for projects without any limitation in size or value;
- (vi) PTTSB has established itself in the construction industry with its track record wherein PTTSB has completed approximately RM928.7 million construction projects in the past 5 financial years up to the LPD;
- (vii) Upon completion of the Proposed Acquisition, the enlarged PTT Group will have a collective outstanding order book of RM600.8 million (PTT's outstanding order book of RM416.3 million and PTTSB's outstanding order book of RM184.5 million as at the LPD). As at the LPD, PTTSB has also submitted quotations for several projects for an aggregate amount of approximately RM168.1 million; and
- (viii) PTTSB's historical financial performance for the last 3 FYEs 31 December 2020, 2021 and 2022 are as shown below:

	Audited FYE 31 December		
	2020 (Restated) (RM'000)	2021 (RM'000)	2022 (RM'000)
Revenue	93,380	127,370	156,064
PBT	20,595	13,146	18,448
PAT	20,574	13,168	16,952

Based on the above, we noted that PTTSB recorded year-on-year revenue growth of approximately 36.40% and 22.53% for FYE 31 December 2021 and FYE 31 December 2022, respectively, mainly contributed by PTTSB's secured projects. PTTSB's PAT has decreased by approximately 36.00% for FYE 31 December 2021 as compared to the previous financial year, mainly due to a decrease in the fair value gain recognised for its investment property during the year. The PAT of PTTSB has increased by approximately 28.73% for FYE 31 December 2022 compared to the previous financial year and is in line with the increase in gross profit during the financial year.

Premised on the above, we are of the view that the prospects of the enlarged PTT Group following the completion of the Proposed Acquisition appears to be favourable and the Proposed Acquisition to contribute positively to the enlarged PTT Group. Nonetheless, we wish to highlight that the Proposed Acquisition is subject to the risk factors as disclosed in Section 13 of this IAL.

13. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION

In considering the Proposed Acquisition, the non-interested shareholders of PTT are advised to give careful consideration to the risk factors as set out in **Section 5, Part A** of the Circular. Our comments on the risk factors relating to the Proposed Acquisition are as follows:

13.1 Non-completion risk

We noted that the completion of the Proposed Acquisition is subject to the fulfilment of the conditions precedent of the SSA as stipulated in **Section 8, Appendix I** of the Circular. If any of these conditions precedent are not fulfilled or waived, as the case may be, within the stipulated timeframe, the SSA may be terminated.

We further noted that, to mitigate such risk, the Company will take reasonable steps to ensure the conditions precedent of the SSA are fulfilled, including obtaining the necessary approvals/consents required which are within its control in order to complete the Proposed Acquisition in a timely manner.

We are of the view that the non-completion risk of the Proposed Acquisition is common aspect of similar acquisition proposals or arrangements. We noted that in the event any of the conditions precedent of the SSA are not able to be fulfilled, some of which are beyond the control of the Company, the Company will not be able to complete the Proposed Acquisition, thus resulting non-materialisation of the potential benefits expected from the Proposed Acquisition.

13.2 Achievability of the Profit Guarantee

We noted the Profit Guarantee provided by the Vendors is based on various bases and assumptions which the Board deemed reasonable and realistic, but nevertheless is subject to certain uncertainties and contingencies, which are often outside the control of PTTSB. While the Company has taken reasonable steps to assess the achievability of the Profit Guarantee, there can be no assurance that the Profit Guarantee will be met.

However, the Profit Guarantee is secured by the 30,630,631 Pledged Consideration Shares to be pledged by the Vendors and held by the Trustee, which will only be released to the Vendor upon the achievement of the Profit Guarantee throughout the Guaranteed Financial Years in accordance with the terms of the SSA and Stakeholders' Agreement. If there is any shortfall in the Profit Guarantee at the end of the Guaranteed Financial Years, the Vendors are required to top-up the shortfall in cash.

13.3 Investment and integration risk

We noted that there is no assurance that the anticipated benefits from the Proposed Acquisition will be realised or that PTT will be able to generate sufficient returns from the construction projects of the enlarged PTT Group to offset the associated cost of investment and/or the upfront costs incurred. In addition, any decline in economic conditions may affect the potential benefits derived from the Proposed Acquisition and the duration required for PTT to recoup its investment could be longer than anticipated.

Nevertheless, the Company has exercised due care in considering the potential risks and benefits associated with the Proposed Acquisition and the Company believes that the Proposed Acquisition will be earnings accretive and synergistic to the enlarged PTT Group, after taking into consideration, among others, the Profit Guarantee and the prospects of PTTSB.

We are of the view that the investment and integration risk of the Proposed Acquisition is common aspect of similar acquisition proposals or arrangements. We are of the view that this risk is reasonably mitigated by the Profit Guarantee for the Guaranteed Financial Years provided by the Vendors.

13.4 Funding and interest rate risk

We noted that PTT will seek external financing to finance the Cash Consideration and the enlarged PTT Group may potentially obtain additional borrowings to fund its business operations given the enlarged scale of business operations. There can be no assurance that the necessary financing will be available in amounts or on terms acceptable to PTT Group.

Nonetheless, the management of PTT Group will seek to mitigate the aforesaid risk by closely monitoring its debt portfolio, the interest rate environment, gearing level and cash flows of the Group to achieve an overall optimal capital structure.

We are of the view that the funding and interest rate risk of the Proposed Acquisition is common aspect of similar acquisition proposals or arrangements. We noted that the availability of necessary financing amount and the fluctuation of interest rates, some of which are beyond the control of the Company, which in turn, may have a negative impact to the enlarged PTT Group's cash flows and profitability.

13.5 Goodwill and impairment risk

We noted that arising from the Proposed Acquisition, PTT may recognise goodwill, being the difference between the Purchase Consideration and the fair value of the identifiable assets and liabilities of PTTSB. The amount of goodwill that may arise will be accounted for in the financial statements of the enlarged PTT Group upon completion of the Proposed Acquisition.

Pursuant to the requirements under the Malaysian Financial Reporting Standards 3, the enlarged PTT Group is allowed for a measurement period not exceeding one year from the completion of the Proposed Acquisition for the goodwill computation. The goodwill, if any, will be subjected to periodic impairment testing and any downward adjustment to the goodwill may materially and adversely affect the financial position and results of the enlarged PTT Group.

13.6 Risks inherent to the construction industry

We noted the construction industry may be adversely affected by many factors including, inter-alia, shortages of materials, equipment and labour, fluctuation of construction costs (higher raw materials and labour costs), labour disputes, availability and the rising cost of financing, adverse weather conditions, failure or postponement in licences and permits as well as changes in government legislation and priorities.

Construction delays, loss of revenue and cost over-runs are likely to result from such events, which could in turn materially and adversely affect the operations and financial performance of the enlarged PTT Group's financial performance.

Nonetheless, the enlarged PTT Group has and will continue to make efforts to reduce its exposure to such inherent business risks. Amongst the key factors in reducing the risk of cost overruns or project delays is the ability of the enlarged PTT Group's experienced and hands-on project management team in planning for the avoidance of possible problems in the implementation stage, strong relationship with suppliers, effective management of sub-contractors as well as owning a larger fleet of machinery for deployment across the enlarged PTT Group's various construction sites.

We further noted that as PTT is presently involved in the civil engineering and construction business, there are risks similar to those that it is accustomed to. However, the Board believes that the experience and expertise of the Company's management team will enable the enlarged PTT Group to mitigate these risks effectively.

We take note of the highlighted risk factors in the Proposed Acquisition. We wish to highlight that although efforts and measures will be taken by the enlarged PTT Group to mitigate the abovementioned risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material impact on the business and operations of the enlarged PTT Group.

14. CONCLUSION AND RECOMMENDATION

You should carefully consider the terms of the Proposed Acquisition based on all relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAL, the Circular and any other publicly available information.

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors which are summarised as follows:

Section in this IAL	Area of Evaluation	Our Evaluation
Section 7	Rationale of the Proposal Acquisition	<p>Our evaluation of the rationale of the Proposed Acquisition are set out in Section 7 of this IAL. The rationale are as follows:</p> <ul style="list-style-type: none"> (i) grow PTT Group's construction business; (ii) leverage the strength of PTTSB in relation to its management team, resources and expertise to further strengthen PTT Group's construction order book, financial position and prospects; (iii) provide an opportunity for PTT Group to bolster its earnings stream which is expected to strengthen the financial performance for the next 2 financial years of the enlarged PTT Group; and (iv) consolidate TSP and TSL's private construction business and construction-related assets into PTT Group. <p>We are of the opinion that the rationale of the Proposed Acquisition are reasonable.</p>
Section 8	Basis and justification of the Purchase Consideration	<p>Based on our assessment as set out in Section 8 of this IAL, we noted that the Purchase Consideration of RM152.0 million is within the estimated range of fair value of 100% equity interest in PTTSB's construction business of RM142.4 million to RM169.9 million. As set out in Sections 2.1 & 2.2, Part A of the Circular, we are of the view that the average annual Profit Guarantee of RM17.0 million is also an appropriate basis to be used to determine the fairness of the Purchase Consideration. In addition, we wish to highlight that the investment properties, consisting of Space U8 Retained Properties, Terengganu Land and Serenia Factories with a total market value (net of borrowings) of RM36.1 million after deducting the borrowings as at the Valuation Date arising from the direct/indirect pledged of the investment properties (the total market value of investment properties as ascribed by Laureicap dated 27 March 2023 is RM111.0 million), have been taken into consideration in arriving at the Purchase Consideration of RM152.0 million. The investment properties have been excluded from our computation of the range of fair value of 100% equity interest in PTTSB's construction business.</p> <p>We are of the view that the Purchase Consideration is fair.</p>
Section 9	Evaluation of the Issue Price of the	<p>We noted that the part of the Purchase Consideration will be satisfied via allotment and issuance of the Consideration Shares to the Vendors.</p>

Section in this IAL	Area of Evaluation	Our Evaluation
	Consideration Shares	<p>Based on our assessment as set out in Section 9 of this IAL, we noted that the Issue price of Consideration Shares of RM1.11 represents the following:</p> <ul style="list-style-type: none"> (i) <u>Discount</u> ranging from RM0.0061 (0.55%) to RM0.0400 (3.48%) over the last closing price as at the SSA LTD and the five (5)-day VWAPs up to the SSA LTD; (ii) <u>Discount</u> ranging from RM0.0204 (1.80%) to RM0.0661 (5.62%) over the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAPs up to the SSA LTD; and (iii) <u>Premium</u> ranging from RM0.0895 (8.77%) to RM0.1000 (9.90%) over the last closing price as at the LPD and the five (5)-day VWAP up to LPD. <p>We noted that the Issue Price of RM1.11 represents a <u>premium</u> ranging from RM0.0895 (8.77%) to RM0.1000 (9.90%) over the last closing price and the five (5)-day VWAPs as at and up to the LPD. We also noted that the Issue Price of RM1.11 also represents a <u>discount</u> ranging from RM0.0061 (0.55%) to RM0.0661 (5.62%) over the last closing price, five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAPs as at and up to the SSA LTD. Notwithstanding the above, we further noted that the Issue Price of RM1.11 represents a <u>premium</u> of RM0.24 (27.59%) to PTT Group's latest audited NA per share as at 30 June 2022.</p> <p>As such, we are of the view that the Issue Price of the Consideration Shares is <u>fair</u>.</p>
Section 10	Evaluation of salient terms of the SSA	<p>Based on our evaluation as set out in Section 10 of this IAL on the following salient terms of the SSA:</p> <ul style="list-style-type: none"> (i) Purchase Consideration; (ii) Manner of payment; (iii) Excluded Assets; (iv) Settlement of related party advances; (v) Company entitled to appoint a nominee for Sale Shares; (vi) Vendors entitled to appoint a nominee for Consideration Shares; (vii) Profit Guarantee obligations; (viii) Conditions Precedent; and (ix) Termination. <p>We are of the opinion that the salient terms of the SSA are mutually agreed upon by the parties and are considered <u>reasonable</u>.</p>
Section 11	Effects of the Proposed Acquisition	<p>Based on our evaluation as set out in Section 11 of this IAL, we noted that the following:</p> <ul style="list-style-type: none"> (i) The Proposed Acquisition will result in an increase in the issued share capital from 99,000,000 shares to

Section in this IAL	Area of Evaluation	Our Evaluation
		<p>180,081,081 shares, arising from the issuance of 81,081,081 new PTT Shares;</p> <p>(ii) The proforma gearing of PTT will increase from 0.03 times as at 30 June 2022 (after adjusting for subsequent events) to 1.25 times as PTT intends to fund the Cash Consideration via bank borrowings of RM62.0 million (the interest expense arising from the bank borrowings of RM62.0 million is expected to reduce the future earnings and EPS of the enlarged PTT Group). In addition, the increase in the proforma gearing is also due to the total bank borrowings and lease liabilities of PTTSB as at 31 December 2022 of approximately RM101.3 million (include RM69.4 million which are short-term in nature for working capital purpose) and RM59.6 million (mainly for the purchase of the machinery), respectively;</p> <p>(iii) The Proposed Acquisition will increase the NA per share from RM0.89 as at 30 June 2022 (after adjusting for subsequent events) to RM0.98. Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by second half of 2023. Assuming the Proposed Acquisition had been effected at the beginning of FYE 30 June 2022, the Proposed Acquisition will contribute to the earnings of the enlarged PTT Group and will increase the proforma EPS from 8.50 to 12.92;</p> <p>(vii) Subject to the purchase price allocation exercise to be performed, PTT will recognise any goodwill arising from the Proposed Acquisition pursuant to the requirements of the Malaysian Financial Reporting Standards. The amount of goodwill that arise will be accounted for in the financial statements of the enlarged PTT Group upon completion of the Proposed Acquisition and will be subjected to annual impairment testing;</p> <p>(viii) Upon issuance of the Consideration Shares, the Proposed Acquisition will result in a dilution in the shareholdings of the existing shareholders of PTT. Upon completion of the Proposed Acquisition and full receipt of the Consideration Shares, the direct shareholding of ATTG will increase from 52.64% as at the LPD to 55.96%, the direct shareholding of TSP will increase from 0.11% as at the LPD to 8.29% while TSL will have direct shareholding of 9.79% as at the LPD; and</p> <p>(ix) Assuming the Proposed Acquisition is completed as at the LPD, the public shareholding spread of PTT will reduce from approximately 47.24% to approximately 25.97%. This will satisfy Paragraph 8.02(1) of the Listing Requirements as PTT's public shareholding spread is not expected to fall below 25% pursuant to the Proposed Acquisition.</p> <p>Whilst the issuance of new PTT Shares pursuant to the Proposed Acquisition is expected to be dilutive, but the dilution</p>

Section in this IAL	Area of Evaluation	Our Evaluation
		<p>impact will be mitigated by the Profit Guarantee during the Guaranteed Period. In addition, the management is of the view that the Proposed Acquisition will strengthen PTT Group's construction business and is expected to positively contribute to PTT Group's future earnings. As such, the overall effects of the Proposed Acquisition are reasonable and not detrimental to the interests of the non-interested shareholders of PTT.</p>
Section 12	Industry overview, outlook and prospects	<p>Based on our evaluation as set out in Section 12 of this IAL, we noted that the following:</p> <ul style="list-style-type: none"> (i) The Malaysian economy, latest developments point towards further expansion in economic activity in the first quarter of 2023 after the strong performance in 2022. For 2023, the Malaysian economy is expected to continue to expand amid slower external demand; (ii) The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance; (iii) PTTSB has more than 19 years of experience in the construction industry, particularly earthworks and infrastructure works. PTTSB is registered with the CIDB as a qualified contractor with class Grade 7 accreditation which allows PTTSB to tender for projects without any limitation in size or value; (iv) PTTSB has established itself in the construction industry with its track record wherein PTTSB has completed approximately RM928.7 million construction projects in the past 5 financial years up to the LPD; and (v) Upon completion of the Proposed Acquisition, the enlarged PTT Group will have a collective outstanding order book of RM600.8 million (PTT's outstanding order book of RM416.3 million and PTTSB's outstanding order book of RM184.5 million as at the LPD). As at the LPD, PTTSB has also submitted quotations for several projects for an aggregate amount of approximately RM168.1 million. (vi) Based on PTTSB's historical financial performance, we noted that PTTSB recorded year-on-year revenue growth of approximately 36.40% and 22.53% for FYE 31 December 2021 and FYE 31 December 2022, respectively, mainly contributed by PTTSB's secured projects. PTTSB's PAT has decreased by approximately 36.00% for FYE 31 December 2021 as compared to the previous financial year, mainly due to a decrease in the fair value gain recognised for its investment property during the year. The PAT of PTTSB has increased by approximately 28.73% for FYE 31 December 2022

Section in this IAL	Area of Evaluation	Our Evaluation
		<p>compared to the previous financial year and is in line with the increase in gross profit during the financial year.</p> <p>Based on the above, we are of the view that the prospects of the enlarged PTT Group following the completion of the Proposed Acquisition appears to be favourable and the Proposed Acquisition to contribute positively to the enlarged Group.</p>
Section 13	Risk factors in relation to the Proposed Acquisition	<p>In considering the Proposed Acquisition, the non-interested shareholders of PTT are advised to give careful consideration to the following risk factors:</p> <ul style="list-style-type: none"> (i) Non-completion risk; (ii) Achievability of the Profit Guarantee; (iii) Investment and integration risk; (iv) Funding and interest rate risk; (v) Goodwill and impairment risk; and (vi) Risks inherent to the construction industry. <p>We wish to highlight that although efforts and measures will be taken by the enlarged PTT Group to mitigate the abovementioned risks, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material impact on the business and operations of the enlarged PTT Group.</p>

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in this IAL. Based on this, BDOCC views that the Proposed Acquisition is **fair** and **reasonable** and is **not detrimental** to the non-interested shareholders of PTT.

Accordingly, we advise and recommend that the non-interested shareholders **vote in favour** of the ordinary resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Yours faithfully
For and on behalf of
BDO CAPITAL CONSULTANTS SDN BHD

Wong Wing Seong
Executive Director - Advisory

Eng Cha Lun
Executive Director – Advisory

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

1.0 Valuation of Serenia Factories

We noted that the Valuer has adopted the comparison approach as the primary method and income approach by way of “term & reversion method” as the secondary method in the valuation of Serenia Factories.

1.1 Comparison approach

We are of the view that the comparison approach adopted by the Valuer in arriving at the market value of Serenia Factories is reasonable given that there are observable recent transactions of similar properties.

	Serenia Factories	Comparable 1	Comparable 2	Comparable 3
Description	4 units of 3-storey detached factory	3-storey detached factory	3-storey detached factory	3-storey detached factory
Address	Nos. 11, 13, 15 & 17, Jalan Cipta Serenia 1, Bandar Serenia, 43900 Sepang, Selangor Darul Ehsan	No. 29, Jalan Cipta Serenia 1, Cipta Serenia @ Serenia City, Sepang, Selangor Darul Ehsan	No. 40, Jalan TPP 5, Putra Industrial Park, Puchong, Selangor Darul Ehsan	No. 15, Jalan TPP 3, Putra Industrial Park, Puchong, Selangor Darul Ehsan
Tenure	Grant in perpetuity	Grant in perpetuity	Leasehold for 99 years, term expiring on 16 December 2111	Leasehold for 99 years, term expiring on 16 December 2111
Land Area	Nos. 11, 13 & 15: 4,051.00 sqm No. 17: 4,050.00 sqm	4,980.00 sqm	4,583.50 sqm	4,411.00 sqm
Gross Floor Area	20,781.00 sf	18,000.00 sf	28,200.00 sf	27,700.00 sf
Title Type	Individual	Individual	Individual	Individual
Transaction Date	-	11 January 2021	17 May 2022	25 February 2022
Estimated Building Value	-	RM3,600,000	RM5,640,000	RM5,540,000
Consideration	-	RM11,300,000	RM14,000,000	RM15,000,000
Base Value	-	RM143.64 psf	RM169.45 psf	RM199.24 psf

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

	Serenia Factories	Comparable 1	Comparable 2	Comparable 3
Adjustments:				
(1) Time	-	Moderate appreciation of 1% per annum Similar location	Moderate appreciation of 1% per annum Located in prime industrial park	Moderate appreciation of 1% per annum Located in prime industrial park
(2) Location	Located in sub-prime industrial park	0%	-20%	-20%
(3) Accessibility		Similar accessibility	Similar accessibility	Similar accessibility
(4) Tenure	Grant in perpetuity	0%	Leasehold	Leasehold
(5) Shape	Regular land shape	0%	Similar shape	Similar shape
(6) Size	4,051.00 sqm	Larger in size	Larger in size	Larger in size
(7) Frontage	Exposure to high traffic	Exposure to low traffic	Exposure to low traffic	Similar frontage
Total Adjustment		22%	4%	-12%
Adjusted Value	-	RM175.82 psf	RM176.28 psf	RM175.07 psf

Based on the above, we noted that the following:

- (i) The Valuer has valued the factories individually. The Valuer has analysed all the comparables and separated the estimated building value before making the necessary adjustments to arrive at the improved land value, taking into consideration the varying sizes of the land and building areas between the comparables and Serenia Factories;
- (ii) In determining the building value, the Valuer has referred to the JUBM & Arcadis Cost Handbook 2022 as a guide. The construction cost for detached factory ranges from RM 170.01 psf to RM 218.78 psf. The necessary depreciation is then applied to arrive at the estimated building value;
- (iii) In assessing the land value, the Valuer has made adjustments in terms of differences in location, tenure, size, and frontage;
- (iv) The Valuer has selected Comparable 1 as the best comparable for Serenia Factories on the basis that it is the closest in distance and shares similar proximity; and
- (v) The Valuer has adopted a land value of RM176.00 psf (rounded up) and an estimated building value of RM200.00 psf as fair representation for the valuation of Serenia Factories, which translates to a total market value of RM48,000,000.

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

1.2 Income approach by way of “Term & Reversion Method”

We are of the view that the income approach by way of term & reversion method adopted by the Valuer as a cross-check on the market value of Serenia Factories is reasonable given that there are rental prices of similar properties within the neighbourhood as shown in the table below:

	Comparable 1	Comparable 2	Comparable 3
Source	lproperty.com	lproperty.com	lproperty.com
Address	Cipta Serenia, Selangor	Cipta Serenia, Selangor	Cipta Serenia, Selangor
Parcel Area	1,904.50 sqm	1,672.24 sqm	1,908.96 sqm
Posted Date	12 October 2022	16 December 2022	24 December 2022
Monthly Rental	RM50,000	RM50,000	RM45,000
Analysis	RM2.44 psf	RM2.78 psf	RM2.19 psf
Adjustments	General adjustments are made for location, accessibility size, and other factors.		
Adjusted Rental	RM2.44 psf	RM2.78 psf	RM2.19 psf

The key parameters adopted by the Valuer in arriving at the market value of Serenia Factories using the income approach by way of term & reversion method and our comments are set out below:

No.	Key Parameters	Our Comments																																			
1.	<div>Rental</div> <table><tr><th>Term</th><th>No.11</th><th>No.13</th><th>No.15</th><th>No.17</th></tr><tr><td></td><td colspan="4">Annual Rental (RM)</td></tr><tr><td>Term 1 (1st Part)</td><td>594,000</td><td>540,000</td><td>540,000</td><td>540,000</td></tr><tr><td>Term 1 (2nd Part)</td><td>621,000</td><td></td><td></td><td></td></tr><tr><td>Term 2</td><td>623,430</td><td>594,000</td><td>594,000</td><td>594,000</td></tr><tr><td>Term 3</td><td>-</td><td>653,400</td><td>653,400</td><td>653,400</td></tr><tr><td>Reversionary</td><td>623,430</td><td>623,430</td><td>623,430</td><td>623,430</td></tr></table>	Term	No.11	No.13	No.15	No.17		Annual Rental (RM)				Term 1 (1 st Part)	594,000	540,000	540,000	540,000	Term 1 (2 nd Part)	621,000				Term 2	623,430	594,000	594,000	594,000	Term 3	-	653,400	653,400	653,400	Reversionary	623,430	623,430	623,430	623,430	<p>We noted that the projected rental income is derived from the latest available rate of similar properties within the neighbourhood. In view of the similar characteristics, no adjustment is made to the rentals of the comparables.</p> <p>We further noted that the Valuer has selected Comparable 1 and adopted RM2.50 psf (rounded up) as the rental rate given that it is the median price and is similar to the monthly rental rate of the current tenancy.</p>
Term	No.11	No.13	No.15	No.17																																	
	Annual Rental (RM)																																				
Term 1 (1 st Part)	594,000	540,000	540,000	540,000																																	
Term 1 (2 nd Part)	621,000																																				
Term 2	623,430	594,000	594,000	594,000																																	
Term 3	-	653,400	653,400	653,400																																	
Reversionary	623,430	623,430	623,430	623,430																																	

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

No.	Key Parameters	Our Comments																														
2.	<div>Outgoings</div> <table><tr><th>Type</th><th>No.11</th><th>No.13</th><th>No.15</th><th>No.17</th></tr><tr><td></td><td colspan="4">Outgoings (RM)</td></tr><tr><td>Quit rent</td><td>1,236.00</td><td>1,236.00</td><td>1,236.00</td><td>1,236.00</td></tr><tr><td>Assessment</td><td>32,999.40</td><td>32,999.40</td><td>32,999.40</td><td>32,999.40</td></tr><tr><td>Fire insurance</td><td>11,314.37</td><td>12,171.38</td><td>11,554.23</td><td>11,554.23</td></tr><tr><td>Total</td><td>45,549.77</td><td>46,406.78</td><td>45,789.63</td><td>45,789.63</td></tr></table>	Type	No.11	No.13	No.15	No.17		Outgoings (RM)				Quit rent	1,236.00	1,236.00	1,236.00	1,236.00	Assessment	32,999.40	32,999.40	32,999.40	32,999.40	Fire insurance	11,314.37	12,171.38	11,554.23	11,554.23	Total	45,549.77	46,406.78	45,789.63	45,789.63	As shown in the table, we also noted that the relevant quit rent, assessment cost and fire insurance expense has been adopted accordingly. We further noted that these expenses are derived from the current rate and remained fixed throughout the projection period.
Type	No.11	No.13	No.15	No.17																												
	Outgoings (RM)																															
Quit rent	1,236.00	1,236.00	1,236.00	1,236.00																												
Assessment	32,999.40	32,999.40	32,999.40	32,999.40																												
Fire insurance	11,314.37	12,171.38	11,554.23	11,554.23																												
Total	45,549.77	46,406.78	45,789.63	45,789.63																												
3.	<div>Void</div> <table><tr><th>Term</th><th>No.11</th><th>No.13</th><th>No.15</th><th>No.17</th></tr><tr><td></td><td colspan="4">Void @ 3.00% (RM)</td></tr><tr><td>Reversionary</td><td>18,702.90</td><td>18,702.90</td><td>18,702.90</td><td>18,702.90</td></tr></table>	Term	No.11	No.13	No.15	No.17		Void @ 3.00% (RM)				Reversionary	18,702.90	18,702.90	18,702.90	18,702.90	We noted that the Valuer has considered a rounded up rate of 3.00% as the void allowance given that the possibility of future vacancies and rent-free period. The rate is derived using the average time taken to rent out an industrial premise, which is 1 month over the common lease term of 3 years (i.e. 36 months) that translates to a rate of 2.77%.															
Term	No.11	No.13	No.15	No.17																												
	Void @ 3.00% (RM)																															
Reversionary	18,702.90	18,702.90	18,702.90	18,702.90																												
4.	<div>Present Value (Discount Rate)</div> <table><tr><th>Term</th><th>No.11</th><th>No.13</th><th>No.15</th><th>No.17</th></tr><tr><td></td><td colspan="4">Discount Rate (%)</td></tr><tr><td>Term 1 (2nd Part)</td><td>5.00</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Term 2</td><td>5.25</td><td>5.25</td><td>5.25</td><td>5.25</td></tr><tr><td>Term 3</td><td>-</td><td>5.50</td><td>5.50</td><td>5.50</td></tr><tr><td>Reversionary</td><td>5.75</td><td>5.75</td><td>5.75</td><td>5.75</td></tr></table>	Term	No.11	No.13	No.15	No.17		Discount Rate (%)				Term 1 (2 nd Part)	5.00	-	-	-	Term 2	5.25	5.25	5.25	5.25	Term 3	-	5.50	5.50	5.50	Reversionary	5.75	5.75	5.75	5.75	<p>We noted that the Valuer has adopted discount rates range from 5.00% to 5.75% for the respective term and reversionary periods, of which is 100 basis point higher than the adopted yield rates to reflect the higher risk associated with this particular asset class.</p> <p>Based on the above and after considering the 27-year Malaysia Government bond rate, the discount rates adopted are reasonable.</p>
Term	No.11	No.13	No.15	No.17																												
	Discount Rate (%)																															
Term 1 (2 nd Part)	5.00	-	-	-																												
Term 2	5.25	5.25	5.25	5.25																												
Term 3	-	5.50	5.50	5.50																												
Reversionary	5.75	5.75	5.75	5.75																												

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

No.	Key Parameters	Our Comments																																																																																					
5.	<div>Yield</div> <table><tr><th>Term</th><th>No.11</th><th>No.13</th><th>No.15</th><th>No.17</th></tr><tr><td></td><td colspan="4">Yield (%)</td></tr><tr><td>Term 1 (1st Part)</td><td>4.00</td><td>4.00</td><td>4.00</td><td>4.00</td></tr><tr><td>Term 1 (2nd Part)</td><td>4.00</td><td></td><td></td><td></td></tr><tr><td>Term 2</td><td>4.25</td><td>4.25</td><td>4.25</td><td>4.25</td></tr><tr><td>Term 3</td><td>-</td><td>4.50</td><td>4.50</td><td>4.50</td></tr><tr><td>Reversionary</td><td>4.75</td><td>4.75</td><td>4.75</td><td>4.75</td></tr></table>	Term	No.11	No.13	No.15	No.17		Yield (%)				Term 1 (1 st Part)	4.00	4.00	4.00	4.00	Term 1 (2 nd Part)	4.00				Term 2	4.25	4.25	4.25	4.25	Term 3	-	4.50	4.50	4.50	Reversionary	4.75	4.75	4.75	4.75	<p>We noted that 4.00%, 4.25% and 4.50% all-risk yields have been adopted in terms 1, 2 and 3 respectively in view that the terms are shorter and have lower risk as compared to the reversionary term.</p> <p>We further noted that the rounded-up all-risk yield of 4.75% for the reversionary term has been adopted by the Valuer as the rate that is expected to be achievable at the current moment. The rate is derived after analysing the surroundings yield of industrial factories/warehouses which ranges from 4.33% to 5.03% and translates to an average of about 4.74%.</p> <p>Key details of the surrounding yields of industrial factories/warehouses analysed by the Valuer to arrive at the reversionary yield of 4.75% are as follows:</p> <table><tr><th>Surrounding Yield Analysis</th><th colspan="4">Cipta Serenia</th></tr><tr><td>Property type</td><td>3-storey detached factory</td><td>3-storey semi-detached factory</td><td>3-storey semi-detached factory</td><td></td></tr><tr><td>Asking rental (RM)</td><td>48,000</td><td>38,000</td><td>40,000</td><td></td></tr><tr><td>Asking annual rental (RM)</td><td>576,000</td><td>456,000</td><td>480,000</td><td></td></tr><tr><td>Estimated annual outgoings @ 15% (RM)</td><td>86,400</td><td>68,400</td><td>72,000</td><td></td></tr><tr><td>Estimated net annual rental (RM)</td><td>489,600</td><td>387,600</td><td>408,000</td><td></td></tr><tr><td>Estimated market value (RM)</td><td>11,300,000</td><td>7,700,000</td><td>8,400,000</td><td></td></tr><tr><td>Yield (%)</td><td>4.33</td><td>5.03</td><td>4.86</td><td></td></tr><tr><td>Average yield</td><td></td><td>4.74%</td><td></td><td></td></tr><tr><td>Adopted yield</td><td></td><td>4.75%</td><td></td><td></td></tr></table>	Surrounding Yield Analysis	Cipta Serenia				Property type	3-storey detached factory	3-storey semi-detached factory	3-storey semi-detached factory		Asking rental (RM)	48,000	38,000	40,000		Asking annual rental (RM)	576,000	456,000	480,000		Estimated annual outgoings @ 15% (RM)	86,400	68,400	72,000		Estimated net annual rental (RM)	489,600	387,600	408,000		Estimated market value (RM)	11,300,000	7,700,000	8,400,000		Yield (%)	4.33	5.03	4.86		Average yield		4.74%			Adopted yield		4.75%		
Term	No.11	No.13	No.15	No.17																																																																																			
	Yield (%)																																																																																						
Term 1 (1 st Part)	4.00	4.00	4.00	4.00																																																																																			
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Adopted yield		4.75%																																																																																					

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

Based on the above, we noted that the relevant key parameters used in the income approach by term & reversion method have been evaluated by the Valuer. The net annual rental income projected to be generated from Serenia Factories is capitalised at an appropriate yield to derive the total market value of RM45,000,000.

Our comments on the Valuation of Serenia Factories

Serenia Factories		Market Value (RM'000)
Comparison approach (primary)	No.11	12,000
	No.13	12,000
	No.15	12,000
	No.17	12,000
	Total	48,000
Income approach by way of “Term & Reversion method” (secondary)	No.11	11,400
	No.13	11,200
	No.15	11,200
	No.17	11,200
	Total	45,000

We noted that the Valuer has adopted the comparison method as the primary valuation approach and the income approach by way of “term & reversion method” as a cross check.

Premised on the evaluation conducted above, we are of the view that the adoption of the comparison method as the primary valuation approach is reasonable and the total market value of Serenia Factories of RM48,000,000 is fair.

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APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

2.0 Valuation of Space U8 Retained Properties

We noted that the Valuer has adopted the comparison approach as the primary method and income approach by way of “term & reversion method” as the secondary method in the valuation of Space U8 Retained Properties.

2.1.1 Car Park - comparison approach

We are of the view that the comparison approach adopted by the Valuer in arriving at the market value of the Car Park is reasonable given that there are observable recent transactions of similar properties.

	Car Park	Comparable 1	Comparable 2	Comparable 3
Description	Car park with ground floor, basements 1 and 2	Elevated car park allocated for serviced apartments	Basement car park and management office within a mixed commercial development	Basement car park within a mixed commercial development
Address	Car Park, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan	3A-126 & 3A-128, Rhythm Avenue, Jalan USJ 19/1, Subang Jaya, Selangor Darul Ehsan	Pacific Towers, Jalan 13/6, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan	2-11-1, Space U8, Persiaran Pasak Bumi, Taman Bukit Jelutong, Shah Alam, Selangor Darul Ehsan
Tenure	Grant in perpetuity	Grant in perpetuity	Leasehold for 99 years, term expiring on 21 May 2112	Grant in perpetuity
No. of Bays	1,264 bays	2 bays	1,216 bays	1,638 bays
Transaction Date	-	15 August 2022	15 October 2019	7 March 2022
Consideration	-	RM32,000	RM53,700,000	RM486,844,000
Base Value	-	RM16,000.00 per bay	RM44,161.18 per bay	RM34,000.00 per bay

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		Car Park	Comparable 1	Comparable 2	Comparable 3
Adjustments:					
(1) Location	Located within an industrial area	Located within a matured development area	-10%	Located within a new development area	-50%
(2) Accessibility		Similar accessibility	0%	Similar accessibility	0%
(3) Development Type	Shop/retail	Retail/serviced apartments	-10%	Mixed development	-10%
(4) Usage	Commercial use	Residential use	20%	Similar use	0%
(5) Tenure	Grant in perpetuity	Similar tenure	0%	Leasehold	8%
Total Adjustment		0%		-52%	-40%
Adjusted Value	-	RM16,000.00 per bay		RM21,197.37 per bay	RM20,400.00 per bay

Based on the above, we noted that the following:

- (i) The Valuer has made adjustments to reflect the differences between the Car Park of Space U8 Retained Properties and the comparables in terms of location, development type, usage and tenure;
- (ii) The Valuer has selected Comparable 1 as the best comparable for the Car Park of Space U8 Retained Properties on the basis that it is the latest transaction and has the least quantum of adjustment of 0%; and
- (iii) The Valuer has adopted RM16,000.00 per bay from the adjusted value of Comparable 1 as fair representation for the valuation of the Car Park of Space U8 Retained Properties, which translates to the market value of RM20,200,000.

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APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

2.1.2 Shop/Retail - comparison approach

We are of the view that the comparison approach adopted by the Valuer in arriving at the market value of the Shop/Retail is reasonable given that there are observable recent transactions of similar properties.

	Shop/Retail	Comparable 1	Comparable 2	Comparable 3
Description	6 stratified shop/retail units	A stratified double storey shop unit	A 3-storey shop office	A stratified first floor shop unit
Address	Block 1A, Block 2A, B1-2-1, B1-3-1, B1-1-3 & B1-2-3, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan	8 Blok A, Plaza Jelutong, Bukit Jelutong, Shah Alam, Selangor Darul Ehsan	14, Jalan Opera C U2/C, Taman TTDI Jaya, Shah Alam, Selangor Darul Ehsan	2-11-1, Space U8, Persiaran Pasak Bumi, Taman Bukit Jelutong, Shah Alam, Selangor Darul Ehsan
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Title Type	Strata	Strata	Individual	Strata
Parcel Area	Block 1A: 7,552.00 sqm Block 2A: 7,983.00 sqm B1-1-3: 236.00 sqm B1-2-1, B1-3-1 & B1-2-3: 206.00 sqm	220.00 sqm	459.00 sqm	206.00 sqm
Transaction Date	-	27 June 2022	24 June 2022	7 March 2022
Consideration	-	RM600,000	RM1,200,000	RM410,000
Base Value	-	RM253.37 psf	RM242.88 psf	RM184.90 psf

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

		Shop/Retail	Comparable 1		Comparable 2		Comparable 3	
Adjustments:								
(1)	Time	-	Moderate appreciation of 1% per annum	1%	Moderate appreciation of 1% per annum	1%	Moderate appreciation of 1% per annum	1%
(2)	Location	Located in an industrial area	Located in a commercial development area	-10%	Located in a mature commercial development area	-15%	Similar location	0%
(3)	Accessibility		Similar accessibility	0%	Similar accessibility	0%	Similar accessibility	0%
(4)	Tenure	Grant in perpetuity	Similar tenure	0%	Similar tenure	0%	Similar tenure	0%
(5)	Title Type	Strata	Similar title type	0%	Individual	-10%	Similar title type	0%
(6)	Size	206.00 sqm	Similar size	0%	Larger in size	4.5%	Similar size	0%
(7)	Zoning	Zoned for commercial use	Similar zone	0%	Similar zone	0%	Similar zone	0%
Total Adjustment			-9%		-19.5%		1%	
Adjusted Value		-	RM230.32 psf		RM195.02 psf		RM186.75 psf	

Based on the above, we noted that the following:

- (i) The Valuer has made adjustments to reflect the differences in terms of location, title type and size;
- (ii) The Valuer has selected Comparable 3 as the best comparable for the 6 stratified shop/retail units of Space U8 Retained Properties on the basis that it is the latest transaction recorded in Space U8, it is located in the same vicinity and has the least quantum of adjustment of 0% (excluding time adjustment of 1% between the transaction date versus the date of valuation); and
- (iii) The Valuer has adopted RM190.00 psf, rounded up from the adjusted value of Comparable 3 as fair representation for the valuation. The Valuer has made additional adjustments for difference parcels. For accessory parcel, the Valuer has adopted 50% of the main parcel given its supportive function and with reference to the industry practice.
- (iv) The Valuer has summed up the market values of each parcel, which translates to a total market value of RM39,760,000.

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

2.2 Space U8 Retained Properties – income approach by way of “Term & Reversion Method”

We are of the view that the income approach by way of term & reversion method adopted by the Valuer in arriving at the market value of Space U8 Retained Properties is reasonable given that there are rental prices of similar properties within the neighbourhood as shown in the table below:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Source	Jabatan Penilaian dan Perkhidmatan Harta (“JPPH”)	JPPH	JPPH	JPPH	JPPH
Address	UG-31, Radia Bukit Jelutong, Persiaran Arked, Bukit Jelutong, Seksyen U8, 40160 Shah Alam, Selangor Darul Ehsan	B2-15-3, Space U8, No. 6, Persiaran Pasak Bumi, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	No. 1-2, Jalan Serambi U8/24, Taman Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	No. 19, Jalan Opera E U2/E Taman TTDI Jaya, 40150 Shah Alam, Selangor Darul Ehsan	No. 2-1, Jalan Opera G U2/G Taman TTDI Jaya, 40150 Shah Alam, Selangor Darul Ehsan
Parcel Area	120.00 sqm	160.00 sqm	139.00 sqm	130.00 sqm	250.00 sqm
Starting Date	1 November 2022	15 September 2022	15 September 2021	1 August 2022	1 June 2022
Ending Date	31 October 2023	14 March 2023	14 September 2022	31 July 2024	31 May 2024
Monthly Rental	RM2,300	RM1,500	RM2,100	RM3,010	RM3,200
Analysis	RM1.78 psf	RM0.87 psf	RM1.40 psf	RM2.15 psf	RM1.19 psf
Adjustments	General adjustments are made for location, size, building features, fit-out and other factors.				
Adjusted Rental	RM1.37 psf	RM0.94 psf	RM1.24 psf	RM0.90 psf	RM1.03 psf

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APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

The key parameters adopted by the Valuer in arriving at the market value of Space U8 Retained Properties using the income approach by way of term & reversion method and our comments are set out below:

No.	Key Parameters	Our Comments										
1.	<div>Rental</div> <table><tr><th></th><th>Monthly Rental Rate (RM psf)</th></tr><tr><td>Ground Floor</td><td>1.50</td></tr><tr><td>Level 2</td><td>1.00</td></tr><tr><td>Level 3</td><td>0.90</td></tr><tr><td>Level 4</td><td>0.85</td></tr></table>		Monthly Rental Rate (RM psf)	Ground Floor	1.50	Level 2	1.00	Level 3	0.90	Level 4	0.85	<p>We noted that the projected rental income is derived from the rentals of similar properties within the neighbourhood. Adjustments such location, size, building features, parcel area and fit-out have been made to the comparables.</p> <p>We further noted that the Valuer has made additional adjustments for major anchor tenants. For accessory parcel, the Valuer has adopted 50% of the rental rate of the main parcel based on the industry practice which in view that the accessory parcel serves as a supportive function to the main parcel within a strata development.</p>
	Monthly Rental Rate (RM psf)											
Ground Floor	1.50											
Level 2	1.00											
Level 3	0.90											
Level 4	0.85											
2.	Void @ 5.00%	<p>We noted that the Valuer has considered a rounded down rate of 5.00% as the void allowance given that the possibility of future vacancies and rent-free period. The rate is derived with reference to the industry standards of time taken to rent out similar commercial spaces, which is 2 months over the rental period of 3 years (i.e. 36 months) that translates to a rate of 5.56%.</p>										
3.	Outgoings @ 32.00%	<p>We noted that the Valuer has adopted an average outgoings rate of 32.00% for Space U8 Retained Properties after analysing the annual outgoings for each unit and adjusted to the area occupied by each tenant. The rate is derived after analysing the average outgoings of retail/shops/offices, which is about 32.3%.</p> <p>We further noted that the Valuer's estimation of the outgoings for the car park using a percentage of the gross rental is based on the view that the service charge for the car park imposed by the management is at a similar rate as the retail/shops/offices.</p>										

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

No.	Key Parameters	Our Comments									
4.	<div>Yield</div> <table><tr><th>Yield (%)</th><th>Term</th><th>Reversionary</th></tr><tr><td>Retail/Shops/Offices</td><td>4.00</td><td>4.50</td></tr><tr><td>Cineplex</td><td>1.00</td><td>1.50</td></tr></table>	Yield (%)	Term	Reversionary	Retail/Shops/Offices	4.00	4.50	Cineplex	1.00	1.50	<p>We noted that 4.00% term yield has been adopted to account for periods that are shorter and have lower risk as compared to the reversionary term at 4.50% yield, after analysing the yields of retail/shops/offices in the neighbourhood.</p> <p>We further noted that cineplex is a major anchor tenant in Space U8 Retained Properties, thus a 1.00% term yield and 1.50% reversionary yield are adopted by the Valuer as the rates that are expected to be achievable at the current moment.</p>
Yield (%)	Term	Reversionary									
Retail/Shops/Offices	4.00	4.50									
Cineplex	1.00	1.50									
5.	<div>Present Value (Discount Rate)</div> <table><tr><th></th><th>Discount Rate (%)</th></tr><tr><td>Term</td><td>4.50</td></tr><tr><td>Reversionary</td><td>5.00</td></tr></table>		Discount Rate (%)	Term	4.50	Reversionary	5.00	<p>We noted that the Valuer has adopted 4.50% and 5.00% discount rates for the term and reversionary periods, of which is 50 basis point higher than the adopted yield rates for retail/shops/offices to reflect the higher risk associated with this particular asset class.</p> <p>Based on the above and after considering the 27-year Malaysia Government bond rate, the discount rates adopted are reasonable.</p>			
	Discount Rate (%)										
Term	4.50										
Reversionary	5.00										

Based on the above, we noted that the relevant key parameters used in the income approach by term & reversion method have been evaluated by the Valuer. The net annual rental income projected to be generated from Space U8 Retained Properties is capitalised at an appropriate yield to derive the total market value of RM58,860,000.

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

Our comments on the Valuation of Space U8 Retained Properties

Space U8 Retained Properties	Market Value (RM'000)
Comparison approach (primary)	Car Park
	Block 1A
	Block 2A
	B1-2-1
	B1-3-1
	B1-1-3
	B1-2-3
	Total
Income approach by way of “Term & Reversion method” (secondary)	59,960
	Car Park
	Block 1A
	Block 2A
	B1-2-1
	B1-3-1
	B1-1-3
	B1-2-3
	Total
	58,860

We noted that the Valuer has adopted the comparison method as the primary valuation approach and the income approach by way of “term & reversion method” as a cross check.

Premised on the evaluation conducted above, we are of the view that the adoption of the comparison method as the primary valuation approach is reasonable and the total market value of Space U8 Retained Properties of RM59,960,000 is fair.

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

3.0 Valuation of Terengganu Land

We noted that the Valuer has adopted the comparison approach as the sole method in the valuation of Terengganu Land.

3.1 Lot 848 & Lot 849 (agricultural lands with residential development potential) – comparison approach

We are of the view that the comparison approach adopted by the Valuer in arriving at the market values of Lot 848 and Lot 849 is reasonable given that there are recent transactions with similar characteristics and there is no development order obtained as at the date of valuation on 27 March 2023.

	Lot 848 & Lot 849	Comparable 1	Comparable 2	Comparable 3
Description	2 contiguous parcels of vacant agricultural land with residential development potential	1 parcel of vacant residential land	6 parcels of vacant agricultural land	1 parcel of vacant residential land
Address	Lot 848 & Lot 849, Jalan Felda Mengkawang-Bukit Diman, 21800 Ajil, Terengganu Darul Iman	Lol 52215, Jalan Ajil-Kuala Berang, Bukit Tok Bak, 21700 Kuala Berang, Terengganu	Lot 2300, 2301, 6259, 6255, 3425 & 5491, Jalan Ajil-Kuala Berang, Kampung Lenjang, 21700 Kuala Berang, Terengganu	Lot 63298, Off Jalan Kuala Terengganu-Ajil, 21800 Ajil, Terengganu
Reserve Area	Non-Malay reserve land	Malay reserve land	Malay reserve land	Malay reserve land
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Land Area	Lot 848: 36,725.00 sqm Lot 849: 37,332.00 sqm	10,023.91 sqm	66,519.38 sqm	16,859.84 sqm
Title Type	Individual	Individual	Individual	Individual
Transaction Date	-	19 September 2021	28 March 2022	8 August 2022
Consideration	-	RM500,000	RM1,380,000	RM500,000
Base Value	-	RM4.63 psf	RM1.93 psf	RM2.76 psf

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

		Lot 848 & Lot 849	Comparable 1		Comparable 2		Comparable 3	
Adjustments:								
(1) Time	-	Located within Hulu Terengganu	Moderate appreciation of 1% per annum	2%	Moderate appreciation of 1% per annum	1%	Moderate appreciation of 1% per annum	1%
(2) Location			Similar location	0%	Similar location	0%	Similar location	0%
(3) Accessibility			Similar accessibility	0%	Similar accessibility	0%	Similar accessibility	0%
(4) Tenure		Grant in perpetuity	Similar tenure	0%	Similar tenure	0%	Similar tenure	0%
(5) Size		36,725.00 sgm	Smaller in size	-22%	Larger in size	7%	Smaller in size	-13%
(6) Shape		Trapezoidal shaped, enabled wholesome development	Irregular shaped, enabled wholesome development	0%	Irregular shaped, difficult for wholesome development	10%	Similar shape	0%
(7) Terrain		Undulating	Flat	-30%	Flat	-30%	Similar terrain	0%
(8) Land Use		Agriculture	Residential	-5%	Similar category	0%	Residential	-5%
(9) Zoning		Zoned under residential	Similar zone	0%	Zoned under agriculture	10%	Similar zone	0%
(10) Frontage		First layer	Second layer	50%	Similar layer	0%	Similar layer	0%
(11) Reserved Status		Non-Malay reserve land	Malay reserve land	30%	Malay reserve land	30%	Malay reserve land	30%
Total Adjustment			25%		28%		13%	
Adjusted Value	-		RM5.81 psf		RM2.47 psf		RM3.12 psf	

Based on the above, we noted that the following:

- The Valuer has made necessary adjustments to the land value of the comparables for differences in size, shape, terrain, land use, zoning, frontage and reserved status;
- The Valuer has selected Comparable 3 as the best comparable for Lot 848 & Lot 849 (that are contiguous, have similar characteristics and belong to the same landowner) on the basis that it is the latest transaction and has the least overall adjustment of 12% (excluding time adjustment of 1% between the transaction date versus the date of valuation); and
- The Valuer has adopted RM3.00 psf, rounded down from the adjusted value of Comparable 3 as fair representation for the valuation of Lot 848 & Lot 849, which translates to RM2,400,000.

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

3.2 Lot 851 (agricultural land) – comparison approach

We are of the view that the comparison approach adopted by the Valuer in arriving at the market value of Lot 851 is reasonable given that there are recent transactions with similar characteristics and there is no development order obtained as at the date of valuation on 27 March 2023.

	Lot 851	Comparable 1	Comparable 2	Comparable 3
Description	1 parcel of vacant agricultural land	1 parcel of vacant residential land	6 parcels of vacant agricultural land	1 parcel of vacant residential land
Address	Lot 851, Off Jalan Mengkawang-Bukit Diman, 21800 Ajil, Terengganu Darul Iman	Lot 52215, Jalan Ajil-Kuala Berang, Bukit Tok Bak, 21700 Kuala Berang, Terengganu	Lot 2300, 2301, 6259, 6255, 3425 & 5491, Jalan Ajil-Kuala Berang, Kampung Lenjang, 21700 Kuala Berang, Terengganu	Lot 63298, Off Jalan Kuala Terengganu-Ajil, 21800 Ajil, Terengganu
Reserve Area	Non-Malay reserve land	Malay reserve land	Malay reserve land	Malay reserve land
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Land Area	38,850.00 sqm	10,023.91 sqm	66,519.38 sqm	16,859.84 sqm
Title Type	Individual	Individual	Individual	Individual
Transaction Date	-	19 September 2021	28 March 2022	8 August 2022
Consideration	-	RM500,000	RM1,380,000	RM500,000
Base Value	-	RM4.63 psf	RM1.93 psf	RM2.76 psf

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

		Lot 851	Comparable 1		Comparable 2		Comparable 3	
Adjustments:								
(1) Time	-		Moderate appreciation of 1% per annum	2%	Moderate appreciation of 1% per annum	1%	Moderate appreciation of 1% per annum	1%
(2) Location	Located within Hulu Terengganu		Similar location	0%	Similar location	0%	Similar location	0%
(3) Accessibility			Similar accessibility	0%	Similar accessibility	0%	Similar accessibility	0%
(4) Tenure	Grant in perpetuity		Similar tenure	0%	Similar tenure	0%	Similar tenure	0%
(5) Size	38,850.00 sgm		Smaller in size	-24%	Larger in size	7%	Smaller in size	-13%
(6) Shape	Trapezoidal shaped, enabled wholesome development		Irregular shaped, enabled wholesome development	0%	Irregular shaped, difficult for wholesome development	10%	Similar shape	0%
(7) Terrain	Undulating		Flat	-30%	Flat	-30%	Similar terrain	0%
(8) Land Use	Agriculture		Residential	-5%	Similar category	0%	Residential	-5%
(9) Zoning	Zoned under agriculture		Zoned residential	-10%	Similar zone	0%	Zoned residential	-10%
(10) Frontage	Second layer		Similar layer	0%	First layer	-50%	First layer	-50%
(11) Reserved Status	Non-Malay reserve land		Malay reserve land	30%	Malay reserve land	30%	Malay reserve land	30%
Total Adjustment			-37%		-32%		-47%	
Adjusted Value	-		RM2.88 psf		RM1.30 psf		RM1.45 psf	

Based on the above, we noted that the following:

- (i) The Valuer has made necessary adjustments to the land value of the comparables for differences in size, shape, terrain, land use, zoning, frontage and reserved status;
- (ii) The Valuer has selected Comparable 3 as the appropriate comparable for Lot 851 on the basis that it is the latest transaction; and
- (iii) The Valuer has adopted RM1.50 psf, rounded up from the adjusted value of Comparable 3 as fair representation for the valuation of Lot 851, which translates to RM600,000.

APPENDIX TO IAL – VALUATION OF INVESTMENT PROPERTIES

Our comments on the Valuation of Terengganu Land

Terengganu Land		Market Value (RM'000)
Comparison approach	Lot 848	1,200
	Lot 849	1,200
	Lot 851	600
	Total	3,000

We noted that the Valuer has adopted the comparison method as the sole valuation approach for Terengganu Land.

Premised on the evaluation conducted above, we are of the view that the adoption of the comparison method is reasonable and the total market value of Terengganu Land of RM3,000,000 is fair.

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APPENDIX I – SALIENT TERMS OF THE SSA

The salient terms and conditions of the SSA are as follows:-

1. Purchase consideration

The sale and purchase consideration for the Sale Shares is RM152,000,000, which has been arrived at on a willing-buyer willing-seller basis and a P/E Multiple of 8.94 times based on the average Profit Guarantee of RM17.0 million per annum.

2. Manner of payment

- (i) The Purchase Consideration shall be satisfied on the Completion Date by the Company via:-
 - (a) paying the Cash Consideration to the Vendors in their respective proportions and amounts; and
 - (b) allotting and issuing the Consideration Shares at the Issue Price to the Vendors and ATTG, in their respective proportions and amounts,in accordance with the provisions of the SSA.
- (ii) The Consideration Shares shall, upon allotment and issue, rank equally in all respects with each other and with the then existing PTT Shares, save and except that the holders of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of allotment of the Consideration Shares.

3. Excluded Assets

- (i) The parties acknowledge and agree that the following terms and arrangements shall apply in relation to the Excluded Assets:
 - (a) The Excluded Assets shall not form part of the underlying assets of PTTSB for the purposes of determining the Purchase Consideration for the Sale Shares.
 - (b) The DIS Excluded Assets shall be distributed by PTTSB to the Vendors or their nominee(s) as at the declaration date of the dividend-in-specie ("**DIS Declaration Date**") based on their respective market value as appraised by Laurelcap on 17 March 2023 ("**Dividend-in-Specie**").
 - (c) The Disposed Excluded Assets to be disposed by PTTSB to TSP (being one of the Vendors) via the Excluded Assets SPAs. In the event that the conditions precedent stipulated in respect of the Excluded Assets Disposal (if any) are fulfilled prior to the Completion Date, the TSP Related Party Advances shall firstly, be netted off against the Disposed Excluded Assets Price. Thereafter, the remaining balance of the PTTSB Related Party Advances will be fully settled by the Company on the Completion Date.

(ii) DIS Excluded Assets

- (a) Subject to the bank consents being obtained by PTTSB for the implementation of the Dividend-in-Specie, (i) PTTSB shall on the DIS Declaration Date, declare the Dividend-in-Specie to the Vendors which shall be settled by way of the distribution of the DIS Excluded Assets and (ii) Faddy and TSL (being 2 of the Vendors) shall appoint TSP as their nominee to receive the DIS Excluded Assets ("**DIS Nomination**").
- (b) Pursuant to the DIS Nomination and the declaration of the Dividend-in-Specie by PTTSB to TSP as a shareholder of PTTSB, PTTSB and TSP shall on the DIS Declaration Date execute a declaration of trust(s) ("**Declaration of Trust**") in respect of the DIS Excluded Assets, i.e. 2 units of 3 storey terraced shop offices bearing address of No. 42, 42A, 42B, 44, 44A and 44B, Jalan Diplomatik 3/1, Presint 15, 62050 Putrajaya, Wilayah Persekutuan Putrajaya.
- (c) Pursuant to the Declaration of Trust, PTTSB shall hold and deal with the DIS Excluded Assets as trustee for and on behalf of TSP for such period commencing from the DIS Declaration Date until such date upon which the DIS Excluded Assets are disposed and/or transferred by PTTSB to the purchaser(s) identified by TSP, subject always to:
 - (aa) the Vendors indemnifying PTTSB and the Company for all costs, expenses, claims, charges, expenses, liabilities, taxes and obligations in so acting; and
 - (bb) the Vendors bearing all costs, expenses, claims, charges, liabilities, taxes (including real property gains tax and income tax arising from the disposal of the DIS Excluded Assets) and obligations in respect of or arising from the DIS Excluded Assets ("**DIS Excluded Assets Expenses**") with effect from the DIS Declaration Date until the disposal and/or transfer of the legal title of the DIS Excluded Assets to such purchaser(s) identified by TSP.
- (d) The Company shall be entitled and authorised to deduct and set-off any amounts paid by PTTSB (if any) in respect of the DIS Excluded Assets Expenses or accrued as at the Completion Date from the Purchase Consideration.
- (e) Subject to (i) the bank consents being obtained by PTTSB for the implementation of the Dividend-in-Specie; and (ii) the execution of the Declaration of Trust, PTTSB shall upon receiving an instruction in writing from TSP at any time after the completion of the Proposed Acquisition, execute the relevant sale and purchase agreement(s) to dispose and/or transfer the DIS Excluded Assets to such purchaser(s) as may be identified by TSP and upon such terms and conditions deemed fit or expedient by TSP. In such event, PTTSB shall remit all proceeds of disposal received (less set-off of any amounts paid by or accruing to PTTSB in respect of the DIS Excluded Assets and any other amounts referred to in paragraph 3(ii)(c) above) to TSP subject to the other Vendors having renounced their rights to receive such proceeds of disposal to TSP and until such remittance, PTTSB shall hold such proceeds in trust.
- (f) In the event that by the day falling 6 months after the Completion Date, no sale and purchase agreement has been executed in respect of the disposal and/or transfer of the DIS Excluded Assets, the parties hereby agree that the DIS Excluded Assets shall be disposed and/or transferred by PTTSB to TSP or such persons to be identified or nominated by TSP, on the day falling on the 6th month from the Completion Date or such other date as may be mutually agreed by the parties.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (g) The Vendors shall be liable for all costs, charges, expenses, liabilities, taxes and obligations in respect of the DIS Excluded Assets incurred or to be incurred by PTTSB after the DIS Declaration Date, including but not limited to the DIS Excluded Assets Expenses and all costs and expenses incurred in relation to the disposal, distribution and/or transfer of the DIS Excluded Assets to such purchaser(s) as may be identified by TSP, and the Vendors shall reimburse and indemnify the Company and PTTSB and hold them harmless against any and all costs, charges, expenses, liabilities, taxes and obligations in respect of the DIS Excluded Assets incurred by PTTSB before the DIS Declaration Date.

(iii) Disposed Excluded Assets

- (a) PTTSB has entered into the Excluded Assets SPAs for the Disposed Excluded Assets Disposal for an aggregate Disposed Excluded Assets Price of RM1,756,630 as follows:
 - (aa) sale and purchase agreement dated 30 March 2023 entered into between PTTSB and TSP in respect of the disposal of one unit of shophouse in Space U8 bearing address of Unit No. B1-1-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM470,000.00;
 - (bb) sale and purchase agreement dated 30 March 2023 entered into between PTTSB and TSP in respect of the disposal of one unit of shophouse in Space U8 bearing address of Unit No. B2-23A-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM406,630.00;
 - (cc) sale and purchase agreement dated 30 March 2023 entered into between PTTSB and TSP in respect of the disposal of one unit of shophouse in Space U8 bearing address of Unit No. B2-25-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM460,000.00; and
 - (dd) sale and purchase agreement dated 30 March 2023 entered into between PTTSB and TSP in respect of the disposal of one unit of shophouse in Space U8 bearing address of Unit No. B2-25-2, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor for a purchase consideration of RM420,000.00.
- (b) The parties agree that the Disposed Excluded Assets Price shall be settled prior to the Completion Date in the following manner:
 - (aa) PTTSB shall make arrangements acceptable to the existing chargee/assignee (such as the provision of substitute security) so as to render the Disposed Excluded Assets to be free from any encumbrances; and
 - (bb) the Disposed Excluded Assets Price shall be set-off against an equivalent amount of TSP Related Party Advances.
- (c) In the event the conditions precedent stipulated in the Excluded Assets SPAs cannot be fulfilled, the parties agree that the Disposed Excluded Assets will be retained by PTTSB as retained assets.

4. Settlement of related party advances

- (i) The PTTSB Related Party Advances amounts to an aggregate sum of RM9.76 million as at 31 December 2022 have been granted on an interest-free basis and with no fixed terms of repayment.
- (ii) The TSP Related Party Advances amounts to RM3.43 million as at 31 December 2022.
- (iii) In the event that the conditions precedent stipulated in the Excluded Assets SPAs (if any) are fulfilled prior to the Completion Date, the Disposed Excluded Assets Price shall be set-off against an equivalent amount of TSP Related Party Advances. Thereafter, the Company shall settle the remaining amount of Related Party Advances amounting to RM8,000,000 and any Related Party Advances extended by the related party to PTTSB subsequent to 31 December 2022 up to the Completion Date ("**Subsequent Related Party Advances**") (net of the amount set-off against the TSP Related Party Advances) in accordance with the terms of the SSA on the Completion Date so that PTTSB is free of any Related Party Advances and Subsequent Related Party Advances on the Completion Date.
- (iv) However, in the event that the conditions precedent stipulated in the Excluded Assets SPAs (if any) are to be fulfilled after the Completion Date, the Disposed Excluded Assets Price shall be paid by TSP on or before the completion date of the Excluded Assets SPAs or the extended completion date of the Excluded Assets SPAs, as the case may be, to the Company's solicitors as stakeholders, in accordance with the terms of the Excluded Assets SPAs. Thereafter, the Related Party Advances (which includes TSP Related Party Advances) and Subsequent Related Party Advances shall be settled by the Company on the Completion Date together with payment by the Company of the Purchase Consideration, so that PTTSB is free of any Related Party Advances and Subsequent Related Party Advances on the Completion Date.
- (v) The amount of Related Party Advances and Subsequent Related Party Advances so settled by the Company shall thereafter constitute shareholder advances due and owing from PTTSB to the Company.
- (vi) The Vendors shall procure PTTSB to provide the management accounts as at the last day of the calendar month preceding the Completion Date evidencing and substantiating the amount of the Subsequent Related Party Advances to the Company on the Completion Date.
- (vii) The payment of the Related Party Advances under this paragraph 4 shall form part of the payment for the purchase of the Sale Shares by the Company, in addition to the payment of the Purchase Consideration, for the purposes of Completion in accordance with the SSA.

5. Company entitled to appoint a nominee for Sale Shares

The parties agree that the Company will be entitled, at any time and from time to time but in any event before the Completion Date, to appoint a nominee to receive and accept the Sale Shares in place of the Company by giving to the Vendors a notice in writing of such nomination together with all particulars of the nominee. In the event of such nomination, the Vendors undertake and shall procure PTTSB to give effect to the transfer of the Sale Shares to the said nominee.

6. Vendors entitled to appoint a nominee for Consideration Shares

- (i) The parties acknowledge and agree that subject to paragraph 6(ii) below, the Vendors will be entitled, at any time and from time to time but in any event before the Completion Date, to appoint a nominee to receive and accept the Consideration Shares in place of the Vendors by giving to the Company a notice in writing of such nomination together with all particulars of the nominee. In the event of such nomination, the Company undertakes to give effect to the allotment and issuance of the Consideration Shares to the said nominee.
- (ii) Faddy (being one of the Vendors) has appointed ATTG as his nominee to receive and accept the Consideration Shares in the respective proportion and amount to be issued to him. In respect of such appointment, the Company undertakes to give effect to the allotment and issuance of the Consideration Shares to ATTG in the respective proportion and amount to be issued to Faddy provided always that the Vendors shall fully indemnify the Company from and against any and all costs and expenses and liabilities incurred in respect thereof.

7. Profit Guarantee obligations**(i) Profit Guarantee**

- (a) The Vendors hereby irrevocably and unconditionally guarantee to the Company that the cumulative of actual PAT of PTTSB ("**Actual PAT**") for the Guaranteed Period reported by the auditor and approved by the Board ("**Actual Aggregate PAT**") shall collectively be not less than RM34,000,000 ("**Aggregate Guaranteed Profit**").
- (b) For the purposes of determining the Actual PAT for each of the Guaranteed Financial Year, the Company shall procure and cause the auditor to conduct and complete its annual statutory audit in respect of the accounts of PTTSB, taking into consideration, amongst others, the following:-
 - (aa) any extraordinary items;
 - (bb) any profits of a capital nature arising *inter alia* from the disposal of fixed assets, investments loss, plant and equipment or any other assets or which are not in the ordinary course of business made on realization of shares, intellectual property, goodwill or real property, and profits attributable to businesses, if any, acquired after the execution of the SSA;
 - (cc) any cost in the nature of capital expenditure;
 - (dd) any valuation adjustments for the Excluded Assets and real properties in PTTSB; and/or
 - (ee) any adjusting events or possible adjusting events,occurring during the Guaranteed Period, for the purpose of certifying the amount of the Actual PAT for each of the Guaranteed Financial Years not later than 4 months from the last day of each of the Guaranteed Financial Years.
- (c) The Actual PAT for each of the Guaranteed Financial Years shall be as stated in the audited accounts prepared and issued by the auditor which has been approved by the Board ("**Audited Accounts Approval Date**"). In preparing and issuing the audited accounts for each of the Guaranteed Financial Years, the auditor shall ensure that a proper assessment is made of all actual and contingent liabilities, including determination of the completion status of all projects in progress and all liabilities (including liquidated ascertained damages), incurred and to be incurred or accrued in

connection with the completion of such projects ("**Accruals**"). In the event that the auditor shall be unable to sufficiently ascertain all Accruals within the aforesaid period of 4 months, the Company shall be entitled to proceed with the completion of the annual statutory audit and engage the auditor or such other auditor (at the sole discretion of the Company) to conduct a special audit to assess amongst others, the Actual PAT for each of the Guaranteed Financial Years and the Accruals, until such time as a proper assessment can be completed to the satisfaction of the Company.

- (d) The Actual PAT for each of the Guaranteed Financial Years reported by the auditor and approved by the Board referred to in paragraph (c) above shall, in the absence of manifest error, be conclusive, final and binding and shall not, for the avoidance of doubt, require the prior approval of the shareholders of the Company or PTTSB in general meeting.

(ii) Appointment of Trustee and execution of Stakeholders' Agreement

The Vendors and the Company shall prior to the date upon which the SSA becomes unconditional ("**Unconditional Date**") agree to the appointment of a trustee corporation in Malaysia to act as the Trustee and thereafter the Vendors, the Company and the Trustee shall in good faith and acting reasonably negotiate to finalise the form and contents of the Stakeholders' Agreement and the deposit of the same with the Company's solicitors as stakeholders on or before the Unconditional Date.

(iii) Deposit of Pledged Consideration Shares as security

- (a) As a security for the performance by the Vendors of their obligations under paragraph 7(i)(a) above, the Vendors shall on the Completion Date (i) deliver the stakeholders' documents to the Company and within one business day after the issuance of the Consideration Shares and (ii) deposit or procure to be deposited in the securities account maintained by the Trustee, 30,630,631 PTT Shares (which shall have a minimum value based on the Issue Price equivalent to RM34,000,000), to be held and dealt with by the Trustee in accordance with the terms of the SSA.
- (b) The parties agree and covenant that any dividend/distribution declared and paid or issued by the Company, if any, shall belong absolutely to the Vendors and if received by the Trustee, shall be held by the Trustee for the benefit of the Vendors and shall accrue to and form part of the securities to be held and dealt with by the Trustee under the terms of the SSA and the Stakeholders' Agreement.
- (c) The fees, charges, costs and expenses of the Trustee shall be borne by the Company and the Vendors in equal proportion (i.e. the Company and the Vendors shall each bear 50% of the total costs incurred), in accordance with the terms of the Stakeholders' Agreement.
- (d) The Vendors further agree and covenant that neither the Company nor the Trustee shall have any obligation to be liable to account for the value of the Pledged Consideration Shares or to preserve the value of the Pledged Consideration Shares and the Vendors shall not be entitled to claim against the Company or the Trustee for any loss (whether contingent or actual) incurred by the Vendors, for whatsoever reason and in whatsoever event, which relates to or arises from any reduction or fluctuation in the market value of the Pledged Consideration Shares, including where such reduction or fluctuation in market value is caused by any delay in (or failure to) exercise any right of sale or transfer or set-off or other dealing with the Pledged Consideration Shares.

(iv) Release of Pledged Consideration Shares

- (a) In the event that PTTSB records Actual PAT for the FYE 2023 or the FYE 2024 in its audited accounts prepared and issued pursuant to the provisions of paragraph 7(i)(b) above, the Company shall notify the Trustee of the amount of Actual PAT recorded for such Guaranteed Financial Year within 5 business days after the relevant Audited Accounts Approval Date. The Trustee shall within 5 business days thereafter release and transfer to the Vendors in accordance with the percentage of Pledged Consideration Shares deposited by each of the Vendors such number of Pledged Consideration Shares computed in accordance with the following formula, provided always however that the aggregate market value of the remaining Pledged Consideration Shares which are not to be released shall not under any circumstances whatsoever be less than the amount equivalent to the difference between the Aggregate Guaranteed Profit and the Actual Aggregate PAT achieved to date as at the relevant Guaranteed Financial Year in question ("**Remaining Commitment**"):

$$A = \left(\frac{D}{E} \right)$$

and further provided always that the value of the remaining Pledged Consideration Shares shall not be less than the value of the remaining Profit Guarantee which has not been met:

$$\left(B - A \right) \geq \left(\frac{C - D}{F} \right)$$

Where:

"A" is the number of Pledged Consideration Shares to be released to the Vendors, provided always however that the aggregate current market price for all of the remaining Pledged Consideration Shares which are not to be released shall not be less than the Remaining Commitment;

"B" is the number of Pledged Consideration Shares held by the Trustee;

"C" is the Aggregate Guaranteed Profit;

"D" is the Actual Aggregate PAT achieved up to the relevant Guaranteed Financial Year in Ringgit Malaysia;

"E" is the current market price of each Pledged Consideration Share or the Issue Price, whichever is lower; and

"F" is the current market price of each Pledged Consideration Share.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

For avoidance of doubt, in the event PTTSB records Actual PAT for the FYE 2023, the Pledge Consideration Shares will be released in accordance with this paragraph 7(iv). For illustrative purposes, assuming that in FYE 2023:-

- (1) RM17,000,000 in Actual PAT is recorded by PTTSB based on its audited accounts; and
- (2) the relevant Current Market Price of each Pledged Consideration Share is RM1.20,

the number of Pledged Consideration Shares to be released to the Vendors pursuant to the provisions of this paragraph 7(iv) shall be calculated as follows:

$$15,315,315 = \left(\frac{17,000,000}{1.11} \right)$$

and further provided always that the value of the remaining Pledged Consideration Shares shall not be less than the value of the remaining Profit Guarantee which has not been met:

$$\begin{aligned} \left(30,630,631 - 15,315,315 \right) &\geq \left(\frac{34,000,000 - 17,000,000}{1.20} \right) \\ &= 15,315,316 \geq 14,166,667 \end{aligned}$$

- (b) The number of Pledged Consideration Shares to be released to each of the Vendors respectively after applying the calculation referred to in paragraph 7(d) shall be in accordance with the percentage of Pledged Consideration Shares deposited by each of the Vendors.
- (c) For the avoidance of doubt, in the event of any loss after tax position for any Guaranteed Financial Year, no Pledged Consideration Shares shall be released and transferred by the Trustee to the Vendors. The Vendors shall in such event deposit or procure the deposit with the Trustee such additional number of PTT Shares computed in accordance with the following formula or an equivalent amount of cash or such other securities acceptable to the Company and the Trustee at such additional market/security value to be mutually agreed on between the parties, as may be required in order to top-up the Pledged Consideration Shares, and which are equivalent to the loss, within a period of not more than 7 days following the date of the notification by the Company to the Vendors:

$$A = \left(\frac{B}{C} \right)$$

Where:

“A” is the number of PTT Shares to be top up by the Vendors;

“B” is the loss after tax in relation to the relevant Guaranteed Financial Years in Ringgit Malaysia; and

“C” is the current market price of each Pledged Consideration Share or the Issue Price, whichever is lower.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (d) For the purpose of the calculation in this paragraph 7(iv), the current market price of Pledged Consideration Share shall be equivalent to the current market value of the PTT Share, which shall be determined based on the 5-day VWAP of PTT Shares as quoted on Bursa Securities calculated up to the market day preceding the Audited Accounts Approval Date.
- (e) Any fractional share resulting from the calculation pursuant to this paragraph 7(iv) shall be rounded down to the nearest whole shares.

(v) Top-up security

- (a) The aggregate market value of the Pledged Consideration Shares shall be reviewed from time to time by the Company, during the Guaranteed Financial Years, with the first review to take place 6 months following the date of issuance of the Consideration Shares, followed by a review to be conducted every 6 months thereafter ("**Security Review Date**"). A review shall also take place immediately if the Company undertakes any corporate exercises or if the Company shall notify the Vendors from time to time in writing of the need for any such review.
- (b) In the event that the aggregate market value of the Pledged Consideration Shares deposited with the Trustee as security for the satisfaction of the Aggregate Guaranteed Profit shall at any time for any reason whatsoever fall below:-
 - (aa) at any time before the Audited Accounts Approval Date for FYE 31 December 2023, 1.0 time the Aggregate Guaranteed Profit; or
 - (bb) at any time after the Audited Accounts Approval Date for FYE 31 December 2023, 1.0 time the respective Remaining Commitment,

as the case may be, as at the relevant Security Review Date, including following any release of Pledged Consideration Shares pursuant to the provisions of paragraph 7(iv) (the aggregate amount of such shortfall being referred to as the "**Security Shortfall**"), the Company or the Trustee shall by written notice notify the Vendors of the Security Shortfall ("**Security Shortfall Notice**"), which shall be computed in accordance with the following formula:

$$A = (B - C) - (D \times F)$$

Where:

"A" is the Security Shortfall in Ringgit Malaysia;

"B" is the Aggregate Guaranteed Profit;

"C" is the Actual Aggregate PAT achieved for the relevant Guaranteed Financial Year in Ringgit Malaysia;

"D" is the remaining number of Pledged Consideration Shares held by the Trustee; and

"F" is the current market price of each Pledged Consideration Share.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

For the purpose of the calculation in this paragraph 7(v)(b), the current market price of Pledged Consideration Share shall be equivalent to the current market value of the PTT Share, which shall be determined based on the 5-day VWAP of PTT Shares as quoted on Bursa Securities calculated up to the market day preceding the Security Review Date.

- (c) The Vendors shall in such event deposit or procure the deposit with the Trustee of such additional number of PTT Shares in accordance with the percentage of Pledged Consideration Shares deposited by each of the Vendors, or such additional sum of money or other securities acceptable to the Company and the Trustee at such market/security value to be mutually agreed on between the parties and the Trustee, as may be required in order to top-up the Security Shortfall and bring the aggregate market value of the Pledged Consideration Shares and the additional securities deposited with the Trustee up to at least the Aggregate Guaranteed Profit or the Remaining Commitment, as the case may be, within a period of not more than 7 days following the date of the Security Shortfall Notice.

For illustrative purposes, assuming that the review of the aggregate market value of the Pledged Consideration Shares is carried out in FYE 2024 and:-

- (1) RM17,000,000 in Actual PAT is recorded by PTTSB for the FYE 2023 based on its audited accounts;
- (2) the Trustee has already released the Pledged Consideration Shares having an aggregate market value of RM17,000,000 pursuant to paragraph 7(iv)(a); and
- (3) the relevant market price of Pledged Consideration Shares is RM1.00 determined based on the current market value of the PTT Shares, being the 5 day-VWAP of PTT Shares as quoted on Bursa Securities calculated up to the market day preceding the Security Review Date,

the Security Shortfall (in Ringgit Malaysia) to be topped up by the Vendors pursuant to paragraph 7(v)(b) shall be calculated as follows:-

$$1,684,684 = (34,000,000 - 17,000,000) - (15,315,316 \times 1.00)$$

- (d) In the event that the Vendors shall fail to fulfil its obligations under paragraph 7(v)(c) to top up with the Trustee, such additional number of PTT Shares or additional sums of money or to deposit additional securities acceptable to the Company and the Trustee at such market/security value to be mutually agreed on between the parties and the Trustee, within the aforesaid 7 days period, the Vendors shall be deemed to have defaulted in its obligations under paragraph 7(v)(c) and the Vendors shall be liable for liquidated damages on the Security Shortfall at the rate of 10% per annum calculated on a daily basis, commencing from the day falling immediately after the lapse of the aforesaid period of 7 days until the date on which the relevant additional securities which have a minimum security value equivalent to the Security Shortfall are deposited with the Trustee.
- (e) In the event the Vendors shall elect to top up with the Trustee, the Security Shortfall via PTT Shares held by them, the number of additional PTT Shares to be deposited by the Vendors with the Trustee shall be calculated at the value of the PTT Shares based on the 5 day VWAP for each PTT Share as quoted on Bursa Securities immediately preceding the Security Review Date.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (f) The Trustee shall and is hereby authorised to deposit any additional securities provided by the Vendors towards satisfaction of the Security Shortfall into the securities accounts maintained by the Trustee as shall be necessary and appropriate in the relevant circumstances.
- (g) The parties agree and acknowledge that no Pledged Consideration Shares shall be released by the Trustee to the Vendors in the event the aggregate market value of the Pledged Consideration Shares and other securities deposited with the Trustee are at any time in excess of the Aggregate Guaranteed Profit or the Remaining Commitment, as the case may be, following any reviews carried out pursuant to the provisions of this paragraph 7(v).

(vi) Shortfall

- (a) In the event that following the Audited Accounts Approval Date in respect of the audited accounts of PTTSB for all of the Guaranteed Financial Years, the Actual Aggregate PAT is less than the Aggregate Guaranteed Profit, the Vendors shall, upon receipt of a notice in writing issued by the Company ("**Shortfall Claim Notice**"), immediately pay to the Company an amount equal to the difference between the Aggregate Guaranteed Profit and the Actual Aggregate PAT ("**Shortfall**") in accordance with the percentage of PTT Shares initially deposited by each of the Vendors, in cash.
- (b) In the event the Vendors shall jointly and/or severally fail to pay the Shortfall to the Company within 14 days from the date of the Shortfall Claim Notice, the Company is entitled to give notice in writing to the Trustee of the Vendors' breach and the Trustee shall and is hereby authorised to forthwith, without incurring any liability of whatever nature whatsoever towards the Company and without any duty to give reasons therefor and without any prior notice to or concurrence on the part of the Vendors, dispose or procure the disposal (by sale or otherwise or whether in one or series of transaction(s)) of such number of Pledged Consideration Shares (including dividends and distributions and additional securities) from the securities account that is equivalent in value to –
 - (aa) the Shortfall; and
 - (bb) such costs, charges and expenses (including brokerage and legal costs on a solicitor-client basis) incurred or to be incurred by the Trustee in connection with the disposal of the Pledged Consideration Shares,

and an amount representing the Shortfall shall be deducted from the proceeds of the disposal of the Pledged Consideration Shares and paid to the Company.

- (c) For the avoidance of doubt, nothing in this paragraph shall be construed as imposing a duty or duty of care on the Trustee to act in the best interests of the Company and/or the Vendors or to obtain the best possible price in the sale or disposal of the Pledged Consideration Shares. In exercising the right of sale, the Trustee shall consult with the Company on the manner and timing for the disposal of the Pledged Consideration Shares in the open market and act in accordance with any written instructions of the Company issued by the Company from time to time. Without limitation to the foregoing, the Company shall be entitled to instruct the Trustee to defer or stagger the disposal of all or any part or tranche of the Pledged Consideration Shares for / over such period deemed appropriate by the Company (which shall not in any event exceed a period of 30 days after the date of first disposal of the Pledged Consideration Shares) so as to maintain an orderly market in trading of the shares of the Company.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (d) In the event the proceeds from the disposal of the Pledged Consideration Shares are less than the amount of the Shortfall, the Vendors hereby undertake to pay to the Company in cash the amount representing the difference between (1) the aggregate proceeds from the disposal of the Pledged Consideration Shares and other securities and (2) the Shortfall within 14 days from the date of demand in writing by the Company, failing which (without prejudice to any other rights or remedies available to the Company) the Vendors shall be liable for liquidated damages on the Shortfall at the rate of 10% per annum calculated on a daily basis, commencing from the day falling immediately after the lapse of the aforesaid period of 14 days until the date on which full payment is made towards the satisfaction of the Shortfall to the Company.
- (e) For illustration purposes, the Shortfall shall be computed in accordance with the following formula:

$$A = (B - C)$$

Where:

“A” is the Shortfall to be paid by the Vendors to the Company in Ringgit Malaysia;

“B” is the Aggregate Profit Guarantee; and

“C” is the Actual Aggregate PAT achieved for the Guaranteed Financial Years.

For the avoidance of doubt, in the event of a loss after tax position, “C” will respectively be negative numbers and the amounts of loss after tax shall be added to the Shortfall.

Based on the above formula and for illustration purposes, assuming that PTTSB achieves RM30,000,000 Actual Aggregate PAT for the Guaranteed Financial Years, the Shortfall to be paid by the Vendors to the Company in Ringgit Malaysia is as follow:-

$$4,000,000 @ = (34,000,000 - 30,000,000)$$

@ Such shortfall shall be payable by the Vendors to PTT in cash, failing which, the Trustee is authorised to dispose such number of Pledged Consideration Shares (amount of which is equivalent to the value of the Shortfall) and the cash proceeds of which shall be payable to PTT.

- (f) Subject to the indemnity provisions in the SSA, upon the Vendors having fully discharged their obligations under this paragraph, including settlement of the Shortfall and interest accrued thereon (if any), the Company shall within 14 days from the date of the discharge, instruct the Trustee to transfer all the balance of the Pledged Consideration Shares and balance of the proceeds from the disposal of the Pledged Consideration Shares and other securities or other monies, or the balance thereof held by the Trustee, after deducting all costs, charges and expenses (including brokerage and legal costs on a solicitor-client basis) incurred by the Trustee in connection with the placement, withdrawal and transfer or disposal of the Pledged Consideration Shares, in favour of the Vendors or their nominee(s) in accordance with the percentage of Pledged Consideration Shares deposited by each of the Vendors.
- (g) For the avoidance of doubt, this paragraph 7 shall survive post completion of the Proposed Acquisition.

8. Conditions Precedent

The obligations of the parties that are set out in the SSA in respect of the sale and purchase of the Sale Shares are conditional upon the following conditions precedent being obtained/fulfilled or waived (as the case may be) ("**Conditions Precedent**") by the day falling 6 months from the date of the SSA, or such later date as the parties may mutually agree upon ("**Cut-Off Date**"):

- (i) the Company having completed and being satisfied at its discretion with the results of the due diligence conducted on PTTSB;
- (ii) the Vendors having delivered the disclosure letter to the Company within 20 business days after the execution of the SSA or such extended period as may be agreed upon between the parties in writing and the Company being satisfied at its discretion with the contents of the disclosure letter;
- (iii) the Company having obtained the approval of its non-interested shareholders at an EGM to be convened for the acquisition of the Sale Shares and the issuance of the Consideration Shares in accordance with the terms and conditions of the SSA;
- (iv) the Company having obtained the approval or consent of the financiers of the Company for, *inter alia*, the Proposed Acquisition and the issuance of the Consideration Shares upon the terms and subject to the conditions of the SSA, where required;
- (v) the Vendors having obtained the approval or consent of the financiers of PTTSB for, *inter alia*, the sale and transfer of the Sale Shares in favour of the Company, upon the terms and subject to the conditions of the SSA, where required;
- (vi) the Vendors having obtained the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving PTTSB, where required, in each case to the extent that at the Completion Date the same remain to be completed or performed or remain in force;
- (vii) the Company having obtained the approval of Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities;
- (viii) the execution of the Stakeholders' Agreement;
- (ix) the Company being satisfied that no force majeure event has occurred; and
- (x) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties.

9. Termination

If:–

- (a) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the persons against such refusal have not been successful;
- (b) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to the Company being terms and conditions which affect the Company, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the Company is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (c) on the expiry of the Cut-Off Date, any of the Conditions Precedent have not been obtained or fulfilled or waived (as the case may be),

then the Company shall be entitled to terminate the SSA by giving a notice of termination to that effect to the Vendors and thereafter, the parties shall not have any further rights under the SSA except in respect of:-

- (1) any obligation under the SSA which is expressed to apply after the termination of the SSA; and
- (2) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination.

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APPENDIX II – INFORMATION ON PTTSB

Information relating to PTTSB as set out herein has been obtained from publicly available documents (where available) as well as from the Vendors.

1. Background information on PTTSB

PTTSB was incorporated on 20 July 2000 under the Companies Act 1965 and is deemed registered under the Act. PTTSB is principally engaged as construction contractors and rental of properties. PTTSB commenced its construction business in year 2004. PTTSB is registered with the CIDB as a qualified contractor with class Grade 7 accreditation which allows PTTSB to tender for projects without any limitation in size or value.

1.1 Principal revenue and customer segments

The segmental revenue of PTTSB is set out as follows:

Revenue segments	FYE 31 December					
	2020 (Restated)		2021		2022	
	RM'000	%	RM'000	%	RM'000	%
Construction contracts	91,440	97.92	123,954	97.32	152,040	97.42
Rental income	1,940	2.08	3,416	2.68	4,024	2.58
Total revenue	93,380	100.00	127,370	100.00	156,064	100.00

1.2 Principal market

PTTSB's principal market is in Malaysia which contributed 100% of PTTSB's total revenue for the FYE 31 December 2020 to FYE 31 December 2022.

2. Share capital

As at the LPD, PTTSB has a total issued share capital of RM25,000,000 comprising of 25,000,000 PTTSB Shares.

3. Subsidiary and associated company

As at the LPD, PTTSB does not have any subsidiary or associated company.

4. Directors and substantial shareholders

As at the LPD, the details of the directors, shareholders and their respective shareholdings in PTTSB are as follows:

Name	Position	Nationality	No. of PTTSB Shares	%
TSP ⁽ⁱ⁾	Director and shareholder	Malaysian	4,565,742	18.26
TSL ⁽ⁱⁱ⁾	Director and shareholder	Malaysian	5,434,258	21.74
Faddy	Director and shareholder	Malaysian	15,000,000	60.00
Muhamad Mu'azzam bin Ahmadin	Director	Malaysian	-	-
Total			25,000,000	100.00

Notes:-

- (i) TSP is the Managing Director of PTT and a shareholder of PTT (through his direct shareholdings in PTT and through his indirect shareholdings in PTT by virtue of his substantial shareholdings in ATTG which is the controlling shareholder of PTT).
- (ii) TSL is the Deputy Chairman of PTT and a shareholder of PTT (through his indirect shareholdings in PTT by virtue of his substantial shareholdings in ATTG which is the controlling shareholder of PTT).

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

5. Date and original cost of investment

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

5.1 TSP

Year	No. of PTTSB Shares and value (RM)		
	Acquired	Disposed	Cumulative total
2001 – 2003	54,601	-	54,601
2004 - 2007	113,499	(168,100)	-
2017 - 2020	4,565,742	-	4,565,742

5.2 TSL

Year	No. of PTTSB Shares and value (RM)		
	Acquired	Disposed	Cumulative total
2000 - 2003	95,551	(1)	95,550
2004 - 2007	13,651	(109,201)	-
2017 - 2020	5,434,258	-	5,434,258

5.3 Faddy

Year	No. of PTTSB Shares and value (RM)		
	Acquired	Disposed	Cumulative total
2003 -2007	400,000	-	400,000
2008 – 2012	400,000	-	800,000
2015 - 2022	21,700,000	(7,500,000)	15,000,000

6. Material contracts, contingent liability and material commitment

6.1 Material contracts

Save as disclosed below, there are no material contracts (not being contract entered into in the ordinary course of business) which have been entered into by PTTSB during the past 2 years immediately preceding the date of this Circular:-

- (i) the conditional sale and purchase agreement dated 30 March 2023 entered into between PTTSB (as vendor) and TSP (as purchaser) for one unit of shoplot in Space U8 bearing address of Unit No. B1-1-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor measuring approximately 236 square metres held under the land title Geran 204677/M1/2/79, Bangunan M1, No. Tingkat 2, No. Petak 79, Lot 78715, Mukim Damansara, Daerah Petaling, Negeri Selangor ("**B1-1-1 shoplot**") for a purchase consideration of RM470,000.00. As at LPD, the B1-1-1 shoplot is currently occupied by PTTSB for its own office use⁽¹⁾. The sale and purchase transaction is pending completion as at the LPD;
- (ii) the conditional sale and purchase agreement dated 30 March 2023 entered into between PTTSB (as vendor) and TSP (as purchaser) for one unit of shoplot in Space U8 bearing address of Unit No. B2-23A-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor measuring approximately 206 square metres held under the land title Geran 204677/M1/2/77, Bangunan M1, No. Tingkat 2, No. Petak 77, Lot 78715, Mukim Damansara, Daerah Petaling, Negeri Selangor ("**B2-23A-1 shoplot**") for a purchase consideration of RM406,630.00. As at LPD, the B2-23A-1 shoplot is currently vacant. The sale and purchase transaction is pending completion as at the LPD;

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

- (iii) the conditional sale and purchase agreement dated 30 March 2023 entered into between PTTSB (as vendor) and TSP (as purchaser) for one unit of shoplot in Space U8 bearing address of Unit No. B2-25-1, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor measuring approximately 231 square metres⁽¹⁾ held under the land title Geran 204677/M1/2/78, Bangunan M1, No. Tingkat 2, No. Petak 78, No. Lot 78715, Mukim Damansara, Daerah Petaling, Negeri Selangor (“**B2-25-1 shoplot**”) for a purchase consideration of RM460,000.00⁽¹⁾. As at LPD, the B2-25-1 shoplot is currently vacant. The sale and purchase transaction is pending completion as at the LPD; and
- (iv) the conditional sale and purchase agreement dated 30 March 2023 entered into between PTTSB (as vendor) and TSP (as purchaser) for one unit of shoplot in Space U8 bearing address of Unit No. B2-25-2, Space U8 Mall, No. 6 Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor measuring approximately 231 square metres⁽²⁾ held under the land title Geran 204677/M1/3/128, Bangunan M1, No. Tingkat 3, No. Petak 128, Lot 78715, Mukim Damansara, Daerah Petaling, Negeri Selangor (“**B2-25-2 shoplot**”) for a purchase consideration of RM420,000.00⁽¹⁾. As at LPD, the B2-25-2 shoplot is currently vacant. The sale and purchase transaction is pending completion as at the LPD.

Notes:

- (1) *It is the intention of PTTSB and TSP to enter into a lease agreement for PTTSB to continue occupying B1-1-1 shoplot as its administrative office upon the completion of the B1-1-1 shoplot Excluded Asset SPA for a tenure of 1 year with an option to renew for a further 1 year, at a yearly rental rate of RM36,000.00. Whilst the aforementioned lease arrangement is deemed a recurrent related party transaction, nonetheless it does not require shareholders' approval pursuant to Paragraphs 10.08 and 10.09 of the Listing Requirements.*
- (2) *Notwithstanding the similarity in sizes of both Unit B2-25-1 shoplot and B2-25-2 shoplot, the difference in purchase consideration is due to the level of each unit, level 1 and level 2 respectively.*

6.2 Contingent liabilities

As at the LPD, the directors of PTTSB are not aware of any contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have an impact on PTTSB's profits or NA.

6.3 Material commitment

As at the LPD, save as disclosed below, the directors of PTTSB are not aware of any material commitments incurred or known to be incurred, which upon becoming enforceable, may have an impact on PTTSB's profits or NA:-

Capital commitment	RM'000
Procurement of machinery and motor vehicles	14,516

7. Audit qualification and accounting policies

For the past three FYEs 31 December 2020, 31 December 2021 and 31 December 2022 under review:-

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by PTTSB which are peculiar to PTTSB due to the nature of its business or the industry in which it is involved in; and
- (iii) PTTSB's external auditors had not issued any audit qualification on its financial statements.

8. Material litigation

Save as disclosed below, as at 12 June 2023, PTTSB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the directors of PTTSB confirm that there are no proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of PTTSB:

High Court of Malaya at Shah Alam Civil Suit No.: BA-22C-23-04/2023, Menard Geosystem Sdn Bhd (“MGSB”) (as plaintiff) v. PTTSB (as defendant)

On 26 April 2023, MGSB had filed a writ and statement of claim to the High Court of Malaya at Shah Alam (“**SA High Court**”) against PTTSB for the amount due and owing by PTTSB to MGSB in respect of works done as well as idling cost incurred by MGSB.

On 25 March 2021, PTTSB had vide a letter of award appointed MGSB as the contractor for a construction project located in Bandar Bukit Raja 2, Kapar, Klang, Selangor. Based on the letter of award, PTTSB is responsible for the preparation of the working platform for MGSB to carry out works in relation to the prefabricated vertical drain (“**PVD**”). PTTSB is also responsible for the supply of the base machine, oil machine and PVD. MGSB is responsible for the installation of the PVD at the project site after PTTSB fulfills and completes its obligations.

PTTSB had on 3 February 2023 issued a letter to MGSB informing that the remaining works in respect of the project shall be excluded and had requested for MGSB to remove its machineries in the project site and provide its final claims within 2 days from the date of the letter. MGSB vide its solicitor on 10 February 2023 issued a letter to PTTSB stating the termination of its services.

Prior to the issuance of the letter dated 3 February 2023, PTTSB had issued several letters to MGSB in February 2022, May 2022, July 2022, and November 2022, for amongst others, the granting of extension of time to MGSB to carry out its obligations without additional cost, the delay on the part of MGSB in carry out its works and the non-completion of works on the part of MGSB. Due to the foregoing, PTTSB’s position is that it is entitled to impose liquidated ascertained damages on MGSB. A debit note dated 26 April 2023 had also been served to MGSB by PTTSB.

MGSB has claimed that the sum of RM842,717.12 remains due and owing by PTTSB to MGSB in respect of works done by MGSB. Further, MGSB has alleged that PTTSB failed to carry out its obligation and caused delays on MGSB to carry out its works. In consequence thereof, this resulted in MGSB having incurred an idling cost of RM450,000.00.

MGSB has pleaded for the following claims against PTTSB:

- (i) balance payment of RM842,717.12;
- (ii) idling cost of RM450,000.00;
- (iii) interest on item (i) and (ii) above at the rate of 5% per annum starting from 28 February 2023 up to the date of full and final settlement;
- (iv) cost of action; and
- (v) any other relief that the honourable court thinks fit and proper to be granted

An amended counterclaim has been filed by the solicitors of PTTSB on 9 June 2023 for the sum of RM1,227,353.52 in respect of the contractual liquidated ascertained damages and cost incurred by PTTSB on the failure of MGSB in completing the necessary works as well as the cost of appointment of a third party to carry out the uncompleted works.

The matter is currently fixed for a case management on 9 August 2023.

The solicitors for PTTSB have expressed that they are unable to render an opinion on the probable outcome of the suit at this juncture until the process of exchange of pleadings between the parties is brought to a close. The Directors of PTTSB are of the opinion that PTTSB’s counterclaim will be successful based on sufficient documentary evidence in its possession.

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

Petaling Jaya Sessions Court Civil Suit No.: BB-B52NCvC-38-04/2023, PTTSB (as plaintiff) v. Arissto (Malaysia) Sdn Bhd (as defendant)

On 26 April 2023, PTTSB had filed a writ and statement of claim to the Petaling Jaya Sessions Court (“**PJ Sessions Court**”) under the suit no. BB-B52NCvC-38-04/2023 against the Defendant for the Defendant’s breach of contract in respect of the failure of the Defendant in the repayment of the rental due and owing for the 3 properties rented by PTTSB to the Defendant, i.e. Serenia Factory 2 (Lot 119359), Serenia Factory 3 (Lot 119360) and Serenia Factory 4 (Lot 119361) as well as the return of vacant possession of the properties to PTTSB.

PTTSB had entered into 3 separate tenancy agreements with the Defendant all dated 5 April 2021 for the rental of 3 properties to the Defendant (“**Tenancy Agreement(s)**”). In accordance with Clause 6.01(a) of the Tenancy Agreement, it is expressly stated that in the event the Defendant fails to pay the rental of the property within 7 days from the day of which the Defendant is obligated to pay the rental to PTTSB, whether such payment is claimed or otherwise, the Tenancy Agreement shall be terminated in view of such breach.

Despite PTTSB vide its solicitors on 15 February 2023 having issued 3 notices of demand and termination against the Defendant in respect of the 3 rented properties for the sum due and owing, the termination of the Tenancy Agreements and the notice to the Defendant to vacate and return the vacant possession of the properties to PTTSB on or before 1 March 2023, the Defendant has failed, refused and/or neglected to make such rental payment due and owing to PTTSB as well as to vacate and return the vacant possession of the properties to PTTSB.

On 3 March 2023, PTTSB further instructed its solicitors to issue a notice to the Defendant to inform that in view of the Defendant’s failure to return the vacant possession of the properties despite the notice of termination being issued as well as the failure of the payment of the rent arrears, the Defendant is responsible and obligated to pay double rental for the 3 properties starting from 2 March 2023 up to the date of the vacant possession of the properties being returned to PTTSB.

As such, PTTSB had pleaded for the following claims against the Defendant:

- (i) rent and interest on the sum of RM437,721.78 as at 14 February 2023;
- (ii) interest at the rate of 18% per annum on the sum of RM437,721.78 from 2 March 2023 up to full settlement;
- (iii) double rental for the 3 properties from 2 March 2023 up to 1 May 2023 amounting to RM540,000.00;
- (iv) double rental for the 3 properties of RM90,000.00 per month from 2 May 2023 up to the date where vacant possession of the properties is returned to PTTSB;
- (v) interest of 5% per annum from the date of the writ up to vacant possession of the properties being returned;
- (vi) cost of action; and
- (vii) any other relief that the honourable court thinks fit and proper to be granted.

A summary judgment application has been filed by the solicitors of PTTSB on 12 June 2023 and the matter is currently fixed for a case management on 28 June 2023.

Based on the opinion rendered by the solicitors-in-charge of the abovementioned suit, PTTSB have a high chance in recording a summary judgment against the Defendant. In the event the full claim are awarded to PTTSB, the entire claim amount shall solely belong to PTTSB.

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

9. Historical financial information

	Audited FYE 31 December		
	2020 (Restated) RM'000	2021 RM'000	2022 RM'000
Revenue	93,380	127,370	156,064
Gross profit ("GP")	9,005	20,969	32,623
PBT	20,595	13,146	18,448
PAT	20,574	13,168	16,952
Shareholders' fund/NA	84,462	97,630	114,582
Total borrowings ⁽¹⁾	76,609	98,647	160,895
Non-controlling interest	-	-	-
Share capital	25,000	25,000	25,000
No. of PTTSB Shares ('000)	25,000	25,000	25,000
Basic earnings per share (RM) ⁽²⁾	0.82	0.53	0.68
NA per share (RM) ⁽³⁾	3.38	3.91	4.58
Current ratio (times) ⁽⁴⁾	1.11	1.10	1.10
Net gearing ratio (times) ⁽⁵⁾	0.60	0.78	1.26
Net cash from/(used in) operating activities	19,429	(10,823)	(19,617)
Net cash used in investing activities	(20,771)	(17,427)	(37,925)
Net cash from financing activities	8,978	29,936	49,825
Net cash inflow/(outflow)	7,636	1,686	(7,717)

Notes:-

- (1) Comprises of bank borrowings, lease liabilities and bank overdraft.
- (2) Computed based on PAT over the number of PTTSB Shares.
- (3) Computed based on the total NA over the number of PTTSB Shares.
- (4) Computed based on total current assets over total current liabilities.
- (5) Computed based on total borrowings less total cash and bank balances over NA of PTTSB.

Financial commentaries

FYE 31 December 2020 vs FYE 31 December 2021

PTTSB recorded a total revenue of RM127.37 million for the FYE 31 December 2021, an increase of RM33.99 million or approximately 36.40% from RM93.38 million as compared to the previous financial year. The increase in revenue was mainly contributed by its revenue from construction segment of RM123.96 million as PTTSB secured a total of 6 construction contracts with an aggregate amount of RM200.6 million in FYE 31 December 2021 as compared to 3 construction contracts with an aggregate amount of RM73.26 million in previous financial year. The increase in PTTSB's revenue was mainly contributed by the following:-

- (i) RM26.23 million contributed by Project Pontian 1 (TIP), which involves earthworks in Mukim Jeram Batu, Daerah Pontian, Johor and the increase in revenue was mainly due to higher percentage of work done of 59.96% achieved for the FYE 31 December 2021 (FYE 31 December 2020: 9.42%);
- (ii) RM14.17 million contributed by Project Pontian 2 (TGV) which involves earthworks in Mukim Jeram Batu, Daerah Pontian, Johor. PTTSB commenced the construction works in February 2021 and achieved a percentage of work done of 59.83% during the FYE 31 December 2021; and

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

- (iii) RM13.67 million contributed by Project ECRL – Sec 5 (CH276-CH303), which involves earthworks in Kuala Terengganu. PTTSB commenced the construction works in October 2021 and achieved a percentage of work done of 12.69% during the FYE 31 December 2021.

PTTSB recorded a GP of RM20.97 million and a GP margin of 16.46% for the FYE 31 December 2021 as compared to the GP of RM9.01 million and GP margin of 9.64% in the previous financial year. The increase in the GP and GP margin was mainly due to higher GP contributed by the additional contracts secured as well as commencement of Project Bandar Bukit Raja (Phase 3B) and Project ECRL – Sec 5 (CH276-CH303) which had a higher GP margin.

PTTSB's PAT has decreased by RM7.41 million or 36% to RM13.17 million in FYE 31 December 2021 as compared to the PAT of RM20.57 million in FYE 31 December 2020 mainly due to a decrease in the fair value gain recognised for its investment property from RM25.0 million in FYE 31 December 2020 to RM6.0 million recognised in FYE 31 December 2021, which represents a decrease of approximately RM19.0 million and the decrease was offset by the increase in GP. The decrease was also offset by the gain on disposal of property, plant and equipment and income generated from the rental of machinery which amounted to RM3.83 million and RM2.13 million respectively, during the FYE 31 December 2021.

PTTSB's net gearing ratio slightly increased from 0.60 times in FYE 31 December 2020 to 0.78 times in FYE 31 December 2021 mainly due to the increase in PTTSB's borrowings from RM76.61 million to RM98.65 million which were mainly utilised for the working capital requirements of its construction projects and finance leases for its heavy-duty machinery used for construction works.

For FYE 31 December 2021, the net cash used in operating activities are mainly due to increase in contract assets of approximately RM55.33 million arising from the increase in revenue during the year as well as the commencement of work done but have not been billed for Project ECRL with a contract sum of RM107.69 million in the fourth quarter of 2021.

PTTSB recorded a net cash used in investing activities of approximately RM17.43 million mainly resulting from purchase of machinery and investment properties.

Further, PTTSB recorded a net cash generated from financing activities of approximately RM29.94 million mainly resulting from its drawdown from bank borrowings.

FYE 31 December 2021 vs FYE 31 December 2022

PTTSB recorded a total revenue of RM156.06 million for the FYE 31 December 2022, which represents an increase of approximately RM28.69 million or 22.53% from RM127.37 million recorded in the previous financial year. The increase in revenue was mainly due to increase in the percentage of work done coupled with 4 newly secured projects amounting to approximately RM204.79 million in FYE 31 December 2022. The increase in PTTSB's revenue was mainly contributed by the following:-

- (i) RM47.54 million contributed by Project ECRL – Sec 3 (CH114-CH130), which involved the construction and completion of subgrade works in Kuala Terengganu. PTTSB commenced the construction works in March 2022 and achieved a percentage of work done of 45% during the FYE 31 December 2022;
- (ii) RM40.14 million contributed by Project ECRL – Sec 5 (CH276-CH303) which commenced in October 2021. The increase was mainly due to the higher percentage of work done of 49.97% achieved for the FYE 31 December 2022 (FYE 31 December 2021: 12.69%); and
- (iii) RM27.04 million contributed by Project ECRL 3 (CH97-CH114), which involves the construction and completion of subgrade works in Kuala Terengganu. PTTSB commenced the construction works in June 2022 and achieved a percentage of work done of 30.12% during the FYE 31 December 2022.

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

PTTSB recorded a GP of RM32.62 million and a GP margin of 20.90% for the FYE 31 December 2022, compared to the GP of RM20.97 million and GP margin of 16.46% in the previous financial year. The increase in the GP and GP margin were mainly contributed from the ECRL projects which had higher GP margins.

PTTSB's PAT had increased by RM3.78 million or 28.73% in the FYE 31 December 2022 which is in line with the increase in GP during the financial year. The increase in PAT was also contributed to by the increase in the gain on disposal of property, plant and equipment of RM2.81 million during the year. However, it was offset by an increase in tax expenses of approximately RM1.52 million mainly due to PTTSB having fully utilised its unabsorbed capital allowances in previous years.

For FYE 31 December 2022, the net cash used in operating activities are mainly due to increase in trade receivables (including retention sum) and contract assets of approximately RM9.62 million and RM24.75 million respectively, arising from the increase in revenue during the year. The increase in contract assets are mainly due to the nature of work for Project ECRL of which the period between each billing milestones are longer than other projects. For information purposes, subsequent to FYE 31 December 2022, PTTSB has collected approximately 83% of the outstanding trade receivables as at 31 December 2022 within the first quarter of 2023.

PTTSB recorded a net cash used in investing activities of approximately RM37.92 million mainly resulting from purchase of machinery for its construction work.

Further, PTTSB recorded a net cash generated from financing activities of approximately RM49.82 million mainly resulting from its drawdown from bank borrowings.

PTTSB's net gearing ratio increased from 0.78 times for the FYE 31 December 2021 to 1.26 times in FYE 31 December 2022 due to the increase in PTTSB's borrowings from RM98.65 million to RM160.90 million which were mainly utilised for the working capital requirements for its construction projects and finance leases for its heavy-duty machineries.

10. Information on PTTSB's properties

10.1 Space U8 Retained Properties

Description / Existing / Proposed Usage	The Space U8 Retained Properties comprises 7 stratified commercial properties within Space U8 which are identified as Car Park, Block 1A, Block 2A, B1-2-1, B1-3-1, B1-1-3 and B1-2-3. The Space U8 Retained Properties are held by PTTSB as investment properties and are mainly rented out for commercial and office usage as well as being occupied by PTTSB's for its own office.
Registered owner	(i) Car Park, Block 1A, Block 2A, B1-1-3, B1-2-3 registered owner is PTTSB; and (ii) B1-2-1 and B1-3-1 registered owner is Mainstay Properties Sdn Bhd.
Beneficial owner	The beneficial owner for the 7 stratified commercial properties of the Space U8 Retained Properties is PTTSB.

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

Identification (Title and Lot No.)	<p>All the 7 stratified units of the Space U8 Retained Properties have the same Lot No. 78715 and situated at Mukim Damansara, District of Petaling, Selangor Darul Ehsan.</p> <p>The strata title no. of the respective units are as follows:-</p> <ul style="list-style-type: none"> (i) Car Park (Geran 204677/M1/B2/1); (ii) Block 1A (Geran 204677/M1/1/2 together with Accessory Parcel Nos. A108-A111 & A115-A134 and Geran 204677/M1/4/154 together with Accessory Parcel Nos. A135-A141 & A143); (iii) Block 2A (Geran 204677/M1/1/28 together with Accessory Parcel Nos. A112-A114 & A142); (iv) B1-2-1 (Geran 204677/M1/2/80); (v) B1-3-1 (Geran 204677/M1/2/81); (vi) B1-1-3 (Geran 204677/M1/4/177); and (vii) B1-2-3 (Geran 204677/M1/4/178).
Address	Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan
Buildings erected and building age	<p>Based on the Certificate of Completion and Compliance (CCC) issued on 14 October 2011 via Reference No. LAM/S/No. 6119, Space U8 comprises the following:-</p> <ul style="list-style-type: none"> (i) 200 units of 4 storey stratified shop offices; (ii) 2 units of 4 storey commercial complex together with 7 units of cineplex on Level 4 of Block 2A; (iii) Open courtyard together with canopy; (iv) 1 refuse chamber; (v) 3 electrical sub-station; and (vi) 1 bus and taxi stand, <p>with building age of approximately 12 years.</p>
Land area (square metres) ("sq.m.")	<p>The land area of Space U8 is approximately 33,946.00 sq.m.</p> <p>The total parcel area of the Space U8 Retained Properties is 46,724.00 sq.m. comprises of the following:-</p> <ul style="list-style-type: none"> (i) Car Park - 30,335.00 sq.m. (ii) Block 1A – 7,552.00 sq.m. (iii) Block 2A - 7,983.00 sq.m. (iv) B1-2-1 - 206.00 sq.m. (v) B1-3-1 - 206.00 sq.m. (vi) B1-1-3 - 236.00 sq.m. (vii) B1-2-3 - 206.00 sq.m.
Tenure of land (years)	Not applicable as the Space U8 Retained Properties are erected on a freehold land
Category of land use	"Bangunan"
Express conditions	"Bangunan Perniagaan"
Restrictions-in-interest	"Tiada"

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

Encumbrances	<p>Save for the following, there are no charges to the remaining units in the Space U8 Retained Properties:-</p> <p>(i) Car Park – charge to Ambank (M) Berhad vide Presentation No. 6436/2021(GD) dated 9 February 2021</p> <p>(ii) Block 1A - charge to Ambank (M) Berhad vide Presentation No. 71341/2020(GD) dated 9 December 2020</p> <p>(iii) Block 2A - charge to Ambank (M) Berhad vide Presentation No. 6406/2021(GD) dated 9 February 2021</p>
Expected rental income per month (RM)	RM140,466.91
NBV as at 31 December 2022 (RM)	RM59,589,190
Valuation Date	27 March 2023
Valuer	Laurelcap
Valuation (RM)	<p>(i) Car Park (RM20,200,000)</p> <p>(ii) Block 1A (RM16,100,000)</p> <p>(iii) Block 2A (RM 21,800,000)</p> <p>(iv) B1-2-1(RM550,000)</p> <p>(v) B1-3-1 (RM550,000)</p> <p>(vi) B1-1-3 (RM400,000)</p> <p>(vii) B1-2-3 (RM360,000)</p> <p>Total market value of the Space U8 Retained Properties is RM59,960,000.</p>
Method of valuation	<p>(i) Comparison approach; and</p> <p>(ii) Income approach by way of “Term and Reversion”.</p>

As at 27 March 2023, the lettable area and occupancy rate of the Space U8 Retained Properties are as follows:-

Property	Level	Strata Title Area					
		Main Parcel Area			Accessory Parcel Area		
		Available	Occupied	Rate	Available	Occupied	Rate
Car Park (1,264 bays)	Basement 2	76,984.13 sq.ft.	76,984.00 sq.ft.	100%	-	-	-
	Basement 1	246,807.76 sq.ft.	18,432.00 sq.ft.	7.47%	-	-	-
	Ground	2,734.06 sq.ft.	-	0%	25,596.79 sq.ft.	-	0%
Total		326,525.94 sq.ft.	95,416.00 sq.ft.	29.22%	25,596.79 sq.ft.	-	0%

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

Property	Level	Strata Title Area					
		Main Parcel Area			Accessory Parcel Area		
		Available	Occupied	Rate	Available	Occupied	Rate
Block 1A	1A-1-G (Ground)	18,201.92 sq.ft.	18,202.00 sq.ft.	100%	2,583.36 sq.ft.	515.00 sq.ft.	19.94%
	1A-1-1 (Level 2)	20,430.07 sq.ft.	5,280.00 sq.ft.	25.84%	4,876.09 sq.ft.	-	0%
	1A-1-2 (Level 3)	20,505.42 sq.ft.	-	0%	5,112.90 sq.ft.	-	0%
	1A-1-3 (Level 4)	22,152.31 sq.ft.	-	0%	4,736.16 sq.ft.	-	0%
Block 2A	2A-1-G (Ground)	16,964.06 sq.ft.	9,000.00 sq.ft.	53.05%	53,367.91 sq.ft.	-	0%
	2A-1-1 (Level 2)	19,934.93 sq.ft.	19,935.00 sq.ft.	100%	-	-	-
	2A-1-2 (Level 3)	20,053.33 sq.ft.	-	0%	-	-	-
	2A-1-3 (Level 4)	28,976.69 sq.ft.	28,977.00 sq.ft.	100%	1,388.56 sq.ft.	-	0%
B1-1-3	B1-1-3 (Level 4)	2,540.30 sq.ft.	2,540.00 sq.ft.	100%	-	-	-
B1-2-3	B1-2-3 (Level 4)	2,217.38 sq.ft.	2,217.00 sq.ft.	100%	-	-	-
B1-2-1	B1-2-1 (Level 2)	2,217.38 sq.ft.	2,217.00 sq.ft.	100%	-	-	-
B1-3-1	B1-3-1 (Level 2)	2,217.38 sq.ft.	2,217.00 sq.ft.	100%	-	-	-
Total		176,411.20 sq.ft.	90,585.00 sq.ft.	51.35%	72,064.98 sq.ft.	515.00 sq.ft.	0.71%

10.2 Terengganu Land

Description / Existing / Proposed Usage	The Terengganu Land comprises 3 parcels of freehold land located in Mukim Hulu Berang, Daerah Hulu Terengganu, Negeri Terengganu, which are identified as Lot 848, Lot 849 and Lot 851. The Terengganu Land are held by PTTSB as investment properties and are currently vacant.
Registered owner	PTTSB
Beneficial owner	PTTSB
Identification (Title and Lot No.)	All the 3 parcels of freehold land bears the following title and lot no.: (i) No. Hakmilik Geran Mukim 70, Lot 848; (ii) No. Hakmilik Geran Mukim 71, Lot 849; and (iii) No. Hakmilik Geran Mukim 72, Lot 851.
Address	Nil
Buildings erected and building age	There are no buildings erected thereon the 3 parcels of freehold land.
Land area (hectares)	The land area of Terengganu Land is approximately 11.2907 hectares.
Tenure of land (years)	Not applicable as Terengganu Land are freehold land.
Category of land use	"Pertanian"

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

Express conditions	<ul style="list-style-type: none"> (i) Tanah yang diberimilik ini hendaklah digunakan semata-mata untuk tanaman kelapa sawit sahaja. (ii) Dalam masa 2 tahun daripada kelulusan penukaran syarat, tanah ini hendaklah ditebang semua pokok-pokok getah yang ada di atas tanah ini dan ditanam dengan pokok-pokok kelapa sawit dari jenis benih yang diluluskan oleh Pengarah Pertanian Negeri Terengganu. (iii) Keluasan tanah yang boleh digunakan untuk bangunan bagi tujuan tanah ini tidaklah melebihi daripada 0.5 ekar. (iv) Tanah yang diberimilik ini tidaklah boleh dibelah bahagi kepada lot-lot yang kurang daripada 6 ekar satu lot.
Restrictions-in-interest	"Tiada"
Encumbrances	<p>Save for the following, there are no charges to the Terengganu Land:-</p> <ul style="list-style-type: none"> (i) Lot 848 – charge to Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad vide presentation no. 1057/2019 on 4 July 2019 (ii) Lot 849 – charge to Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad vide presentation no. 1057/2019 on 4 July 2019 (iii) Lot 851 – charge to Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad vide presentation no. 1057/2019 on 4 July 2019
Expected rental income per month	Nil, vacant
NBV as at 31 December 2022	RM3,000,000
Valuation Date	27 March 2023
Valuer	Laurelcap
Valuation	RM3,000,000
Method of valuation	Comparison approach

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

10.3 Serenia Factories

	Serenia Factory 1	Serenia Factory 2	Serenia Factory 3	Serenia Factory 4
Description / Existing / Proposed Usage	3 storey detached factory held by PTTSB as investment property			
Registered owner	PTTSB			
Beneficial owner	PTTSB			
Identification:				
• Title No.	GRN 336653 Lot 119358	GRN 336654 Lot 119359	GRN 336655 Lot 119360	GRN 336656 Lot 119361
• Lot No.				
Address	No. 11, Jalan Cipta Serenia 1, Bandar Serenia, Mukim of Dengkil, 43900 Sepang, Selangor Darul Ehsan	No. 13, Jalan Cipta Serenia 1, Bandar Serenia, Mukim of Dengkil, 43900 Sepang, Selangor Darul Ehsan	No. 15, Jalan Cipta Serenia 1, Bandar Serenia, Mukim of Dengkil, 43900 Sepang, Selangor Darul Ehsan	No. 17, Jalan Cipta Serenia 1, Bandar Serenia, Mukim of Dengkil, 43900 Sepang, Selangor Darul Ehsan
Buildings erected and building age	Erected on the site are the following structures:- (i) 3 storey detached factory; (ii) 1 worker's cabin; and (iii) 1 guardhouse, with building age of approximately 4 years.	Erected on the site are the following structures:- (i) 3 storey detached factory; (ii) 1 worker's cabin; and (iii) 1 guardhouse, with building age of approximately 4 years.	Erected on the site are the following structures:- (i) 3 storey detached factory; and (ii) 1 guardhouse, with building age of approximately 4 years.	Erected on the site are the following structures:- (i) 3 storey detached factory; and (ii) 1 guardhouse, with building age of approximately 4 years.
Land area	4,051.00 sq.m. each			4,050.00 sq.m.
Gross floor area	20,781.00 sq.ft. each			
Tenure of land (years)	Term in Perpetuity			
Category of land use	"Perusahaan"			
Express conditions	"Perusahaan Ringan"			

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

Restrictions-in-interest		“Tiada”			
Encumbrances		Charged to Al Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 15 dated 13 February 2022	Charged to Al Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 40011/2022 dated 18 April 2022	Charged to Ambank (M) Berhad vide Presentation No. 618/2021 and 45479/2021 dated 4 January 2021 and 31 May 2021 respectively	Nil
Expected rental income per month (RM)		RM49,500	RM45,000	RM45,000	RM45,000
NBV as at 31 December 2022 (RM)			RM11,843,468 each		RM11,500,000
Valuation Date			27 March 2023		
Valuer			Laurelcap		
Valuation (RM)			RM12,000,000 each		
Method of valuation			(i) Comparison approach; and (ii) Income approach by way of “Term and Reversion” .		

Note:-

(1) As at the LPD, the registered owner of Serenia Factory 4 is still Sime Darby Ampar Tenang Sdn Bhd, being the developer for the said property.

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

11. On-going projects

As at the LPD, PTTSB's on-going projects are as follows:-

No.	Project name	Description	Project location	Customer name	PTTSB's role	Date of award	Start date/ Expected completion date	% of completion as at the LPD (%)	Contract value ⁽¹⁾ (RM million)
1	Project Bandar Bukit Raja (Phase 3B)	Construction and completion of earthworks and other related works for development of Phase 3B at Bandar Bukit Raja 2, Klang, Selangor Darul Ehsan	Klang, Selangor	Sime Darby Property (Bukit Raja) Sdn Bhd	Main contractor	February 2021	March 2021 / August 2023	96.00	44.18
2	Project Pontian 1 (TIP)	Earthworks for Phase 1 in Mukim Jeram Batu, Daerah Pontian, Johor Darul Takzim	Pontian, Johor	Tropicana Industrial Park Sdn Bhd	Main contractor	November 2020	December 2020 / October 2023	95.00	51.90
3	Project Pontian 2 (TGV)	Site clearance, earthworks and retaining walls (Phase 2) for commercial and residential development on Lot 981 – Lot 987 and Lot 994 – Lot 996 in Mukim Jeram Batu, Daerah Pontian, Johor Darul Takzim	Pontian, Johor	Tropicana GP Views Sdn Bhd	Main contractor	January 2021	February 2021 / December 2023	94.00	25.17
4	Project ECRL – Sec 3 (CH95-97)	Engineering, procurement, construction and commissioning of the East Coast Rail Link ("ECRL") Project for the construction and completion of subgrade works from CH095+143 to CH097+351, Section 3	Kuala Terengganu, Terengganu	China Communications Construction (ECRL) Sdn Bhd	Sub-contractor	August 2021	September 2021 / July 2023	88.00	15.74

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

No.	Project name	Description	Project location	Customer name	PTTSB's role	Date of award	Start date/ Expected completion date	% of completion as at the LPD (%)	Contract value ⁽¹⁾ (RM million)
5	Project ECRL – Sec 5 (CH276-CH303)	Engineering, procurement, construction and commissioning of the ECRL Project for the construction and completion of subgrade earthworks and culvert works from CH276+650 to 291+050 and from CH293+267 to CH303+080, Section 5	Kuantan, Pahang	China Communications Construction (ECRL) Sdn Bhd	Sub-contractor	October 2021	October 2021 / January 2024	66.00	107.69
6	Project ECRL – Sec 3 (CH114-CH130)	Engineering, procurement, construction and commissioning of the ECRL Project for the construction and completion of subgrade works from CH114+395 to CH130+728	Kuala Terengganu, Terengganu	China Communications Construction (ECRL) Sdn Bhd	Sub-contractor	March 2022	March 2022 / July 2024	57.00	105.60
7	Project ECRL 3 (CH97-CH114)	Engineering, procurement, construction and commissioning of the ECRL Project for the construction and completion of subgrade works from CH97+351 to CH114+282	Kuala Terengganu, Terengganu	China Communications Construction (ECRL) Sdn Bhd	Sub-contractor	June 2022	June 2022 / October 2023	47.00	89.79
8	Project MCKIP 3 (Antares)	Earthworks on part of Lot 110206, Kuantan	Kuantan, Pahang	Antares Tires Manufacturing (M) Sdn Bhd	Sub-contractor	November 2022	November 2022 / October 2023	36.00	6.00
9	Project Bandar Bukit Raja (Phase 4A (1-2))	Construction and completion of earthworks and ancillary works for Phase 4A (1-2), Bandar Bukit Raja Stage 3, Mukim Kapar, Daerah Klang, Selangor Darul Ehsan	Klang, Selangor	Sime Darby Property/Bukit Raja) Sdn Bhd	Main contractor	February 2023	February 2023 / June 2024	13.00	24.45

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

No.	Project name	Description	Project location	Customer name	PTTSB's role	Date of award	Start date/ Expected completion date	% of completion as at the LPD (%)	Contract value ⁽¹⁾ (RM million)
10	Project Bandar Bukit Raja (Phase 4A (I-6 & I-10))	Construction and completion of earthworks and ancillary works for Phase 4A (I-6 & I-10), Bandar Bukit Raja Stage 3, Mukim Kapar, Daerah Klang, Selangor Darul Ehsan	Klang, Selangor	Sime Darby Property(Bukit Raja) Sdn Bhd	Main contractor	February 2023	February 2023 / June 2024	13.00	25.31
Total									495.83
Less: completed construction works as at the LPD									(311.33)
Outstanding order book as at the LPD									184.50

Note:-

(1) Contract value includes variation order.

The management of PTTSB confirms that the projects listed in the table above are not related to the directors and/or substantial shareholders of PTTSB and/or persons connected to them.

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

12. Completed projects

Details of major projects completed by PTTSB for the past 5 years up to the LPD are as follows:-

No.	Project name	Description	Project location	Customer name	PTTSB's role	Date of award	Contract value ⁽¹⁾ (RM million)
1	Project 1B1	Construction and completion of earthworks, main drain, retention pond A1 & A2 and ancillary works (Phase 1B/1 for Elmina Green) for proposed development of Elmina West on Lot 368, PT50037 (Part of old Lot 360), Lot 2132 in Mukim Sungai Buloh and Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Sungai Buloh, Selangor	Sime Darby Elmina Development Sdn Bhd	Main contractor	October 2016	40.09
2	Project BBR2	Construction and completion of earthworks and other related works for development of Phase 2 (R11A & R13), at Bandar Bukit Raja 2, Mukim Kapar, District of Klang, Selangor Darul Ehsan	Klang, Selangor	Sime Darby USJ Development Sdn Bhd	Main contractor	July 2018	25.81
3	Project Setia Eco Park	Construction and completion of earthworks for 71 units bungalow at Parcel 1 (North Phase) and Parcel 2 (South Phase) on Phase 6A, Setia Eco Park, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan	Shah Alam, Selangor	Bandar Eco-Setia Sdn Bhd	Main contractor	March 2019	7.47
4	Project MCKIP EW	Earthworks works for MCKIP at Mukim Sungai Kuantan, Daerah Kuantan, Pahang Darul Makmur	Kuantan, Pahang	Beibu Gulf Holding (M) Sdn Bhd	Main contractor	September 2017	38.77
5	Project Hospital Pasir Gudang	Site clearance, earthworks and surface water drainage for Hospital Pasir Gudang, Johor Darul Takzim	Pasir Gudang, Johor	Aims Concepts Sdn Bhd	Sub-contractor	September 2020	0.88
6	Project EW1B2	Construction and completion of earthworks, main drain, and ancillary works (Phase 1B/2 for Elmina Green) for proposed development of Elmina West on Lot 368, PT50037, Lot 2132 Mukim Sungai Buloh and Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan.	Sungai Buloh, Selangor	Sime Darby Elmina Development Sdn Bhd	Main contractor	April 2019	26.40
7	Project ECRL - Sec 3 (CH138)	Engineering, procurement, construction and commissioning of the ECRL Project for the construction of earthworks and other associated works for CH138 Prefabrication Beam Yard, Section 3	Kuala Terengganu, Terengganu	China Communications Construction (ECRL) Sdn Bhd	Sub-contractor	June 2021	4.62

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

No.	Project name	Description	Project location	Customer name	PTTSB's role	Date of award	Contract value ⁽¹⁾ (RM million)
8	Project Alam Impian	Construction, completion and maintenance of earthwork, retaining wall & all associated works for Welcome Centre and Plot 17, Plot 16, Precinct 5 and flood detention pond Seksyen 35, 40470 Shah Alam, Selangor Darul Ehsan	Shah Alam, Selangor	I&P Alam Impian Sdn Bhd	Main contractor	June 2019	24.14
9	Project HKLPO	Earthworks for the proposed development of 40 acres of land at Bandar Serenia Ampar, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Sepang, Selangor	Horizon KLPO Sdn Bhd	Main contractor	September 2017	57.04
10	Project Prawn ⁽²⁾	Expansion work for a prawn farm at Mukim Jeram Batu, Daerah Pontian, Johor Darul Takzim	Pontian, Johor	Sunny Prawns Sdn Bhd	Main contractor	December 2021	3.89
11	Project Elmina Township (KE) ⁽²⁾	Construction and completion of earthworks, main drain, pond and other associated works for Phase 1A, part of phase 1B and 1C (Package 1) at Lot 85990 (old Lot 1242), Lot 8853 (old Lot 1446), Lot 88564 (old Lot 1455) and a portion of governmental land (Rizab Jalan) of Kota Elmina Township, Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan	Rawang, Selangor	Sine Darby Property Sdn Bhd	Main contractor	June 2019	59.43
12	Project Elmina West (1B2P2) ⁽²⁾	Construction and completion of earthworks, main drain, retention pond, upgrading of existing TNB pylons and ancillary works (Phase 1B/2 Package 2 for Elmina Green) for the proposed development of Elmina West on Lot 368, PT 50037 (part of old Lot 360), Lot 2132 at Mukim Sungai Buloh and Lot 2685 at Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan.	Sungai Buloh, Selangor	Sine Darby Elmina Development Sdn Bhd	Main contractor	August 2020	20.13
13	Project Access Road	Earthworks to prepare site access on part of Lot 10764(MCKIP2), Mukim Sungai Karang, Daerah Kuantan, Pahang Darul Makmur	Kuantan, Pahang	New SH Industrial Sdn Bhd	Sub-contractor	Jan 2022	3.40
14	Project AT1B	Construction and completion of roadworks, detention pond, main drain, bridge, utilities and other associated works (Package 1B) for the proposed development of Ampar Tenang, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Sepang, Selangor	Sine Darby Ampar Tenang Development Sdn Bhd	Main contractor	July 2014	71.91

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

No.	Project name	Description	Project location	Customer name	PTTSB's role	Date of award	Contract value ⁽¹⁾ (RM million)
15	Project IW-EW1A2 ⁽³⁾	Construction and completion of earthworks, main drain, upgrading of existing TNB pylons and ancillary works (phase 1A/2 for commercial area, suction tank, pump house, incoming pipeline and RSKU) for proposed development of Elmina West on Lot 368, PT50037 (part of old lot 360), Lot 2132, Mukim Sungai Buloh and Lot 2685, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Sungai Buloh, Selangor	Sime Darby Elmina Development Sdn Bhd	Main Contractor	December 2015	33.98
16	Project IW-EW-Reservoir ⁽⁴⁾	Construction and completion of phase 1 water supply system consists of reinforced concrete reservoir, reinforced concrete suction tank, pumphouse, incoming main, pumping main, falling main, access road to reservoir and suction tank (road, drainage, water reticulation, street lighting, telephone) and ancillary works for proposed development of Elmina West on Lot 368, PT 50037 (part of old Lot 360), Lot 2132, Mukim Sungai Buloh and Lot 2685, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Sungai Buloh, Selangor	Sime Darby Elmina Development Sdn Bhd	Main Contractor	October 2016	33.14
17	Project EW-SER2A	Construction and completion of package 2A earthworks and other related works for development of phase 2 at lot PT 55383, PT 55385, PT 55386, PT 55387, PT 55388, PT 55395 and part of government land, Serenia City, Mukim Dengkil, Sepang District, Selangor Darul Ehsan	Sepang, Selangor	Sime Darby Serenia Development Sdn Bhd	Main Contractor	November 2016	34.01
18	Project IW-EWBR3	Construction and completion of main infrastructure works (road, drainage, water reticulation, sewerage, vehicular bridge, bridge crossing for sewer pipe, street lighting, telephone and ancillary works) for access to E&O (part of Phase 1A – Parcel) for proposed development of Elmina West on Lot 368, PT 50037 (part of old Lot 360), Lot 2132, Mukim Sungai Buloh and Lot 2685, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Sungai Buloh, Selangor	Sime Darby Elmina Development Sdn Bhd	Main Contractor	January 2017	35.00

APPENDIX II – INFORMATION ON PTTSB (CONT'D)

No.	Project name	Description	Project location	Customer name	PTTSB's role	Date of award	Contract value ⁽¹⁾ (RM million)
19	Project IW-EWEV5	Construction and completion of main infrastructure works (road, drainage, water reticulation, sewerage, street lighting, telephone and ancillary works) for main roads to reservoir, suction tank and Elmina Valley – EV5 (part of phase 1A - parcel 4) for proposed development of Elmina West on Lot 368, PT 50037 (part of old Lot 360), Lot 2132, Mukim Sungai Buloh and Lot 2685, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Sungai Buloh, Selangor	Sime Darby Elmina Development Sdn Bhd	Main Contractor	January 2017	21.39
20	Project IW-PAGOH1A	Construction and completion of main infrastructure works phase 1A at development of Bandar Universiti Pagoh at Mukim Jorak, Daerah Muar, Johor Darul Takzim	Pagoh, Johor	Sime Darby Pagoh Development Sdn Bhd	Main Contractor	April 2017	37.23
21	Project EW-Slope-MD	External retaining wall for residential development of 47 unit affordable apartments, 107 unit of 2-storey terraced houses on Lot 3514, Mukim Dengkil, Sepang, Selangor Darul Ehsan	Sepang, Selangor	Mainstay Development Sdn Bhd	Main Contractor	November 2019	4.53
22	Project MCKIP 1 Infra	Earthworks and infrastructure works for Taman Perindustrian Malaysia - China Kuantan ("MCKIP") at Mukim Sungai Kuantan, Daerah Kuantan, Pahang Darul Makmur	Kuantan, Pahang	Beibu Gulf Holding (M) Sdn Bhd	Main contractor	January 2019	34.07
Total							617.33
Add: completed works from on-going projects as at the LPD							311.33
Total completed construction works for the past 5 financial years up to the LPD							928.66

Notes:-

- (1) Contract value includes variation order.
- (2) PTTSB has handed the completed work to the customers and is presently awaiting the certificate of practical completion ("CPC") from the customers. PTTSB does not foresee any liquidated and ascertained damages ("LAD") arising from these projects as the works have been completed in accordance with the terms of the respective contracts.
- (3) PTTSB encountered a delay of 7 days in completing the project resulting a total LAD incurred of approximately RM0.14 million.
- (4) PTTSB encountered a delay of 45 days in completing the project resulting a total LAD incurred of approximately RM0.45 million.

The management of PTTSB confirms that the projects listed in the table above are not related to the directors and/or substantial shareholders of PTTSB and/or persons connected to them. Further, save as disclosed above, the management of PTTSB also confirms that there was no delay in completing the projects listed in the table above.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022



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26 June 2023

The Board of Directors
PTT SYNERGY GROUP BERHAD
2A-1-1(B), Space U8,
No. 6, Persiaran Pasak Bumi,
Taman Bukit Jelutong, Seksyen U8,
40150 Shah Alam,
Selangor Darul Ehsan.

Dear Sirs,

PTT SYNERGY GROUP BERHAD (“PTT” or the “Company”) and its subsidiaries (“PTT Group”)

Report on the Compilation of the Pro Forma Consolidated Statements of Financial Position of PTT Group for inclusion in the Circular to the Shareholders of PTT (“Circular”) in connection with the Proposed Acquisition of 25,000,000 ordinary shares in Pembinaan Tetap Teguh Sdn. Bhd. (“PTTSB”), representing 100% equity interest in PTTSB for a total purchase consideration of RM152 million and to be satisfied via a combination of cash consideration of RM62 million and issuance of new ordinary shares in the Company amounting to RM90 million (“Proposed Acquisition”)

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of PTT Group as at 30 June 2022 (“Pro Forma Consolidated Statements of Financial Position”) and the related notes as attached to this report in Appendix A, which have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company (“the Directors”) has compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes of Appendix A.

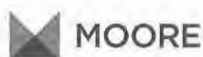
The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors for inclusion in the Circular solely to illustrate the impact of the Proposed Acquisition on PTT Group’s consolidated statements of financial position as at 30 June 2022 as if the transactions had taken place at 30 June 2022. As part of this process, information about PTT Group’s consolidated statements of financial position has been extracted by the Directors from the Company’s audited consolidated financial statements for the financial year ended 30 June 2022, on which an audit report has been issued.

The Directors’ Responsibilities for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes of Appendix A.

Reporting Accountants’ Independence and Quality Management

We are independent in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.



PTT SYNERGY GROUP BERHAD
*Reporting Accountants' Letter on the
Pro Forma Consolidation Statements of Financial Position
in connection with the Proposed Acquisition*

Reporting Accountants' Independence and Quality Management (cont'd)

Our firm applies International Standard on Quality Management (ISQM 1), *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled, in all material respects, by the Directors on the basis described in the notes of Appendix A.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes of Appendix A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Circular is solely to illustrate the impact of significant events or transactions on unadjusted financial information of PTT Group as if the events has occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of PTT Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)



PTT SYNERGY GROUP BERHAD
*Reporting Accountants' Letter on the
Pro Forma Consolidation Statements of Financial Position
in connection with the Proposed Acquisition*

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis stated in the notes of Appendix A.

Other Matter

This report has been prepared solely for inclusion in the Circular in connection with the Proposed Acquisition and should not be used or relied upon for any other purposes. Neither the firm nor any member of employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

A handwritten signature in black ink, appearing to read 'Moore Stephens'.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

A handwritten signature in black ink, appearing to read 'Stephen Wan Yeng Leong'.

STEPHEN WAN YENG LEONG
02963/07/2023J
Chartered Accountant

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

APPENDIX A

The pro forma consolidated statements of financial position of PTT Synergy Group Berhad ("PTT" or "the Company") and its subsidiaries ("PTT Group") as at 30 June 2022 ("Pro Forma Consolidated Statements of Financial Position") as set out below has been prepared for illustrative purposes only and to show the effects of the events or transactions referred to in the notes on the basis that these transactions have been effected on 30 June 2022, and should be read in conjunction with the notes accompanying the Pro Forma Consolidated Statements of Financial Position.

	Note	Audited 30 June 2022 RM	Pro Forma I Subsequent Event RM	Pro Forma II Proposed Acquisition RM
ASSETS				
Non-current Assets				
Property, plant and equipment	4.1	23,136,909	23,136,909	84,395,809
Investment properties	4.2	19,408,000	19,408,000	127,777,594
Investment in unquoted shares	4.3	-	-	23,193
Inventories		13,184,380	13,184,380	13,184,380
Goodwill	4.4	1,132,770	1,132,770	45,369,069
		<u>56,862,059</u>	<u>56,862,059</u>	<u>270,750,045</u>
Current Assets				
Inventories		19,567,369	19,567,369	19,567,369
Trade receivables	4.5	27,479,142	27,479,142	66,383,722
Other receivables	4.6	5,502,873	5,502,873	19,066,593
Contract assets	4.7	42,290,344	42,290,344	174,432,399
Tax recoverable	4.8	735,934	735,934	188,253
Fixed deposits with licensed banks	4.9	1,570,983	1,570,983	16,695,629
Cash and bank balances	4.10	3,594,913	13,097,009	12,790,859
		<u>100,741,558</u>	<u>110,243,654</u>	<u>309,124,824</u>
TOTAL ASSETS		<u>157,603,617</u>	<u>167,105,713</u>	<u>579,874,869</u>

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

For Identification Purposes Only

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

APPENDIX A

		Audited 30 June 2022 RM	Pro Forma I Subsequent Event RM	Pro Forma II Proposed Acquisition RM
EQUITY AND LIABILITIES				
Equity				
Share capital	4.11	73,704,998	83,207,094	173,207,094
Accumulated losses	4.12	(3,866,691)	(3,866,691)	(5,966,691)
Assets revaluation reserve		8,634,764	8,634,764	8,634,764
Equity attributable to Owners of the Company		78,473,071	87,975,167	175,875,167
Non-controlling interests		12,178,976	12,178,976	12,178,976
Total Equity		90,652,047	100,154,143	188,054,143
Non-current Liabilities				
Other payables	4.13	-	-	11,691,650
Borrowings	4.14	6,257,305	6,257,305	34,136,641
Lease liabilities	4.15	3,333,636	3,333,636	48,862,228
Deferred tax liabilities		1,991,312	1,991,312	1,991,312
		11,582,253	11,582,253	96,681,831
Current Liabilities				
Trade payables	4.16	40,704,501	40,704,501	94,415,768
Other payables	4.13	6,617,190	6,617,190	35,188,501
Borrowings	4.14	6,727,527	6,727,527	150,123,110
Lease liabilities	4.15	1,320,099	1,320,099	15,411,516
		55,369,317	55,369,317	295,138,895
Total Liabilities		66,951,570	66,951,570	391,820,726
TOTAL EQUITY AND LIABILITIES		157,603,617	167,105,713	579,874,869

MOORE STEPHENS ASSOCIATES PLT
201304020972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

For Identification Purposes Only

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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

APPENDIX A

	Audited 30 June 2022	Pro Forma I Subsequent Event	Pro Forma II Proposed Acquisition
Number of shares in issue	90,000,000	99,000,000	180,081,081
Net assets per share attributable to Owners of the Company (RM)	0.87	0.89	0.98
Net borrowings (interest-bearing) (RM)	12,472,671	2,970,575	219,047,007
Net gearing ratio (times)	0.16	0.03	1.25



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

APPENDIX A

1. Introduction

The pro forma consolidated statements of financial position of PTT Synergy Group Berhad ("PTT" or the "Company") and its subsidiaries ("PTT Group") as at 30 June 2022 ("PTT Group Pro Forma Consolidated Statements of Financial Position") have been prepared for inclusion in the Company's circular to shareholders in connection with the Proposed acquisition of 25,000,000 ordinary shares in Pembinaan Tetap Teguh Sdn. Bhd. ("PTTSB") from Teo Swee Phin, Teo Swee Leng and Faddy Bin Nordin ("Vendors"), representing 100% equity interest in PTTSB for a total purchase consideration of RM152 million ("Proposed Acquisition").

The purchase consideration of RM152 million in relation to the Proposed Acquisition will be satisfied by a combination of the following: -

- (i) Cash consideration of RM62 million; and
- (ii) New ordinary share to be issued by PTT at an issue price of RM1.11 ("consideration shares") amounting to RM56 million, of which consideration shares of RM34 million ("profit guarantee shares") shall be pledged to a trustee to be appointed by PTT as security for the performance of the Vendors' obligation in respect of profit guarantee and to be released to the Vendors upon meeting the Profit Guarantee over the Guaranteed Period.

Collectively known as "Purchase Consideration"

The Purchase Consideration was arrived at after taking into consideration the profit guarantee provided by the Vendors to PTT whereby the Vendors irrevocably and unconditionally guarantees to PTT that the profit after tax of PTTSB for two financial years ended ("FYE") 31 December 2023 and 31 December 2024 (collectively known as the "Guaranteed Period") shall collectively be not less than RM34 million on an aggregate basis ("Profit Guarantee"). The Purchase Consideration translates into an implied price earnings multiple of 8.94 times (being the Purchase Consideration of RM152 million divided by the average Profit Guarantee per annum of RM17 million).

In conjunction of the Proposed Acquisition, the Vendors and PTTSB agree that certain properties/assets legally owned by PTTSB comprising of two (2) units of three-storey terraced shop offices in Presint 15, Putrajaya ("Putrajaya Properties") as well as four (4) units of commercial properties comprising retail and office lots in a freehold commercial centre known as Space U8 located in Seksyen U8, Shah Alam, Selangor ("Space U8 Disposal Properties"), further details of which are set out in the Share Sale Agreement ("SSA") (collectively, the "Excluded Assets") are excluded from the Proposed Acquisition, amounting to RM6 million and RM5.5 million, respectively therein shall not form part of the underlying net assets of PTTSB as at 31 December 2022 for the purpose of determining the Purchase Consideration.

In respect of the Space U8 Disposal Properties, PTTSB had on even date of the SSA entered into a conditional sale and purchase agreement ("Excluded Assets SPA") with Teo Swee Phin ("TSP") for the disposal of the Space U8 Disposal Properties for an aggregate consideration of RM1.76 million, being the market value as appraised by Laurelcap Sdn. Bhd. ("Laurelcap" or "Valuer") on 17 March 2023 ("Excluded Assets Disposal").

Additionally, the Putrajaya Properties will be distributed via a proposed dividend-in-specie to the Vendors based on its market value of RM4.00 million as appraised by Laurelcap on 17 March 2023.

Prior to the date of the SSA, the Vendors have, via companies controlled by them extended loans and advances to PTTSB ("PTTSB Related Party Advances"). As part of the terms of the SSA, the PTTSB Related Party Advances shall firstly, be netted off against the amount due from TSP arising from the Excluded Assets Disposal and thereafter, the remaining balance of the PTTSB Related Party Advances will be fully settled via cash by PTT on the Completion Date. For information purposes, the PTTSB Related Party Advances amounted to RM9.76 million as at 31 December 2022. Any further PTTSB Related Party Advances and/or any loans and advances provided by the Vendors or the Vendors' related parties after 31 December 2022 shall also be fully settled in cash on or within 7 days following the Completion Date.



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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

APPENDIX A

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

2. Basis of Preparation

The PTT Group Pro Forma Consolidated Statements of Financial Position have been compiled based on the audited financial statements of PTT Group for the financial year ended 30 June 2022 which had been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"). The PTT Group Pro Forma Consolidated Statements of Financial Position do not include effects of the adoption of MFRS issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on or after 1 July 2022.

The accounting policies, basis and assumptions used in the preparation of the PTT Group Pro Forma Consolidated Statements of Financial Position are consistent with those adopted by PTT Group in the preparation of their audited financial statements for the financial year ended 30 June 2022. The following extract of the relevant accounting policy in regards to the Proposed Acquisition is set out below.

MFRS 3 – Business Combinations applies to an acquisition whereby an acquirer shall be identified for all business combinations and the acquirer is defined as the entity that obtains control of the entities or businesses.

Proposed Acquisition

The Proposed Acquisition is accounted for using the direct acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value.

The auditors' report of the audited financial statements of PTTSB for the financial year ended 31 December 2022 were not subject to any modification of opinion.

The PTT Group Pro Forma Consolidated Statements of Financial Position of which the Board of Directors of PTT is solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of PTT Group as at 30 June 2022 had the events/transactions as described in Note 3 been effected on that date, and should be read in conjunction with the accompanying notes thereto.

3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position

3.1 Pro Forma I – Subsequent Event

Pursuant to the private placement exercise announced by the Company on 7 March 2022 and 2 September 2022 ("Private Placement"), a placement of 9,000,000 new PTT shares at an issue price to be determined on a later date each will be completed by 16 March 2023.

On 7 March 2023, the Private Placement was completed where 9 million shares were fully placed out at an issue price of RM1.07. Consequently, the Company's issued share capital increased from RM73,704,998 to RM83,285,998 after deducting RM127,904 transaction costs incidental to the Private Placement.

The effects of the Private Placement are reflected in Pro Forma I.

3.2 Pro Forma II – Proposed Acquisition

Pro Forma II incorporates the effect of Pro Forma I and the effect of the Proposed Acquisition.

The Proposed Acquisition entails the acquisition of Pembinaan Tetap Teguh Sdn. Bhd. ("PTTSB"), in which the identifiable fair value of assets and liabilities of PTTSB were measured as at 31 December 2022 and accounted for in PTT Group Pro Forma Consolidated Statements of Financial Position for illustrative purpose.



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

APPENDIX A

3. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (cont'd)

3.2 Pro Forma II – Proposed Acquisition (cont'd)

The Directors of PTT have derived the identifiable fair value of assets and liabilities of PTTSB based on the audited financial statements of PTTSB as at 31 December 2022. The accounting policy for property and investment properties of PTTSB were measured at revaluation method and fair value, respectively.

The Directors will ascertain the fair values of the assets and liabilities of PTTSB at the completion of the Proposed Acquisition and is subject to finalisation of the purchase price allocation ("PPA") exercise which may vary from the amounts presented.

Details of the provisional fair value of assets and liabilities of PTTSB acquired are as follows:

	Note	RM
Audited as at 31 December 2022		
Property, plant and equipment	4.1	64,758,900
Investment properties	4.2	116,369,594
Investment in unquoted shares	4.3	23,193
Trade receivables	4.5	38,904,580
Other receivables	4.6	10,638,480
Contract assets	4.7	132,142,055
Tax recoverable/(payable)	4.8	(547,681)
Fixed deposits with licensed banks	4.9	15,124,646
Cash and bank balances	4.10	1,793,850
Lease liabilities	4.15	(59,620,009)
Bank borrowings	4.14	(101,274,919)
Trade payables	4.16	(53,711,267)
Other payables	4.13	(48,262,961)
		116,338,461
Less: Excluded assets	4.1,4.2	(11,500,000)
Adjusted audited net assets acquired		104,838,461
Add: PPA		
- Provisional contract costs, net of tax	4.6	2,925,240
Fair value of net identifiable assets acquired		107,763,701

The goodwill arising from the Proposed Acquisition is as follows: -

	Note	RM
Goodwill arising from the Proposed Acquisition		
Fair value of effective purchase consideration transferred: -		
- cash consideration	4.14	62,000,000
- equity instruments issued (50,450,450 ordinary shares)	4.11	56,000,000
- profit guarantee shares (30,630,631 ordinary shares)	4.11	34,000,000
		152,000,000
Less: Fair value of net identifiable assets acquired		(107,763,701)
Goodwill on consolidation	4.4	44,236,299

The estimated expenses in relation to the Proposed Acquisition of RM2,100,000 are assumed to be expensed to profit or loss and reflected in Pro Forma II.



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

APPENDIX A

4. Effect on the Pro Forma Consolidated Statements of Financial Position

4.1 Property, plant and equipment

RM

As at 30 June 2022/Pro Forma I	23,136,909
<i>Effect of the Proforma II: -</i>	
- Proposed Acquisition	64,758,900
- Excluded assets	(3,500,000)
Pro Forma II	<u>84,395,809</u>

4.2 Investment properties

RM

As at 30 June 2022/Pro Forma I	19,408,000
<i>Effect of the Proforma II: -</i>	
- Proposed Acquisition	116,369,594
- Excluded assets	(8,000,000)
Pro Forma II	<u>127,777,594</u>

4.3 Investment in unquoted shares

RM

As at 30 June 2022/Pro Forma I	-
Effect on the Proposed Acquisition	23,193
Pro Forma II	<u>23,193</u>

4.4 Goodwill

RM

As at 30 June 2022/Pro Forma I	1,132,770
Effect on the Proposed Acquisition	44,236,299
Pro Forma II	<u>45,369,069</u>

4.5 Trade receivables

RM

As at 30 June 2022/Pro Forma I	27,479,142
Effect on the Proposed Acquisition	38,904,580
Pro Forma II	<u>66,383,722</u>



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APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

APPENDIX A

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

4. Effect on the Pro Forma Consolidated Statements of Financial Position (cont'd)

4.6 Other receivables

	RM
As at 30 June 2022/Pro Forma I	5,502,873
<i>Effect of the Proforma II: -</i>	
- Proposed Acquisition	10,638,480
- Provisional contract costs, net of tax	2,925,240
Pro Forma II	<u>19,066,593</u>

4.7 Contract assets

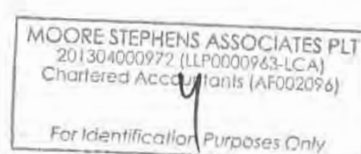
	RM
As at 30 June 2022/Pro Forma I	42,290,344
<i>Effect on the Proposed Acquisition</i>	<u>132,142,055</u>
Pro Forma II	<u>174,432,399</u>

4.8 Tax recoverable

	RM
As at 30 June 2022/Pro Forma I	735,934
<i>Effect of the Proforma II: -</i>	
- Proposed Acquisition	<u>(547,681)</u>
Pro Forma II	<u>188,253</u>

4.9 Fixed deposits with licensed banks

	RM
As at 30 June 2022/Pro Forma I	1,570,983
<i>Effect on the Proposed Acquisition</i>	<u>15,124,646</u>
Pro Forma II	<u>16,695,629</u>



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

APPENDIX A

4. Effect on the Pro Forma Consolidated Statements of Financial Position (cont'd)

4.10 Cash and bank balances

	RM
As at 30 June 2022	3,594,913
<i>Effect of the Proforma I: -</i>	
- Cash consideration received from private placement	9,630,000
- Estimated expenses for the private placement	(127,904)
Pro Forma I	13,097,009
<i>Effect of the Proforma II: -</i>	
- Proposed Acquisition	1,793,850
- Estimated expenses for the Proposed Acquisition	(2,100,000)
Pro Forma II	12,790,859

4.11 Share capital

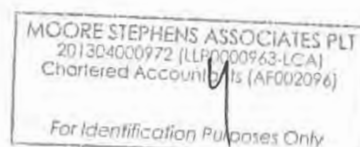
	RM
As at 30 June 2022	73,704,998
<i>Effect of the Proforma I: -</i>	
- Subsequent event (private placement)	9,502,096
Pro Forma I	83,207,094
<i>Effect of the Proforma II: -</i>	
- Proposed Acquisition	90,000,000
Pro Forma II	173,207,094

4.12 Accumulated losses

	RM
As at 30 June 2022/Pro Forma I	(3,866,691)
<i>Effect of the Proforma II: -</i>	
- Estimated expenses for the Proposed Acquisition	(2,100,000)
Pro Forma II	(5,966,691)

4.13 Other payables

	RM
As at 30 June 2022/Pro Forma I	6,617,190
<i>Effect of the Proforma II: -</i>	
- Proposed Acquisition	48,262,961
- Settlement of PTTSB Related Party Advances	(8,000,000)
Pro Forma II	46,880,151



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PTT GROUP AS AT 30 JUNE 2022 (CONT'D)

PTT SYNERGY GROUP BERHAD

APPENDIX A

Pro Forma Consolidated Statements of Financial Position and the Notes thereon

4. Effect on the Pro Forma Consolidated Statements of Financial Position (cont'd)

4.14 Borrowings

	RM
As at 30 June 2022/Pro Forma I	12,984,832
<i>Effect of the Proforma II: -</i>	
- Cash consideration	62,000,000
- Proposed Acquisition	101,274,919
- Settlement of PTTSB Related Party Advances	8,000,000
Pro Forma II	<u>184,259,751</u>

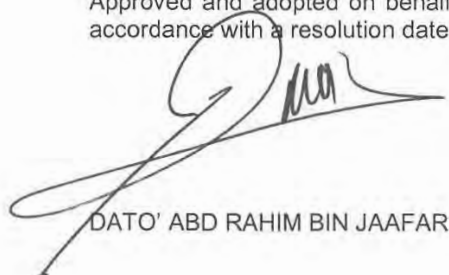
4.15 Lease liabilities

	RM
As at 30 June 2022/Pro Forma I	4,653,735
Effect on the Proposed Acquisition	<u>59,620,009</u>
Pro Forma II	<u>64,273,744</u>

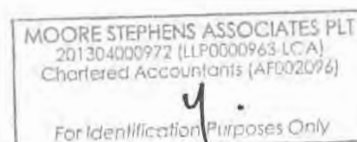
4.16 Trade payables

	RM
As at 30 June 2022/Pro Forma I	40,704,501
Effect on the Proposed Acquisition	<u>53,711,267</u>
Pro Forma II	<u>94,415,768</u>

Approved and adopted on behalf of the Board of Directors of PTT Synergy Group Berhad in accordance with a resolution dated 26 June 2023.


DATO' ABD RAHIM BIN JAAFAR


DATO' MAHAMED BIN HUSSAIN



PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]
(Incorporated in Malaysia)

**ACCOUNTANTS’ REPORT
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022,
31 DECEMBER 2021 AND 31 DECEMBER 2020**

APPENDIX IV – ACCOUNTANTS’ REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT’D)

PEMBINAAN TETAP TEGUH SDN. BHD.
[Registration No.: 200001018496 (521103-D)]
(Incorporated in Malaysia)

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APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

PEMBINAAN TETAP TEGUH SDN. BHD.
[Registration No.: 200001018496 (521103-D)]
(Incorporated in Malaysia)

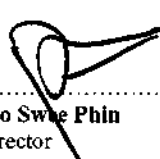
STATEMENT BY DIRECTORS

We, Faddy Bin Nordin and Teo Swee Phin, being two of the Directors of Pembinaan Tetap Teguh Sdn. Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2022, 31 December 2021 and 31 December 2020 and of the financial performance and the cash flows for the financial years then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated **30 MAR 2023**



.....
Faddy Bin Nordin
Director



.....
Teo Swee Phin
Director



CHENGCO PLT 201806002622 (LLP0017004-LCA) & AF0886

Wisma Cheng & Co

No. 8-1, 10-1 & 10-2, Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200 Kuala Lumpur.

Tel: 03-7984 8988 Fax: 03-7984 4402

Email: enquiry@chengco.asia Website: www.chengco.asia

The Board of Directors

PEMBINAAN TETAP TEGUH SDN. BHD.

B1-1-1, Bangunan PTT, Space U8

No. 6, Persiaran Pasak Bumi

Taman Bukit Jelutong, Seksyen U8

40150 Shah Alam, Selangor

Date: 30 March 2023

Dear Sirs/Madam,

Reporting Accountants’ Opinion on the financial information (as defined herein) contained in the Accountants’ Report of Pembinaan Tetap Teguh Sdn. Bhd. (“PTTSB”)

We have audited the accompanying financial statements (“Financial Information”) of Pembinaan Tetap Teguh Sdn. Bhd., which comprise of the statement of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 44. The historical financial statements of the Company have been prepared for inclusion in the Circular to the shareholders of PTT Synergy Group Berhad in connection with the proposed acquisition by PTT Synergy Group Berhad of the entire equity interest in Pembinaan Tetap Teguh Sdn. Bhd. and should not be relied upon for any other purposes.

In our opinion, the accompanying Financial Information give a true and fair view of the statements of financial position of the Company as at 31 December 2020, 31 December 2021 and 31 December 2022 and of its financial performance and its cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants’ Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (“By- Laws”) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”) and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]

(Incorporated in Malaysia)

Reporting Accountants’ Opinion on the financial information (as defined herein) contained in the Accountants’ Report of Pembinaan Tetap Teguh Sdn. Bhd. (“PTTSB”) (cont’d)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the Financial Information of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of Financial Information of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Information of the Company, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants’ Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Information of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants’ report to the related disclosures in the Financial Information of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountants’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]

(Incorporated in Malaysia)

Reporting Accountants' Opinion on the financial information (as defined herein) contained in the Accountants Report of Pembinaan Tetap Teguh Sdn. Bhd. ("PTTSB") (cont'd)

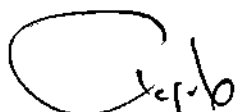
Reporting Accountants' Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the Financial Information of the Company, including the disclosures, and whether the Financial Information of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the combined financial information of the entities or business activities within the Company to express an opinion on the combined financial statements of the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

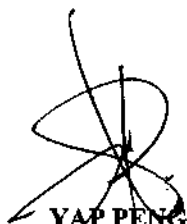
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report has been prepared solely to comply with the Main Market Listing Requirements issued by the Bursa Malaysia Securities Berhad and for inclusion in the Circular to the shareholders of PTT Synergy Group Berhad in connection in the proposed acquisition of the entire equity interest in Pembinaan Tetap Teguh Sdn. Bhd. by PTT Synergy Group Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this opinion.



CHENGCO PLT
201806002622
(LLP0017004-LCA) & AF0886
Chartered Accountants



YAP PENG BOON
02118/12/2024 J
Chartered Accountant

Kuala Lumpur,
30 March 2023

APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022, 2021 and 2020

	Notes	2022 RM	2021 RM	2020 RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	64,758,900	29,599,506	26,411,665
Investment properties	6	116,369,594	116,026,126	99,169,418
Investment in subsidiaries	7	-	-	2,000,000
Investment in unquoted shares	8	23,193	23,193	23,193
		<u>181,151,687</u>	<u>145,648,825</u>	<u>127,604,276</u>
Current assets				
Trade receivables	9	38,904,580	29,281,671	25,887,778
Other receivables, deposits and prepayments	10	8,703,460	4,185,019	14,544,448
Contract assets	11	132,142,055	107,396,134	52,062,557
Amount due from related parties	12	1,935,020	1,589,346	1,058,388
Amount due from subsidiaries	12	-	-	15,620
Current tax assets		-	487,152	132,656
Fixed deposit with licensed bank	13	15,124,646	12,956,472	20,932,222
Cash and cash equivalents	13	1,793,850	9,676,481	5,062,265
		<u>198,603,611</u>	<u>165,572,275</u>	<u>119,695,934</u>
TOTAL ASSETS		<u>379,755,298</u>	<u>311,221,100</u>	<u>247,300,210</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	14	25,000,000	25,000,000	25,000,000
Revaluation reserve		722,400	722,400	722,400
Retained earnings		88,859,431	71,907,752	58,739,529
TOTAL EQUITY		<u>114,581,831</u>	<u>97,630,152</u>	<u>84,461,929</u>
Non-current liabilities				
Amount due to directors	12	3,428,643	13,417,321	9,351,880
Amount due to related party	12	8,263,007	-	-
Finance lease liabilities	15	45,528,592	15,521,190	8,656,197
Bank borrowings	16	27,879,336	34,812,486	37,348,456
		<u>85,099,578</u>	<u>63,750,997</u>	<u>55,356,533</u>
Current liabilities				
Trade payables	17	53,711,267	45,187,378	40,597,278
Other payables and accruals		38,327,941	50,449,487	31,562,910
Amount due to related parties	12	-	5,889,400	4,717,127
Finance lease liabilities	15	14,091,417	7,170,247	6,141,925
Bank borrowings	16	69,392,897	39,143,572	17,414,987
Bank overdraft	18	4,002,686	1,999,867	7,047,521
Current tax liabilities		547,681	-	-
		<u>180,073,889</u>	<u>149,839,951</u>	<u>107,481,748</u>
TOTAL LIABILITIES		<u>265,173,467</u>	<u>213,590,948</u>	<u>162,838,281</u>
TOTAL EQUITY AND LIABILITIES		<u>379,755,298</u>	<u>311,221,100</u>	<u>247,300,210</u>

The accompanying notes form an integral part of these financial statements

APPENDIX IV – ACCOUNTANTS’ REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT’D)

PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022, 2021 and 2020

	Notes	2022 RM	2021 RM	2020 RM
Revenue	19	156,063,537	127,369,977	93,380,004
Cost of sales		<u>(123,440,807)</u>	<u>(106,400,692)</u>	<u>(84,375,238)</u>
Gross profit		32,622,730	20,969,285	9,004,766
Other operating income	20	10,797,465	14,718,092	31,832,131
Selling and distribution expenses		(527,242)	(490,216)	(931,134)
Other operating expenses		(706,809)	(18,200)	(421,630)
Staff costs		(8,770,703)	(9,943,394)	(10,290,382)
General and administration expenses		<u>(12,507,792)</u>	<u>(10,216,753)</u>	<u>(6,495,408)</u>
Profit from operations		20,907,649	15,018,814	22,698,343
Finance costs	21	<u>(2,459,364)</u>	<u>(1,872,345)</u>	<u>(2,103,183)</u>
Profit before tax	22	18,448,285	13,146,469	20,595,160
Tax expense	23	<u>(1,496,606)</u>	<u>21,754</u>	<u>(20,944)</u>
Net profit for the financial year representing total comprehensive profit for the financial year		<u>16,951,679</u>	<u>13,168,223</u>	<u>20,574,216</u>

The accompanying notes form an integral part of these financial statements

APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022, 2021 and 2020

	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total RM
Audited				
At 1 January 2020	25,000,000	722,400	38,165,313	63,887,713
Total comprehensive income for the financial year	-	-	20,574,216	20,574,216
At 31 December 2020	25,000,000	722,400	58,739,529	84,461,929
At 1 January 2021	25,000,000	722,400	58,739,529	84,461,929
Total comprehensive income for the financial year	-	-	13,168,223	13,168,223
At 31 December 2021	25,000,000	722,400	71,907,752	97,630,152
At 1 January 2022	25,000,000	722,400	71,907,752	97,630,152
Total comprehensive income for the financial year	-	-	16,951,679	16,951,679
At 31 December 2022	25,000,000	722,400	88,859,431	114,581,831

The accompanying notes form an integral part of these financial statements

APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022, 2021 and 2020

	2022	2021	2020
	RM	RM	RM
Cash flows from operating activities			
Profit before tax	18,448,285	13,146,469	20,595,160
Adjustments for:			
Bad debts written off	-	-	500
Depreciation of property, plant and equipment	9,046,918	7,672,190	7,582,837
Fair value gain on property	-	(6,000,000)	(25,000,000)
Loss on disposal of property, plant and equipment	-	43,542	561,136
Loss on disposal of subsidiary	-	1,500,000	-
Gain on disposal of property, plant and equipment	(6,625,832)	(3,833,300)	(415,062)
Interest expense	2,459,364	1,872,345	2,103,183
Interest income	(254,359)	(372,013)	(426,592)
Property, plant and equipment	880	-	-
Operating profit before working capital changes	23,075,256	14,029,233	5,001,162
Changes in:			
Trade receivables	(9,622,909)	(3,393,893)	20,774,885
Other receivables	(4,518,441)	10,359,429	(2,483,775)
Contract assets	(24,745,921)	(55,333,577)	416,431
Trade payables	8,523,889	4,590,100	(2,714,418)
Other payables	(12,121,546)	18,886,577	1,238,520
Cash (used in)/generated from operations	(19,409,672)	(10,862,131)	22,232,805
Interest received	254,359	372,013	426,592
Tax paid	(461,773)	(332,742)	(3,230,618)
Net cash (used in)/from operating activities	(19,617,086)	(10,822,860)	19,428,779
Cash flows from investing activities			
Purchase of property, plant and equipment	(45,759,828)	(26,172,317)	(34,012,153)
Disposal of subsidiary	-	500,000	-
Proceeds from disposal of property, plant and equipment	7,835,000	8,245,336	13,240,948
Net cash used in investing activities	(37,924,828)	(17,426,981)	(20,771,205)
Cash flows from financing activities			
Term loan and bank overdraft interest	(841,959)	(974,109)	(1,235,703)
Finance lease interest	(1,617,405)	(898,236)	(867,480)
Drawdown from finance lease payables	46,119,300	15,705,290	4,095,254
Repayment of finance lease payables	(9,190,728)	(7,811,975)	(11,561,945)
Drawdown from bank borrowings	113,954,578	70,009,856	54,097,237
Repayment of bank borrowings	(90,638,403)	(50,817,241)	(62,839,774)
Advance from/(to) directors	(9,988,678)	4,065,441	8,158,223
Advance from subsidiaries	-	15,620	4,822,002
Advance from related parties	2,027,933	641,315	14,310,549
Net cash from financing activities	49,824,638	29,935,961	8,978,363

The accompanying notes form an integral part of these financial statements

APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022, 2021 and 2020

	2022	2021	2020
	RM	RM	RM
Net (decrease)/increase in cash and cash equivalents	(7,717,276)	1,686,120	7,635,937
Cash and cash equivalents at beginning of financial year	<u>20,633,086</u>	<u>18,946,966</u>	<u>11,311,029</u>
Cash and cash equivalents at end of financial year			
(Note 13)	<u>12,915,810</u>	<u>20,633,086</u>	<u>18,946,966</u>

The accompanying notes form an integral part of these financial statements

PEMBINAAN TETAP TEGUH SDN. BHD.

[Registration No.: 200001018496 (521103-D)]

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022, 31 December 2021 and 31 December 2020

1. CORPORATE INFORMATION

The Company is a private limited company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at No. 18-2, Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200 Kuala Lumpur.

The principal place of business of the Company is located at B1-1-1, Bangunan PTT, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jeluntong, Seksyen U8, 40150 Shah Alam, Selangor.

The principal activities of the Company are principally engaged as construction contractors and properties investment. There have been no significant changes in nature of these activities during the financial year.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1990 in Malaysia.

The financial statements, which are expressed in Ringgit Malaysia ("RM") which is the Company's functional currency.

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ. The area involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1 Adoption of new and amended standards

During the financial year, the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

- Amendments to MFRS 3 – *Reference to conceptual framework*
- Amendments to MFRS 116 – Property, Plant and Equipment – *Proceed before intended use*
- Amendments to MFRS 137 – Onerous Contracts – *Costs of fulfilling a contract*
- *Annual Improvements to MFRSs 2018-2020*

Amendments to references to the conceptual framework in MFRSs

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For the financial year ended 31 December 2022, 31 December 2021 and 31 December 2020

2. BASIS OF PREPARATION (CONT'D)

2.2 Standards issued but not yet effective

The Company has not adopted the following Standards, Amendments and Annual Improvement that have been issued as of the reporting date but are not yet effective:

Effective for financial periods beginning on or after 1 January 2023

- MFRS 17 – Insurance Contracts
- Amendments to MFRS 17 – Insurance Contracts
- Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101 - Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 - Disclosure of Accounting Policies
- Amendments to MFRS 108 - Definition of Accounting Estimates
- Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date to be announced

- Amendments to MFRS 10 and MFRS 128 – Sale or contribution of assets between an investor and its associate or joint venture

The initial application of the abovementioned new and amendments to published standards and IC interpretation, where applicable, are not expected to have any material financial impact to the combined financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification.

An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022, 31 December 2021 and 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment

Property, plant and equipment are measured at cost/valuation less accumulated depreciation and accumulated impairment losses.

(a) *Recognition and measurement*

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

The Company revalues its properties comprising lands and buildings every 6 years and at a shorter interval whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surplus arising from valuation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(b) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(c) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022, 31 December 2021 and 31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment (cont'd)

(d) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Plant and machinery	8 years
Motor vehicles	5 years
Office equipment, computer and furniture and fittings	5 years
Renovation and temporary buildings	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3.3 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at its cost. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

The investment properties are derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the items in derecognised.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

3.4 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset’s recoverable amount.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase to its recoverable amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.5 Financial instruments

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Company has elected not to restate the comparatives.

(a) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(b) *Financial instrument categories and subsequent measurement*

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change of the business model.

For purposes of subsequent measurement financial assets are classified in four categories:

- Amortised cost
- Fair value through other comprehensive income – debt investments
- Fair value through other comprehensive income – equity investments
- Fair value through profit or loss

The Company does not have any financial assets classified other than amortised cost.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

- Fair value through profit or loss
- Amortised cost

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

3.5 Financial instruments (cont’d)

(b) *Financial instrument categories and subsequent measurement (cont’d)*

The Company does not have any financial liabilities classified other than amortised cost.

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method (EIR).

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gain or losses on derecognition are also recognised in the profit or loss.

(c) *Regular way purchase or sale of financial asset*

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current financial year.

Trade date accounting refer to:

- (i) the derecognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refer to:

- (i) the recognition on an asset on the day it is received the Company; and
- (ii) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Company.

Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(d) *Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

3.5 Financial instruments (cont’d)

(d) Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis, or to realise the asset and liability simultaneously

3.6 Leases

As a lessee

The Company recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are presented within property, plant and equipment and lease liabilities are presented as a separate line in the statements of financial position.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Company applies MFRS 136 to determine whether right-of-use assets are impaired and accounts for any identified impairment loss as described in Note 3.7.

The lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the Company’s incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Company is reasonably certain to exercise.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

3.6 Leases (cont’d)

As a lessee (cont’d)

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not then it is an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of “other income”.

3.7 Impairment of financial assets

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Company elected not to restate the comparatives.

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for cash and bank balance. Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information, where available.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

3.7 Impairment of financial assets (cont’d)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12 months expected losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experiences.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generated sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery amounts due.

3.8 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank and fixed deposit with licensed bank. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

3.10 Revenue and other income

(i) Revenue from construction contracts

Revenue from construction contracts is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The performance obligation in the construction contracts is based on the stand-alone selling price that estimated based on expected cost plus margin.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, amount due from contract customers is recognised. If the payments exceed the construction services rendered, amount due to contract customers is recognised.

(ii) Rental income from investment properties and others

Rental income from investment properties and others are recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(iii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

(iv) Others

Other revenue comprises of management fees, earth supply and maintenance fees. Revenue is recognised when services are rendered or upon delivery of products and customer acceptance.

3.11 Employee benefits

(a) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(b) Post-employment benefits

The Company pay monthly contributions to the Employees Provident Fund (“EPF”) which is a defined contribution plan.

The legal or constructive obligation of the Company is limited to the amount that they required to contribute to the EPF. The contributions to EPF are charged to profit or loss in the period to which they relate.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

3.11 Employee benefits (cont’d)

(c) Termination benefits

The Company recognises termination benefits payable as a liability and an expense when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal.

3.12 Borrowing cost

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.13 Income tax

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- (i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Income tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except: (cont'd)

- (ii) In respect of taxable temporary differences associated with investment in a subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- (i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) In respect of deductible temporary differences associated with investment in a subsidiary, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales and services tax

Revenues, expenses and assets are recognised net of the amount of sales and services tax except:

- (i) Where the sales and services tax incurred on a purchase of assets or services is exempted by taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables that are stated with the amount of sales and services tax included.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability; or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-accessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by directors for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The directors decide, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

3.15 Related parties

A related party is defined as follows:

(a) *A person or a close member of that person’s family is related to a reporting entity if that person:*

- (i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (ii) has control or joint control over the reporting entity; or
- (iii) has significant influence over the reporting entity.

(b) *An entity is related to a reporting entity if any of the following conditions applies:*

- (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the entity is a member).
- (iii) both entities are joint ventures of the same third entity.
- (iv) one entity is a joint ventures of a third party and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) the entity, or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.
- (viii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of the financial statements requires directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Accounting judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT’D)

4.1 Judgements made in applying accounting policies

The directors are of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognised in the financial statements.

(a) Determination of functional currency

In determining the functional currency of the Company judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sale prices of its goods and services. The functional currency of the Company is determined based on management’s assessment of the economic environment in which the entity operates and the entity’s process of determining sales prices.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed as below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. The directors estimate the useful lives of these property, plant and equipment to be within 5 to 8 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 5.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges may be revised.

(b) Measurement of expected credit loss (“ECL”)

Significant judgement is required in determining ECL. Directors need to identified and categorised financial assets into relevant segment by similar characteristic and credit risk. The directors need to apply suitable measurement method to measure ECL on the relevant segments.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

4.3 Key sources of estimation uncertainty (cont'd)

(c) *Measurement of income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective countries in which the Company domiciles.

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5. PROPERTY, PLANT AND EQUIPMENT

	Computer, Furniture and fittings and office equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation and temporary building RM	Shoplot / factory lot RM	Freehold land RM	Total RM
Cost/Valuation							
At 1 January 2020	1,307,335	9,789,899	56,403,329	928,278	53,381,408	3,000,000	124,810,249
Transfer to investment properties	-	-	-	-	(48,502,000)	(3,000,000)	(51,502,000)
Additions	39,135	798,100	-	5,500	-	-	842,735
Disposals	-	(964,841)	(7,813,150)	-	-	-	(8,777,991)
At 31 December 2020 and 1 January 2021	1,346,470	9,623,158	48,590,179	933,778	4,879,408	-	65,372,993
Additions	119,322	578,287	14,058,000	560,000	-	-	15,315,609
Disposals	-	(775,819)	(14,333,100)	-	-	-	(15,108,919)
At 31 December 2021	1,465,792	9,425,626	48,315,079	1,493,778	4,879,408	-	65,579,683
Additions	192,414	1,223,946	43,962,200	37,800	-	-	45,416,360
Disposals	-	-	(14,676,691)	-	-	-	(14,676,691)
Written off	-	(1,195,758)	-	-	-	-	(1,195,758)
At 31 December 2022	1,658,206	9,453,814	77,600,588	1,531,578	4,879,408	-	95,123,594
Accumulated depreciation							
At 1 January 2020	814,288	7,164,164	27,916,075	745,525	631,408	-	37,271,460
Charge for the financial year	176,112	1,318,718	6,022,107	65,900	-	-	7,582,837
Disposals	-	(916,803)	(4,474,166)	-	-	-	(5,390,969)
Transfer to investment properties	-	-	-	-	(502,000)	-	(502,000)
At 31 December 2020 and 1 January 2021	990,400	7,566,079	29,464,016	811,425	129,408	-	38,961,328
Charge for the financial year	186,695	1,230,998	6,169,823	84,674	-	-	7,672,190
Disposals	-	(766,250)	(9,887,091)	-	-	-	(10,653,341)
At 31 December 2021 and 1 January 2022	1,177,095	8,030,827	25,746,748	896,099	129,408	-	35,980,177
Charge for the financial year	182,518	788,424	7,909,819	166,157	-	-	9,046,918
Disposals	-	-	(13,467,523)	-	-	-	(13,467,523)
Written off	-	(1,194,878)	-	-	-	-	(1,194,878)
At 31 December 2022	1,359,613	7,624,373	20,189,044	1,062,256	129,408	-	30,364,694

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5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer, Furniture and fittings and office equipment RM	Motor vehicles RM	Plant and machinery RM	Renovation and temporary building RM	Shoplot / factory lot RM	Freehold land RM	Total RM
Net carrying amount At 31 December 2020	356,070	2,057,079	19,126,163	122,353	4,750,000	-	26,411,665
At 31 December 2021	288,697	1,394,799	22,568,331	597,679	4,750,000	-	29,599,506
At 31 December 2022	298,593	1,829,441	57,411,544	469,322	4,750,000	-	64,758,900

(a) Assets pledged as security

The net carrying amount of properties of the Company pledged to financial institution as securities for loans and borrowings are disclosed in Note 15 granted to the Company as of reporting date is as follows:

	2022 RM	2021 RM	2020 RM
Shoplots	4,750,000	4,750,000	4,750,000
Motor vehicles	1,789,014	1,356,915	2,007,352
Machinery and equipment	56,811,143	20,411,085	14,719,919
	<u>63,350,157</u>	<u>26,518,000</u>	<u>21,477,271</u>

APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

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For the financial year ended 31 December 2022, 31 December 2021 and 31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Assets classified as right-of-use assets recognised by the Company are as follows:

	2022	2021	2020
	RM	RM	RM
Shoplots	2,750,000	4,750,000	4,750,000
Motor vehicles	1,789,014	1,356,915	2,007,352
Machinery and equipment	56,811,143	20,411,085	14,719,919
	<u>61,350,157</u>	<u>26,518,000</u>	<u>21,477,271</u>

(c) The expenses charged to profit or loss during the financial year are as follows:

	2022	2021	2020
	RM	RM	RM
Depreciation of right-of-use assets	7,172,990	4,924,600	5,317,620
Interest expenses of lease liabilities	1,617,405	898,236	867,480
	<u>8,790,395</u>	<u>5,822,836</u>	<u>6,185,100</u>

6. INVESTMENT PROPERTIES

	Shop/ Factory lots RM	Freehold land RM	Total RM
At cost/valuation			
At 1 January 2020	-	-	-
Transfer from property, plant and equipment	48,502,000	3,000,000	51,502,000
Revaluation	25,000,000	-	25,000,000
Additions	33,169,418	-	33,169,418
Disposals	(10,000,000)	-	(10,000,000)
At 31 December 2020 and 1 January 2021	96,671,418	3,000,000	99,671,418
Revaluation	6,000,000	-	6,000,000
Additions	10,856,708	-	10,856,708
At 31 December 2021 and 1 January 2022	113,528,126	3,000,000	116,528,126
Additions	343,468	-	343,468
At 31 December 2022	<u>113,871,594</u>	<u>3,000,000</u>	<u>116,871,594</u>

APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

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NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENT PROPERTIES (CONT'D)

	Shop/ Factory lots RM	Freehold land RM	Total RM
Accumulated depreciation			
At 1 January 2020	-	-	-
Charge for the financial year	502,000	-	502,000
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	502,000	-	502,000
Net carrying amount			
At 31 December 2020	96,169,418	3,000,000	99,169,418
At 31 December 2021	113,026,126	3,000,000	116,026,126
At 31 December 2022	113,369,594	3,000,000	116,369,594

Investment properties of Company at net carrying amount of RM56,030,404 (2021: RM55,686,936, 2020: RM38,830,228) and RM57,824,900 (2021: RM57,824,900, 2020: RM38,830,228) are pledged to financial institution as securities for Company and related party borrowings respectively.

The Company borrowings are disclosed in Note 16.

7. INVESTMENT IN SUBSIDIARIES

	2022 RM	2021 RM	2020 RM
Unquoted shares, at cost			
At beginning and end of financial year	-	-	2,000,000

8. OTHER INVESTMENTS

	2022 RM	2021 RM	2020 RM
Unquoted shares, at cost			
At beginning and end of financial year	23,193	23,193	23,193

9. TRADE RECEIVABLES

Included in trade receivables of the Company is an amount of RM Nil (2021: RM8,953,313 and 2020: RM7,228,273) owing from subsidiary and a company in which certain directors of the Company have interests. The outstanding amount is an unsecured, interest-free and recoverable on demand.

APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

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10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 RM	2021 RM	2020 RM
Other receivables	4,005,271	1,950,856	12,932,345
Deposits	2,571,670	1,286,122	943,042
Prepayments	2,126,519	948,041	669,061
	<u>8,703,460</u>	<u>4,185,019</u>	<u>14,544,448</u>

11. AMOUNT DUE FROM CONTRACT CUSTOMERS

	2022 RM	2021 RM	2020 RM
Construction contract costs incurred to date	422,825,493	478,144,887	406,321,854
Attributable profits	91,190,972	101,685,317	91,823,251
	<u>514,016,465</u>	<u>579,830,204</u>	<u>498,145,105</u>
Less: Progress billings	(381,874,410)	(472,434,070)	(446,082,548)
	<u>132,142,055</u>	<u>107,396,134</u>	<u>52,062,557</u>
Due from customers on contract	<u>132,142,055</u>	<u>107,396,134</u>	<u>52,062,557</u>

12. AMOUNT DUE FROM/TO RELATED PARTIES/DIRECTORS

Non-current liabilities

This amount is non-trade in nature, unsecured, interest free and repayable after 12 months.

Current assets/(liabilities)

These amounts are non-trade in nature, unsecured, interest free and recoverable/repayable on demand.

13. CASH AND CASH EQUIVALENTS

	2022 RM	2021 RM	2020 RM
Cash in hand	31,448	28,572	20,550
Cash at bank	1,762,402	9,647,909	5,041,715
	<u>1,793,850</u>	<u>9,676,481</u>	<u>5,062,265</u>
Fixed deposits with a licensed bank	15,124,646	12,956,472	20,932,222
	<u>16,918,496</u>	<u>22,632,953</u>	<u>25,994,487</u>
Less: Bank overdraft (Note 18)	(4,002,686)	(1,999,867)	(7,047,521)
	<u>12,915,810</u>	<u>20,633,086</u>	<u>18,946,966</u>

APPENDIX IV – ACCOUNTANTS' REPORT ON PTTSB FOR THE FYES 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT'D)

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14. SHARE CAPITAL

	2022	2021	2020
Number of ordinary shares:			
At beginning and end of the financial year	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
	2022	2021	2020
	RM	RM	RM
Issued and fully paid:			
At beginning and end of the financial year	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restriction.

15. FINANCE LEASE LIABILITIES

	2022	2021	2020
	RM	RM	RM
<i>Minimum lease payment</i>			
Not later than 1 year	16,310,839	7,989,477	6,723,075
Later than 1 year and not later than 5 years	<u>48,186,887</u>	<u>16,885,026</u>	<u>9,502,827</u>
	64,497,726	24,874,503	16,225,902
Less: future finance charges	<u>(4,877,717)</u>	<u>(2,183,066)</u>	<u>(1,427,780)</u>
	<u>59,620,009</u>	<u>22,691,437</u>	<u>14,798,122</u>
<i>Present value of liabilities</i>			
Not later than 1 year	14,091,417	7,170,247	6,141,925
Later than 1 years and not later than 5 years	<u>45,528,592</u>	<u>15,521,190</u>	<u>8,656,197</u>
	<u>59,620,009</u>	<u>22,691,437</u>	<u>14,798,122</u>

At the end of the reporting date, the finance lease liabilities of the Company bear effective interest rate range from 2.26% to 3.68% (2021: 2.32% to 3.68% and 2020: 2.32% to 3.70%) per annum.

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16. BANK BORROWINGS

	2022 RM	2021 RM	2020 RM
Current liabilities			
Term loans	<u>69,392,897</u>	<u>39,143,572</u>	<u>17,414,987</u>
Non-current liabilities			
Term loans			
Later than 1 year but not later than 5 years	<u>27,879,336</u>	<u>34,812,486</u>	<u>37,348,456</u>
	<u>97,272,233</u>	<u>73,956,058</u>	<u>54,763,443</u>

Term loan facilities up to RM46,422,000 (2021: RM53,202,200 and 2020: RM43,202,000) extended to the Company:

(a) Term loan facility up to RM800,000

- Interest is charged at 0.50%p.a. below BLR
- Charged over the property, B2-25-2, located at Space U8, Mukim Damansara, Daerah Petaling, Selangor and joint and several guarantee by the Directors.
- Repayable by 120 months from the first day of the following month from the date of the first drawdown.

(b) Term loan facility up to RM1,280,000

- Interest is charged at 0.50%p.a. below BLR
- Charged over the property, B1-1-1, located at Space U8, Mukim Damansara, Daerah Petaling, Selangor and joint and several guarantee by the Directors.
- Repayable by 84 months from the first day of the following month from the date of full drawdown.
- The above facility was fully settled in June 2022

(c) Term loan facility up to RM15,280,000

- To part finance acquisition of 2 units of 3-storey Detached Factory
- Interest is charged at 1.5%p.a. below BLR
- Charged over the property, Lot 08 & Lot 09 of the 3-storey detached factory located at Sime Darby Business Park Serenia City, Sepang and joint and several guarantee by the Directors.
- Repayable by 180 equal monthly instalments and interests from the day of the following month from the date of full drawdown.

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16. BANK BORROWINGS (CONT'D)

(d) Islamic financing facilities of RM25,280,000

- To part finance acquisition of 2 units of 3-storey Detached Factory for SCF-i 1 & SCF-i 2
- Interest is charged at Bank's COF + 1.5%p.a. for SCF-i 1 & SCF-i 2
- Interest is charged at ECOF + 2% (for SCFi-5) and ECOF + 2.5% (for SCFi-6)
- Maximum tenor is up to 150 days and is revolving for SCF-i 5 & SCF-i 6
- Charged over the property, Lot 06, Lot 07 the 3-storey detached factory located at Sime Darby Business Park Serenia City, Sepang.
- Charged over 3 pieces of lands held under GM70 Lot 848, GM71 Lot 849 & GM72 Lot 851 in the Mukim Hulu Berang, Daerah Hulu Terengganu, Negeri Terengganu.
- Joint and several guarantee by Directors and corporate guarantee by Mainstay Holdings Sdn Bhd.
- The principal portion shall be repaid by 180 months instalment upon each drawdown, the repayment shall commence one month from the date of the respective drawdown amount for SCF-i 1 & SCF-i 2

(e) Term loan facility up to RM1,062,000

- To part finance acquisition of 2 units shop office, B1-2-1 and B1-3-1
- Interest is charged at 2%p.a. below BLR
- Charged over the property, B1-2-1 and B1-3-1 located at SpaceU8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam
- Joint and several guarantee by the Directors and corporate guarantee by Mainstay Holdings Sdn Bhd
- Repayable over 240 equal monthly installment of RM3,190.30 per unit upon full drawdown

(f) Term loan facility up to RM6,500,000

- Interest is charged at 5.75% p.a, Maybank's Base Rate, subject to a minimum rate of 9% p.a.
- Third part legal charge over freehold development land owned by Horizon KLPO Sdn Bhd located at Mukim Dengkil, Daerah Sepang, Negeri Selangor and joint and several guarantee by Directors.
- Repayable by 84 months immediately following the month on which full drawdown is made.
 - For the first 24 months , monthly repayment of RM 65,928 per month.
 - Subsequent years (25th to 83th month), monthly repayment of RM82,938 per month
 - A full repayment of RM3,299,992 on 84th month.
- The above facility was fully settled in March 2022.

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16. BANK BORROWINGS (CONT'D)

(g) Term loan facility up to RM3,000,000

- Interest is charged at BLR+1.5% p.a
- Charge over the property, Lot 08 and Lot 09 of 3 storey detached factory located at Sime Darby Business Park Serenia City, Mukim Dengkil, Daerah Sepang, Negeri Selangor.
- Charge over the properties, B2-25-2 and B1-1-1, located at Space U8, No.6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor.
- Joint and several guarantee by the Directors.
- Repayable by 60 months from the 4th month from the date of full drawdown.

(h) Term loan facility up to RM1,000,000

- Interest is charged at BLR-1% p.a
- Joint and several guarantee by the Directors.
- Repayable over 60 equal monthly installment of RM18,735 commence from the date of first drawdown.

Other credit facilities

(a) Bank guarantee facility up to a combined limit of RM49.6 million extended to the Company.

(b) Contract financing facilities up to a limit of RM117 million extended to the Company.

17. TRADE PAYABLES

Included in trade payables of the Company is an amount of RM9,646,767 (2021: Nil and 2020: RM Nil) owing to a company in which certain directors of the Company have interests. The outstanding amount is an unsecured, interest-free and recoverable on demand.

18. BANK OVERDRAFT

	2022 RM	2021 RM	2020 RM
At end of financial year	4,002,686	1,999,867	7,047,521

Bank overdraft:

Bank overdraft (OD) facility up to a limit of RM5,500,000 (2021: RM3,500,000 and 2020: RM7,500,000) extended to Company.

Details of security and rates of interest:

- (a) Joint and several guaranteed by four directors of the Company.
- (b) Corporate guaranteed by Mainstay Holdings Sdn. Bhd.

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19. REVENUE

	2022	2021	2020
	RM	RM	RM
Construction contracts	152,039,312	123,954,168	91,440,214
Rental income - investment properties	4,024,225	3,415,809	1,857,470
Rental income - batching plant land	-	-	82,320
	<u>156,063,537</u>	<u>127,369,977</u>	<u>93,380,004</u>
<i>Timing of revenue recognition:</i>			
At point in time	4,024,225	3,415,809	1,939,790
Overtime	152,039,312	123,954,168	91,440,214
	<u>156,063,537</u>	<u>127,369,977</u>	<u>93,380,004</u>

20. OTHER OPERATING INCOME

	2022	2021	2020
	RM	RM	RM
Earth supply	-	-	3,342,703
Fair value gain on property	-	6,000,000	25,000,000
Forfeited deposit received	-	1,000,000	-
Gain on disposal of property, plant and equipment	6,645,047	3,833,300	415,062
Insurance claim	468,540	300	721,297
Interest income	254,359	372,013	426,592
Management fee received	-	596,000	903,000
Other income	160,519	504,086	697,821
Rental of machinery	3,269,000	2,127,993	(53,544)
Subsidy from Socso	-	284,400	379,200
	<u>10,797,465</u>	<u>14,718,092</u>	<u>31,832,131</u>

21. FINANCE COSTS

	2022	2021	2020
	RM	RM	RM
Bank overdraft interest	498,783	229,530	594,663
Finance lease interest	1,617,405	898,236	867,480
Term loan interest	343,176	744,579	641,040
	<u>2,459,364</u>	<u>1,872,345</u>	<u>2,103,183</u>

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22. PROFIT BEFORE TAX

	2022	2021	2020
	RM	RM	RM
<i>Profit before tax is arrived after charging:</i>			
Auditors' remuneration	38,000	35,000	30,000
Bad debt written off	-	-	500
Depreciation of property, plant and equipment			
- Cost of sales	7,432,760	5,649,206	5,747,246
- General and administrative expenses	1,614,158	2,022,984	1,835,591
EPF, EIS and SOCSO contributions	801,557	894,066	956,625
Loss on disposal of property, plant and equipment	-	43,542	561,136
Loss on disposal of investment in subsidiary	-	1,500,000	-
Management fee	360,000	360,000	360,000
Property, plant and equipment written off	880	-	-
Rental of hostel ¹	21,860	10,400	3,000
Rental of land ¹	-	33,000	27,000
Rental of machinery ¹	816,958	515,022	200
Rental of office ¹	39,900	8,400	6,800
Rental of office equipment ¹	-	-	13,000

¹ The amount represents short-term lease and low value underlying assets under MFRS 16 as disclosed in Note 3.6 to this report.

23. TAX EXPENSE

(a) Major components of tax expense

	2022	2021	2020
	RM	RM	RM
<i>Income tax</i>			
Current	1,168,000	-	-
Under/(over) provision in prior financial year	328,606	75,757	(76,567)
	<u>1,496,606</u>	<u>75,757</u>	<u>(76,567)</u>
 Real property gain tax	 -	 (97,511)	 97,511
	<u>1,496,606</u>	<u>(21,754)</u>	<u>20,944</u>

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23. TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit

The applicable tax rate of the Company is derived from the consolidation of all the companies' applicable tax rates based on their respective domestic tax rates. The applicable tax of the Company is the product of profit before tax multiplied by the domestic tax rate of the Company.

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	2022 RM	2021 RM	2020 RM
Profit before tax	<u>18,448,285</u>	<u>13,146,469</u>	<u>20,595,160</u>
Income tax calculated at			
- Applicable tax rate of 24%	4,427,588	3,155,153	4,942,838
Tax effect of expenses not deductible for tax purposes	2,269,258	425,375	566,255
Income not subject to tax	(1,594,811)	(1,875,247)	(6,000,000)
Deferred tax assets not recognised during the financial year	-	-	490,907
Utilisation of deferred tax assets previously not recognised	(3,934,035)	(1,705,281)	-
Real property gain tax	-	(97,511)	97,511
Under provision of income tax in prior financial year	328,606	75,757	(76,567)
	<u>1,496,606</u>	<u>(21,754)</u>	<u>20,944</u>

24. RELATED PARTY DISCLOSURES

(a) Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel.

	2022 RM	2021 RM	2020 RM
Directors' remunerations			
- defined contributions plan	194,616	189,300	183,734
- salaries and other emoluments	1,950,610	1,936,230	1,740,230
- fees	324,000	303,000	252,000
- EIS and SOCSO	4,999	4,078	379
	<u>2,474,225</u>	<u>2,432,608</u>	<u>2,176,343</u>

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24. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions

	2022 RM	2021 RM	2020 RM
<i>Subsidiaries</i>			
Management fee income	-	-	45,000
<i>Transaction with companies with a common director</i>			
- Purchase	4,402,899	8,266,147	11,325,601
- Management and maintenance fee expense	360,000	360,000	360,000
- Management fee income	-	596,000	858,000
- Rental income - batching plant land	-	-	82,320
- Rental income - machineries	3,269,000	-	-
- Rental income - shoptlot	456,000	-	-
- Contract cost	22,399,469	10,971,183	-
- Disposal of machineries	7,090,000	7,040,000	-

The Directors of the Company are of the opinion that the related party transactions have entered into the normal course of business on an arm's length basis and have establish on terms and conditions that are not materially different from those obtainable in transactions with related party.

25. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong capital base and safe guard the Company's ability to continue as a going concern, so as to maintain shareholder, stakeholder and market confidence and to sustain future development of the business.

The Company manages and determines the capital structure and policies in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies and processes during the financial year.

The Company monitors capital using net debt-to-equity ratio which is net debt divided by total equity. Net debt includes borrowings and lease liabilities, less cash and cash equivalents whilst total equity is equity attributable to owners of the Company.

The net debt-to-equity ratio as at the end of the reporting period was as follows:

	2022 RM	2021 RM	2020 RM
Finance lease liabilities	59,620,009	22,691,437	14,798,122
Bank borrowings	97,272,233	73,956,058	54,763,443
	156,892,242	96,647,495	69,561,565
Less: Cash and cash equivalents (Note 13)	(12,915,810)	(20,633,086)	(18,946,966)
Net debt	143,976,432	76,014,409	50,614,599
Total equity	114,581,831	97,630,152	84,461,929
Debt-to-equity-ratio	1.26	0.78	0.60

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26. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (a) Financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL")
- (b) Financial assets and financial liabilities measured at amortised cost ("AC"); and
- (c) Financial assets that are equity instruments measured at cost less impairment ("CLP").

	2022	2021	2020
	RM	RM	RM
Financial assets			
At cost less impairment:			
Investment in unquoted shares	23,193	23,193	23,193
At amortised cost:			
Trade receivables	38,904,580	29,281,671	25,887,778
Other receivables	6,576,941	3,236,978	13,875,387
Amount due from contract customers	132,142,055	107,396,134	52,062,557
Amount due from related parties	1,935,020	1,589,346	1,058,388
Amount due from subsidiaries	-	-	15,620
Fixed deposits with licensed bank	15,124,646	12,956,472	20,932,222
Cash and cash equivalents	1,793,850	9,676,481	5,062,265
	<u>196,477,092</u>	<u>164,137,082</u>	<u>118,894,217</u>
Financial liabilities:			
At amortised cost:			
Trade payables	53,711,267	45,187,378	40,597,278
Other payables and accruals	38,327,941	50,449,487	31,562,910
Amount due to directors	3,428,643	13,471,321	9,351,880
Amount due to related parties	8,263,007	5,889,400	4,717,127
Finance lease liabilities	59,620,009	22,691,437	14,798,122
Bank borrowings	97,272,233	73,956,058	54,763,443
Bank overdraft	4,002,868	1,999,867	7,047,521
	<u>264,625,968</u>	<u>213,644,948</u>	<u>162,838,281</u>

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27. FINANCIAL RISK MANAGEMENT

The Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

(a) Credit risk

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or director of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amount in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Company. The Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Concentration of credit risk

The Company has no significant concentration of credit risk that may arise from exposures to a single receivable or to a group of receivables.

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27. FINANCIAL RISK MANAGEMENT (CONT’D)

(a) Credit risk (Cont’d)

Receivables (Cont’d)

Recognition and measurement of impairment losses

Generally, the Company consider loans and advances to inter-companies/related companies have low credit risk. The Company assume that there is a significant increase in credit risk when a related company’s financial position deteriorates significantly. As the Company are able to determine the timing of payments of the related companies’ loans and advances when they are payable, the Company consider the loans and advances to be in default when the related companies are not able to pay when demanded. The Company consider a subsidiary’s loan or advance to be credit impaired when:

- The related company is unlikely to repay its loan or advance to the Company in full;
- The related company is continuously loss making and is having a deficit shareholders’ fund.

The Company determine the probability of default for these loans and advances individually using internal information available.

The significant increase in net measurement of loss allowance is primarily due to a related company which it has been ceased operations and unable to repay its debts.

As at the end of reporting period, the Company did not recognised any allowance for impairment losses.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risk. Consequently, the Company are of the view that the loss allowance is not material and hence, it is not provided for.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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27. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis

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

	Carrying amount RM	On demand or within 1 year RM	1 - 5 years RM
2022			
Financial liabilities			
Trade and other payables	92,039,208	92,039,208	-
Amount due to related party	8,263,007	-	8,263,007
Amount due to directors	3,428,643	-	3,428,643
Bank borrowings	97,272,233	69,392,897	27,879,336
Bank overdraft	4,002,686	4,002,686	-
Finance lease liabilities	59,620,009	14,091,417	45,528,592
	<u>264,625,786</u>	<u>179,526,208</u>	<u>85,099,578</u>
2021			
Financial liabilities			
Trade and other payables	95,636,865	95,636,865	-
Amount due to related parties	5,889,400	5,889,400	-
Amount due to directors	13,417,321	-	13,417,321
Bank borrowings	73,956,058	39,143,572	34,812,486
Bank overdraft	1,999,867	1,999,867	-
Finance lease liabilities	22,691,437	7,170,247	15,521,190
	<u>213,590,948</u>	<u>149,839,951</u>	<u>63,750,997</u>
2020			
Financial liabilities			
Trade and other payables	72,160,188	72,160,188	-
Amount due to related parties	4,717,127	4,717,127	-
Amount due to directors	9,351,880	-	9,351,880
Bank borrowings	54,763,443	17,414,987	37,348,456
Bank overdraft	7,047,521	7,047,521	-
Finance lease liabilities	14,798,122	6,141,925	8,656,197
	<u>162,838,281</u>	<u>107,481,748</u>	<u>55,356,533</u>

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022, 31 December 2021 and 31 December 2020

27. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Interest rate risk

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

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year were:

	2022 RM	2021 RM	2020 RM
<u>Floating rate instruments</u>			
Financial liabilities	<u>(101,274,919)</u>	<u>(75,955,925)</u>	<u>(61,810,964)</u>

Sensitivity analysis for floating rate instruments

A change of 50 basis point ("bp") in interest rates at the end of the reporting year would have increase or decrease the Company's profit before tax by RM384,844 and RM384,844 (2021: RM284,395 and RM284,395 and 2020: RM234,882 and RM234,882,) respectively. This analysis assumes that all other variables remain unchanged.

	2022 RM	2021 RM	2020 RM
<u>Fixed rate instruments</u>			
Financial assets	<u>15,124,646</u>	<u>12,956,472</u>	<u>20,932,222</u>
Financial liabilities	<u>(59,620,009)</u>	<u>(22,691,437)</u>	<u>(14,798,122)</u>

(d) Fair value of financial instruments

The Company categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant.

Laurel Cap

Trust | Integrity | Expertise

VALUATION CERTIFICATE

Date : 26th June 2023
 Our Ref No. : LC/VAL/23/013667/NG-CV

PRIVATE & CONFIDENTIAL**BOARD OF DIRECTORS**

PTT Synergy Group Berhad
 2A-1-1(B), Bangunan PTT SpaceU8
 No.6, Persiaran Pasak Bumi
 Taman Bukit Jelutong Seksyen U8
 40150 Shah Alam, Selangor

Dear Sirs,

VALUATION CERTIFICATE OF:-

- A) FOUR (4) UNITS OF THREE (3) STOREY DETACHED FACTORIES BEARING POSTAL ADDRESSES NOS. 11, 13, 15 & 17, JALAN CIPTA SERENIA 1, BANDAR SERENIA, 43900 SEPANG, SELANGOR DARUL EHSAN HELD UNDER TITLE NOS. GRN 336653, GRN 336654, GRN 336655 & GRN 336656, LOT NOS. 119358, 119359, 119360 & LOT 119361 RESPECTIVELY, ALL OF WHICH ARE SITUATED WITHIN MUKIM OF DENGKIL, DISTRICT OF SEPANG AND STATE OF SELANGOR DARUL EHSAN ("SERENIA FACTORIES");**
- B) SEVEN (7) STRATIFIED COMMERCIAL PROPERTIES IDENTIFIED AS:-**
- I) CAR PARK, HELD UNDER STRATA TITLE NO. GERAN 204677/M1/B2/1 TOGETHER WITH ACCESSORY PARCEL NOS. A1-A57;**
 - II) BLOCK 1A, HELD UNDER STRATA TITLE NO. GERAN 204677/M1/1/2 TOGETHER WITH ACCESSORY PARCEL NOS. A108-A111 & A115-A134 AND STRATA TITLE NO. GERAN 204677/M1/4/154 TOGETHER WITH ACCESSORY PARCEL NOS. A135-A141 & A143;**
 - III) BLOCK 2A, HELD UNDER STRATA TITLE NO. GERAN 204677/M1/1/28 TOGETHER WITH ACCESSORY PARCEL NOS. A112-A114 & A142;**
 - IV) B1-2-1, HELD UNDER STRATA TITLE NO. GERAN 204677/M1/2/80;**
 - V) B1-3-1, HELD UNDER STRATA TITLE NO. GERAN 204677/M1/2/81;**
 - VI) B1-1-3, HELD UNDER STRATA TITLE NO. GERAN 204677/M1/4/177; AND**
 - VII) B1-2-3, HELD UNDER STRATA TITLE NO. GERAN 204677/M1/4/178,**
- ALL OF WHICH SITUATED ON LOT 78715, MUKIM DAMANSARA, DISTRICT OF PETALING, STATE OF SELANGOR DARUL EHSAN ("SPACE U8 RETAINED PROPERTIES");**
- C) TWO (2) CONTIGUOUS PARCELS OF AGRICULTURAL LAND WITH RESIDENTIAL DEVELOPMENT POTENTIAL IDENTIFIED AS LOT 848 AND LOT 849, JALAN FELDA MENGKAWANG-BUKIT DIMAN, 21800 AJIL, TERENGGANU DARUL IMAN HELD UNDER TITLE NO. GM 70 (LOT NO. 848) AND GM 71 (LOT NO. 849), BOTH IN TEMPAT OF BUKIT PA' RAMAT, MUKIM OF HULU BERANG, DISTRICT OF HULU TERENGGANU, STATE OF TERENGGANU DARUL IMAN ("TERENGGANU LANDS 1"); AND**
- D) A PARCEL OF AGRICULTURAL LAND IDENTIFIED AS LOT 851, OFF JALAN FELDA MENGKAWANG-BUKIT DIMAN, 21800 AJIL, TERENGGANU DARUL IMAN HELD UNDER TITLE NO. GM 72, LOT 851, TEMPAT OF BUKIT PA' RAMAT, MUKIM OF HULU BERANG, DISTRICT OF HULU TERENGGANU, STATE OF TERENGGANU DARUL IMAN (TERENGGANU LANDS 2")**

HEREIN ARE REFERRED TO AS "SUBJECT PROPERTIES"

We refer to the instructions by **PTT Synergy Group Berhad** ("PTT" or the "COMPANY") to provide an opinion on the **Market Value** of the abovementioned properties ("Subject Properties") for the purpose of submission to Bursa Malaysia Securities Berhad ("Bursa Securities") in respect of the Proposed Acquisition by PTT of 25,000,000 ordinary shares in **Pembinaan Tetap Teguh Sdn. Bhd. ("PTTSB")**, representing 100% equity interest in PTTSB.



• Registered Valuers • Property Managers • Estate Agents
 • Development Consultants • Project Managers • Researchers





The Subject Properties were inspected on March 27th, 2023. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. March 27th, 2023.

The Valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards (MVS) issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined by the MVS to be “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.”

The Valuation Certificate should be read in conjunction with the full Report (Ref Nos: LC/VAL/23/013667/NG(A), LC/VAL/23/013667/NG(B) & LC/VAL/23/013667/NG(C)) prepared by Laurelcap Sdn Bhd for submission to Bursa Securities which detailed the basis under which the valuations have been prepared.

IDENTIFICATION OF SERENIA FACTORIES

Serenia Factories						
Addresses:	Nos. 11, 13, 15 & 17, Jalan Cipta Serenia 1, Bandar Serenia, 43900 Sepang, Selangor Darul Ehsan					
Type of Properties:	Four (4) units of three (3) storey detached factories					
Date of Inspection:	March 27 th , 2023					
Date of Valuation:	March 27 th , 2023					
Title Particulars:	Factory No.	No. 11	No. 13	No. 15	No. 17	Total
	Title No.	GRN 336653	GRN 336654	GRN 336655	GRN 336656	
	Lot No.	Lot 119358	Lot 119359	Lot 119360	Lot 119361	
	Titled Land Area	4,051.00 square metres (43,604.96 square feet)	4,051.00 square metres (43,604.96 square feet)	4,051.00 square metres (43,604.96 square feet)	4,050.00 square metres (43,594.20 square feet)	16,203.00 square metres (174,409.09 square feet)
	Quit Rent	RM 1,236.00	RM 1,236.00	RM 1,236.00	RM 1,236.00	RM 4,944.00
	Charges/ Encumbrances	One charged to Al Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 13727/2022 dated February 15 th , 2022.	One charged to Al Rajhi Banking & Investment Corporation (Malaysia) Berhad vide Presentation No. 40011/2022 dated April 18 th , 2022.	Two charges to Ambank (M) Berhad vide Presentation Nos. 618/2021 & 45479/2021 dated January 4 th , 2021 & May 31 st , 2021 respectively.	Nil	
	<u>Common Features For The Factories</u>					
Bandar / Pekan / Mukim: Mukim Dengkil						
District : Sepang						
State : Selangor Darul Ehsan						
Endorsement : Nil						

Serenia Factories																				
Tenure:	Grant in perpetuity																			
Registered Owner:	1) Factories Nos. 11, 13 & 15 - Pembinaan Tetap Teguh Sdn. Bhd. (1/1 share) 2) Factory No. 17 – Sime Darby Ampar Tenang Sdn. Bhd (1/1 share) Note : Pembinaan Tetap Teguh Sdn. Bhd. has not endorsed their beneficial ownerships for the Factory No. 17 (identified as C6-Plot 09). However, the beneficial ownership of Factory No. 17 is conveyed through Sale and Purchase Agreements, Deed of Assignments and Deed of Mutual Covenants (where applicable) pending the endorsement in the individual titles. Factory No. 17 is presently owned by Pembinaan Tetap Teguh Sdn. Bhd. (Purchaser) who bought the factory from Sime Darby Serenia Development Sdn. Bhd. (Vendor) and Sime Darby Ampar Tenang Sdn Bhd (Proprietor).																			
Beneficial Owner:	Pembinaan Tetap Teguh Sdn. Bhd.																			
Category of Land Use:	"Industri"																			
Express Condition:	"Perusahaan ringan"																			
Restriction in Interest:	"Tiada."																			
Land Area:	<table><tr><th>Lot No</th><th>Land Area as Per Title Document</th></tr><tr><td>Lot 119358</td><td>4,051.00 sq.m.</td></tr><tr><td>Lot 119359</td><td>4,051.00 sq.m.</td></tr><tr><td>Lot 119360</td><td>4,051.00 sq.m.</td></tr><tr><td>Lot 119361</td><td>4,050.00 sq.m.</td></tr><tr><td>Total</td><td>16,203.00 sq.m.</td></tr></table>		Lot No	Land Area as Per Title Document	Lot 119358	4,051.00 sq.m.	Lot 119359	4,051.00 sq.m.	Lot 119360	4,051.00 sq.m.	Lot 119361	4,050.00 sq.m.	Total	16,203.00 sq.m.						
Lot No	Land Area as Per Title Document																			
Lot 119358	4,051.00 sq.m.																			
Lot 119359	4,051.00 sq.m.																			
Lot 119360	4,051.00 sq.m.																			
Lot 119361	4,050.00 sq.m.																			
Total	16,203.00 sq.m.																			
Location:	The Serenia Factories are situated along Jalan Cipta Serenia 1 within Serenia City located in Dengkil township. It is facing directly onto North-South Expressway which spans about 800 kilometres stretching from northern peninsular of Bukit Kayu Hitam in Kedah to Johor Bahru on the southern peninsular. It is located approximately 47.00 kilometres south of Kuala Lumpur City Centre and about 12.00 kilometres south of Cyberjaya town respectively. Bandar Serenia is situated in the southern part of Selangor. It is bordered by Putrajaya and Cyberjaya to the north, Sepang to the south and Banting to the west. It has a close proximity to major airports such as Kuala Lumpur International Airport (KLIA) and KLIA 2. It is also sited south of Putrajaya which is home to several government administrative centres.																			
Description of the Properties:	<p>Collectively, the Serenia Factories are rectangular shaped parcel of land encompassing a combined land area of approximately 16,203.00 sq.m. (174,409.09 sq.ft.). The physical terrain of the site is generally flat and levelled with the frontage road of Jalan Cipta Serenia 1. The site boundaries are demarcated by reinforced concrete brick walls topped with metal fencing. All four (4) parcels of land have two (2) ingresses and egresses that is located on the northern portion of the lands. The entrances are secured with a sliding metal gate and a guard house. The Serenia Factories comprise four (4) units of three (3) storey detached factories on four (4) contiguous parcels of industrial land, consisting of the following:-</p> <table><tr><th>Lot No.</th><th>Buildings Erected</th><th>Gross Floor Area</th></tr><tr><td>Lot 119358</td><td>1. Three (3) storey detached factory; 2. One (1) worker's cabin; and 3. One (1) guardhouse;</td><td>20,781.00 sq.ft.</td></tr><tr><td>Lot 119359</td><td>1. Three (3) storey detached factory; 2. One (1) worker's cabin; and 3. One (1) guardhouse;</td><td>20,781.00 sq.ft.</td></tr><tr><td>Lot 119360</td><td>1. Three (3) storey detached factory; and 2. One (1) guardhouse;</td><td>20,781.00 sq.ft.</td></tr><tr><td>Lot 119361</td><td>1. Three (3) storey detached factory; and 2. One (1) guardhouse;</td><td>20,781.00 sq.ft.</td></tr><tr><td colspan="2">Total</td><td>83,124.00 sq.ft.</td></tr></table>		Lot No.	Buildings Erected	Gross Floor Area	Lot 119358	1. Three (3) storey detached factory; 2. One (1) worker's cabin; and 3. One (1) guardhouse;	20,781.00 sq.ft.	Lot 119359	1. Three (3) storey detached factory; 2. One (1) worker's cabin; and 3. One (1) guardhouse;	20,781.00 sq.ft.	Lot 119360	1. Three (3) storey detached factory; and 2. One (1) guardhouse;	20,781.00 sq.ft.	Lot 119361	1. Three (3) storey detached factory; and 2. One (1) guardhouse;	20,781.00 sq.ft.	Total		83,124.00 sq.ft.
Lot No.	Buildings Erected	Gross Floor Area																		
Lot 119358	1. Three (3) storey detached factory; 2. One (1) worker's cabin; and 3. One (1) guardhouse;	20,781.00 sq.ft.																		
Lot 119359	1. Three (3) storey detached factory; 2. One (1) worker's cabin; and 3. One (1) guardhouse;	20,781.00 sq.ft.																		
Lot 119360	1. Three (3) storey detached factory; and 2. One (1) guardhouse;	20,781.00 sq.ft.																		
Lot 119361	1. Three (3) storey detached factory; and 2. One (1) guardhouse;	20,781.00 sq.ft.																		
Total		83,124.00 sq.ft.																		

Serenia Factories				
Outgoings:	Total outgoings inclusive of assessment, quit rent and fire insurance are displayed below:			
	No. 11		No. 13	
	Outgoings		Outgoings	
	Quit Rent	RM 1,236.00	Quit Rent	RM 1,236.00
	Assessment	RM 32,999.40	Assessment	RM 32,999.40
	Fire Insurance	RM 11,314.37	Fire Insurance	RM 12,171.38
	Total Outgoings	RM 45,549.77	Total Outgoings	RM 46,406.78
	No. 15		No. 17	
	Outgoings		Outgoings	
	Quit Rent	RM 1,236.00	Quit Rent	RM 1,236.00
Assessment	RM 32,999.40	Assessment	RM 32,999.40	
Fire Insurance	RM 11,554.23	Fire Insurance	RM 11,554.23	
Total Outgoings	RM 45,789.63	Total Outgoings	RM 45,789.63	
Building Certification:	Constructed on Lot 119358, 119359, 119460 & 119461 are three (3) storey detached factories respectively. The buildings were issued with a Certificate of Completion and Compliance (CCC) vide Reference No. LAM/S/No.27863 dated July 11 th , 2019.			
Age of Building as at Date of Valuation:	The buildings age is approximately four (4) years old as at the material date of valuation.			
Occupancy Status:	At the date of inspection, we noted that the factories are tenanted. Details of the tenancy are displayed as below:			
	Lot No.	Tenants	Rental Rate	Expiry Date
	Lot 119358	Jiwa Panduan Sdn. Bhd.	RM 49,500.00 for the first six (6) months and RM 51,750.00 on the 7 th month till the expiry of the tenancy with an option to renew for an additional one (1) term of three (3) years at the current market rent.	December 19 th , 2025
	Lot 119359	Arissto (Malaysia) Sdn. Bhd.	RM 45,000.00 per month till the expiry of the tenancy with an option to renew for a further	February 28 th , 2024
	Lot 119360	Arissto (Malaysia) Sdn. Bhd.	of two (2) terms of three (3)	
	Lot 119361	Arissto (Malaysia) Sdn. Bhd.	years at a maximum rent passing increase of 10% each term	
Planning Details:	The Serenia Factories are situated within an area designated for industrial use.			

IDENTIFICATION OF SPACE U8 RETAINED PROPERTIES

Space U8 Retained Properties	
Addresses:	Car Park, Block 1A, Block 2A, B1-2-1, B1-3-1, B1-1-3 & B1-2-3, Within Space U8 No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan
Type of Properties:	Car Park and Shop/Retail

APPENDIX V – VALUATION CERTIFICATE BY LAURELCAP (CONT'D)


Space U8 Retained Properties						
Date of Inspection:	March 27 th , 2023					
Date of Valuation:	March 27 th , 2023					
Title Particulars:	Identification	Strata Title No.	Parcel Area (sq.m.)	Parcel Area (sq.ft.)	Accessory Parcel No(s).	Quit Rent
	Car Park	Geran 204677/M1 /B2/1	30,335.00 sq.m.	326,525.94 sq.ft.	A1-A57	RM69,646.00
Block 1A	Geran 204677/M1 /1/2	5,494.00 sq.m.	59,137.42 sq.ft.	A108-A111 & A115-A134	RM14,184.00	
	Geran 204677/M1 /4/154	2,058.00 sq.m.	22,152.31 sq.ft.	A135-A141 & A143	RM5,319.00	
Block 2A	Geran 204677/M1 /1/28	7,983.00 sq.m.	85,929.01 sq.ft.	A112-A114 & A142	RM27,827.00	
B1-1-3	Geran 204677/M1 /4/177	236.00 sq.m.	2,540.30 sq.ft.	Nil	RM503.00	
B1-2-3	Geran 204677/M1 /4/178	206.00 sq.m.	2,217.38 sq.ft.		RM439.00	
B1-2-1	Geran 204677/M1 /2/80	206.00 sq.m.	2,217.38 sq.ft.		RM439.00	
B1-3-1	Geran 204677/M1 /2/81	206.00 sq.m.	2,217.38 sq.ft.		RM439.00	
Total			46,724.00 sq.m.	502,937.12 sq.ft.	RM118,796.00	
	Identification	Share Unit	Registered Owner(s)	Charge/Encumbrances		
	Car Park	18,796/132,158	PTTSB (1/1 share)	One charge to Ambank (M) Berhad vide Presentation No. 6436/2021(GD) dated on February 9 th , 2021		
	Block 1A	9,924/132,158		One charge to Ambank (M) Berhad vide Presentation No. 71341/2020(GD) dated on December 9 th , 2020		
	Block 2A	15,316/132,158		One charge to Ambank (M) Berhad vide Presentation No. 6406/2021(GD) dated on February 9 th , 2021		
	B1-1-3	472/132,158				
	B1-2-3	412/132,158	Mainstay Properties Sdn Bhd (1/1 share)*			
	B1-2-1	412/132,158		Nil		
	B1-3-1	412/132,158				
<u>Common features for all units</u>						
	Lot No.	:	Lot 78715			
	Bandar/Pekan/Mukim	:	Mukim Damansara			
	District	:	Petaling			
	State	:	Selangor Darul Ehsan			

Space U8 Retained Properties								
Title Particulars: (cont'd)	Tenure		Grant in perpetuity					
	Category of Land Use		"Bangunan"					
	Type of Usage		"Perniagaan"					
	Express Conditions		"Bangunan Perniagaan"					
	Restriction In Interests		"Tiada"					
Note : We have noted that PTTSB is the beneficial owner of the units via two (2) Sale and Purchase Agreements ("SPA") both dated on March 31 st , 2017.								
Parcel Area:	Identification	Unit No. (Level)	Main Parcel Area	Accessory Parcel Area	Subtotal Per Floor		Total Inclusive Accessory Parcel	
	Car Park (1,264 bays)	Basement 2 (244 bays)	7,152.00 sq.m.	-	7,152.00 sq.m.	76,984.13 sq.ft.	32,713.00 sq.m.	352,122.74 sq.ft.
		Basement 1 (810 bays)	22,929.00 sq.m.	-	22,929.00 sq.m.	246,807.76 sq.ft.		
		Ground Floor (210 bays)	254.00 sq.m.	2,378.00 sq.m.	2,632.00 sq.m.	28,330.85 sq.ft.		
	Block 1A	1A-1-G (Ground)	1,691.00 sq.m.	240.00 sq.m.	1,931.00 sq.m.	20,785.28 sq.ft.	9,160.00 sq.m.	98,598.23 sq.ft.
		1A-1-1 (Level 2)	1,898.00 sq.m.	453.00 sq.m.	2,351.00 sq.m.	25,306.16 sq.ft.		
		1A-1-2 (Level 3)	1,905.00 sq.m.	475.00 sq.m.	2,380.00 sq.m.	25,618.32 sq.ft.		
		1A-1-3 (Level 4)	2,058.00 sq.m.	440.00 sq.m.	2,498.00 sq.m.	26,888.47 sq.ft.		
	Block 2A	2A-1-G (Ground)	1,576.00 sq.m.	4,958.00 sq.m.	6,534.00 sq.m.	70,331.98 sq.ft.	13,070.00 sq.m.	140,685.48 sq.ft.
		2A-1-1 (Level 2)	1,852.00 sq.m.	-	1,852.00 sq.m.	19,934.93 sq.ft.		
		2A-1-2 (Level 3)	1,863.00 sq.m.	-	1,863.00 sq.m.	20,053.33 sq.ft.		
		2A-1-3 (Level 4)	2,692.00 sq.m.	129.00 sq.m.	2,821.00 sq.m.	30,365.24 sq.ft.		
	B1-1-3	B1-1-3 (Level 4)	236.00 sq.m.	-	236.00 sq.m.	2,540.30 sq.ft.	236.00 sq.m.	2,540.30 sq.ft.
	B1-2-3	B1-2-3 (Level 4)	206.00 sq.m.	-	206.00 sq.m.	2,217.38 sq.ft.	206.00 sq.m.	2,217.38 sq.ft.
	B1-2-1	B1-2-1 (Level 2)	206.00 sq.m.	-	206.00 sq.m.	2,217.38 sq.ft.	206.00 sq.m.	2,217.38 sq.ft.
	B1-3-1	B1-3-1 (Level 2)	206.00 sq.m.	-	206.00 sq.m.	2,217.38 sq.ft.	206.00 sq.m.	2,217.38 sq.ft.
Location:								
<p>The Space U8 Retained Properties are situated along Persiaran Pasak Bumi within a commercial development known as Space U8, Taman Bukit Jelutong, Selangor Darul Ehsan. Space U8 is sited adjacent to Royal Malaysian Air Force Subang Air Base and Bukit Jelutong Business & Technology Centre. It is approximately 31.00 kilometres south-west of Kuala Lumpur city centre and about 11.00 kilometres north-east of Shah Alam city centre respectively. The Space U8 is approachable from Kuala Lumpur city centre via Jalan Istana, leading onto Jalan Syed Putra, thereonto Federal Highway, Jalan Lapangan Terbang Subang, New Klang Valley Expressway (NKVE), existing onto Persiaran Astaka, Jalan Monfort and finally onto Persiaran Pasak Bumi to where the Space U8 Retained Properties are located.</p> <p>Bukit Jelutong is an upscale suburb of Shah Alam, Selangor, Malaysia. The suburb is a planned community, with an area of over 2,200 acres (8.9 km²) and developed by Guthrie Property Holding Berhad (GPHB), a subsidiary company of Sime Darby in 1996. Due to the suburb's upscale status, the residential units in Bukit Jelutong are mostly low-density bungalows and duplex houses, as well as some terraced houses. Bukit Jelutong has many parks and open grass areas. Over the years the commercial and industrial elements were developed in tandem with the increase in density and population due to the good accessibility, freehold tenure and surrounding neighbourhood.</p>								

APPENDIX V – VALUATION CERTIFICATE BY LAURELCAP (CONT'D)


Tenancy Schedule:
(cont'd)

Space U8 Retained Properties

	Lot CP-839	Ocktelco Infra Sdn Bhd	Main	2,780.00	01/11/2022	31/10/2025	100.00 sq.ft. ⁽¹⁾
	Lot CP-840	Edotco Malaysia Berhad	Main	2,500.00	23/08/2022	22/06/2025	100.00 sq.ft.
	Ground Floor	Vacant	Main/ Accessory	-	-	-	-
Block 1A	1A-1-G (Ground)	Zarlith Events & Managemen t Sdn Bhd	Main	27,500.00	01/04/2022	31/03/2025	18,202.00 sq.ft.
		Subaidah Holdings Sdn Bhd	Accessory	1,000.00	01/02/2017	Monthly Basis	500.00 sq.ft.
		Asa Biz Worldwide Enterprise	Accessory	350.00	01/06/2020	Monthly Basis	15.00 sq.ft.
	1A-1-1 (Level 2)	Vacant	Main/ Accessory	-	-	-	-
		Own Use (Surau)	Main	-	-	-	5,280.00 sq.ft. ⁽¹⁾
	1A-1-2 (Level 3)	Vacant	Main/ Accessory	-	-	-	-
	1A-1-3 (Level 4)	Vacant	Main/ Accessory	-	-	-	-
Block 2A	2A-1-G (Ground Floor)	Magica Space Sdn Bhd	Main	12,600.00	10/01/2020	30/09/2023	9,000.00 sq.ft.
		Vacant	Main/ Accessory	-	-	-	-
	2A-1-1 (Level 2)	Mr. D.I.Y. (M) Sdn Bhd	Main	10,000.00	01/01/2023	31/12/2023	9,860.00 sq.ft.
		PTT Synergy Group Berhad	Main	38,000.00	01/07/2021	30/06/2024	10,074.93 sq.ft. ⁽¹⁾
	2A-1-2 (Level 3)	Vacant	Main	-	-	-	-
	2A-1-3 (Level 4)	Vacant	Accessory	-	-	-	-
	2A-1-3 (Level 4)	MBO Cinema Sdn Bhd ("MBO")	Main	23% of Net Box Office	01/12/2021	30/11/2024	36,622.00 sq.ft.
	B1-1-3 (Level 4)						
	B1-2-3 (Level 4)			600.00			
	B1-3-3 (Level 4)						
	B1-4-3 (Level 4)						
	B1-2-1 (Level 2)	Own Use	Main	-	-	-	2,540.30.00 sq.ft.
	B1-3-1 (Level 2)	Own Use	Main	-	-	-	2,217.38 sq.ft.
Total				RM 140,466.91 ⁽³⁾			

Notes:

(1) We have estimated the area occupied based on site inspection and measurement on building plan.

(2) We have noted that MBO Cinema Sdn Bhd is a tenant of Unit Nos. 2A-1-3, B1-1-3, B1-2-3, B1-3-3 & B1-4-3. However, Unit No. B1-3-3 & B1-4-3 does not form part of the Space U8 Retained Properties hence, for the purpose of this valuation exercise, we have prorated the rental income on a per square feet ("psf") basis for the Space U8 Retained Properties.

(3) The monthly rental of MBO is obtained by analysing the revenue. For the past 12 months, the revenue totals to RM 704,556.80 which translates to an annual rental of RM 162,048.06. Together with the annual rental of the concessionaire area of RM 7,200.00, the total annual rental from MBO is RM 169,248.06 or about RM 4.62 psf. The Space U8 Retained Properties occupied by MBO is approximately 33,734.00 sq.ft. which translates to a total annual rental of RM 155,902.92 or RM 12,991.91 per month.

APPENDIX V – VALUATION CERTIFICATE BY LAURELCAP (CONT'D)


Space U8 Retained Properties							
Occupancy Rate:	Level	Strata Title Area					
		Main Parcel Area			Accessory Parcel Area		
		Available	Occupied	Rate	Available	Occupied	Rate
	Car Park (1,264 bays)	Basement 2 76,984.13 sq.ft.	76,984.00 sq.ft.	100%	-	-	-
		Basement 1 246,807.76 sq.ft.	18,432.00 sq.ft.	7.47%	-	-	-
		Ground 2,734.06 sq.ft.	-	0%	25,596.79 sq.ft.	-	0%
	Total	326,525.94 sq.ft.	95,416.00 sq.ft.	29.22%	25,596.79 sq.ft.	-	0%
	Level	Strata Title Area					
		Main Parcel Area			Accessory Parcel Area		
		Available	Occupied	Rate	Available	Occupied	Rate
	Block 1A	1A-1-G (Ground) 18,201.92 sq.ft.	18,202.00 sq.ft.	100%	2,583.36 sq.ft.	515.00 sq.ft.	19.94%
		1A-1-1 (Level 2) 20,430.07 sq.ft.	5,280.00 sq.ft.	25.84%	4,876.09 sq.ft.	-	0%
		1A-1-2 (Level 3) 20,505.42 sq.ft.	-	0%	5,112.90 sq.ft.	-	0%
		1A-1-3 (Level 4) 22,152.31 sq.ft.	-	0%	4,736.16 sq.ft.	-	0%
	Block 2A	2A-1-G (Ground) 16,964.06 sq.ft.	9,000.00 sq.ft.	53.05%	53,367.91 sq.ft.	-	0%
		2A-1-1 (Level 2) 19,934.93 sq.ft.	19,935.00 sq.ft.	100%	-	-	-
		2A-1-2 (Level 3) 20,053.33 sq.ft.	-	0%	-	-	-
		2A-1-3 (Level 4) 28,976.69 sq.ft.	28,977.00 sq.ft.	100%	1,388.56 sq.ft.	-	0%
	B1-1-3	B1-1-3 (Level 4) 2,540.30 sq.ft.	2,540.00 sq.ft.	100%	-	-	-
	B1-2-3	B1-2-3 (Level 4) 2,217.38 sq.ft.	2,217.00 sq.ft.	100%	-	-	-
	B1-2-1	B1-2-1 (Level 2) 2,217.38 sq.ft.	2,217.00 sq.ft.	100%	-	-	-
	B1-3-1	B1-3-1 (Level 2) 2,217.38 sq.ft.	2,217.00 sq.ft.	100%	-	-	-
	Total	176,411.20 sq.ft.	90,585.00 sq.ft.	51.35%	72,064.98 sq.ft.	515.00 sq.ft.	0.71%
Outgoings:							
		Quit Rent (RM)	Assessment (RM)	Service Charge (RM)	Sinking Fund (RM)	Fire Insurance (RM)	Total (RM)
	Car Park	69,646.00	-	941,173.92 ⁽¹⁾	94,117.44 ⁽¹⁾	36,242.10	105,888.10
	Block 1A (G-2)	14,184.00	109,672.50	158,552.28 ⁽¹⁾	15,855.24 ⁽¹⁾	6,563.85	281,704.87
	Block 1A (3)	5,319.00	37,537.50	59,352.12	5,935.20	2,458.74	110,602.56
	Block 2A	27,827.00	130,074.00	175,650.72	17,565.12	9,537.49	360,654.33
	B1-1-3	503.00	2,184.00	7,620.84	762.12	290.80	11,360.76
	B1-2-3	439.00	1,890.00	6,652.20	665.16	249.74	9,896.10
	B1-2-1	439.00	2,234.40	7,620.84	762.12	249.74	11,306.10
	B1-3-1	439.00	2,234.40	7,620.84	762.12	249.74	11,306.10
	Total						902,718.92
Notes:							
(1) We were informed by the Company that there is a dispute for the service charge and sinking fund due to the car park and a portion of Block 1A (surau) is open for public use and does not require the management to do any cleaning or maintenance. The company has issued a letter to the management dated February 16 th , 2023 to request for a waiver of the service charge and sinking fund amounting to RM 1,035,291.36 per annum for the car park and RM 23,123.00 per annum for the surau. The waiver is currently pending approval from the management however it is deemed as a reasonable request hence for the purpose of this valuation exercise, we have considered the waiver for the duration of the Term in the Income Approach.							

Space U8 Retained Properties	
Building Certification:	Space U8 is a stratified commercial development with Certificate of Completion and Compliance (CCC) issued on October 14 th , 2011 via Ref No. LAM/S/No. 6119. According to the CCC, Space U8 comprises the following:- i. Two hundred (200) units of four (4) storey stratified shop offices; ii. Two (2) units of four (4) storey commercial complex together with seven (7) units of cineplex on Level 4 of Block 2A; iii. Open courtyard together with canopy; iv. One (1) refuse chamber; v. Three (3) electrical sub-station; and vi. One (1) bus and taxi stand.
Age of Building as at Date of Valuation:	The buildings age is approximately twelve (12) years old as at the material date of valuation.
Planning Details:	The Space U8 Retained Properties are situated within an area designated for commercial use.

IDENTIFICATION OF TERENGGANU LANDS 1

Terengganu Lands 1																																																															
Addresses:	Lot 848 And Lot 849, Jalan FELDA Mengkawang-Bukit Diman, 21800 Ajil, Terengganu Darul Iman																																																														
Type of Properties:	Two (2) contiguous parcels of agricultural land with residential development potential																																																														
Date of Inspection:	March 27 th , 2023																																																														
Date of Valuation:	March 27 th , 2023																																																														
Title Particulars:	<table> <tr> <th>Title Nos.</th><th>GM 70</th><th>GM 71</th><th>Total</th></tr> <tr> <th>Lot Nos.</th><td>Lot 848</td><td>Lot 849</td><td></td></tr> <tr> <th>Land Area (hectare)</th><td>3.6725 hectares</td><td>3.7332 hectares</td><td>7.4057 hectares</td></tr> <tr> <th>Land Area (sq.m.)</th><td>36,725.00 sq.m.</td><td>37,332.00 sq.m.</td><td>74,057.00 sq.m.</td></tr> <tr> <th>Land Area (acre)</th><td>9.075 acres</td><td>9.225 acres</td><td>18.30 acres</td></tr> <tr> <th>Land Area (sq.ft.)</th><td>395,307.90 sq.ft.</td><td>401,841.65 sq.ft.</td><td>797,149.55 sq.ft.</td></tr> <tr> <th>Tempat</th><td colspan="2">Bukit Pa' Ramat</td><td></td></tr> <tr> <th>Mukim/Pekan/Bandar</th><td colspan="2">Mukim Hulu Berang</td><td></td></tr> <tr> <th>District</th><td colspan="2">Hulu Terengganu</td><td></td></tr> <tr> <th>State</th><td colspan="2">Terengganu Darul Iman</td><td></td></tr> <tr> <th>Reserve Area</th><td colspan="2">Non-Malay Reserved Land</td><td></td></tr> <tr> <th>Tenure</th><td colspan="2">Grant in perpetuity</td><td></td></tr> <tr> <th>Quit Rent</th><td>RM 111.00</td><td>RM 114.00</td><td>RM 225.00</td></tr> <tr> <th>Category of Land Use</th><td colspan="2">"Pertanian"</td><td></td></tr> <tr> <th>Express Condition</th><td colspan="2"> i. "Tanah yang diberimilik ini hendaklah digunakan semata-mata untuk tanaman kelapa sawit. ii. Dalam masa dua (2) tahun daripada tarikh kelulusan penukaran syarat tanah ini hendaklah ditebang semua pokok-pokok getah yang ada di atas tanah ini dan ditanam dengan pokok-pokok kelapa sawit dari jenis benih yang diluluskan oleh Pengarah Pertanian Negeri Terengganu. </td><td></td></tr> </table>	Title Nos.	GM 70	GM 71	Total	Lot Nos.	Lot 848	Lot 849		Land Area (hectare)	3.6725 hectares	3.7332 hectares	7.4057 hectares	Land Area (sq.m.)	36,725.00 sq.m.	37,332.00 sq.m.	74,057.00 sq.m.	Land Area (acre)	9.075 acres	9.225 acres	18.30 acres	Land Area (sq.ft.)	395,307.90 sq.ft.	401,841.65 sq.ft.	797,149.55 sq.ft.	Tempat	Bukit Pa' Ramat			Mukim/Pekan/Bandar	Mukim Hulu Berang			District	Hulu Terengganu			State	Terengganu Darul Iman			Reserve Area	Non-Malay Reserved Land			Tenure	Grant in perpetuity			Quit Rent	RM 111.00	RM 114.00	RM 225.00	Category of Land Use	"Pertanian"			Express Condition	i. "Tanah yang diberimilik ini hendaklah digunakan semata-mata untuk tanaman kelapa sawit. ii. Dalam masa dua (2) tahun daripada tarikh kelulusan penukaran syarat tanah ini hendaklah ditebang semua pokok-pokok getah yang ada di atas tanah ini dan ditanam dengan pokok-pokok kelapa sawit dari jenis benih yang diluluskan oleh Pengarah Pertanian Negeri Terengganu.				
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Terengganu Lands 1	
Express Condition	iii. Keluasan tanah yang boleh digunakan untuk bangunan bagi tujuan tanah ini tidaklah melebihi daripada 0.500 ekar (0.2024 Ha). iv. Tanah yang diberimilik ini tidaklah boleh dibelah bahagi kepada lot-lot yang kurang daripada 6 ekar satu lot."
Restriction of Interest	Nil
Registered Owner(s)	PTTSB (1/1 share)
Charge/Encumbrances	One charge to Al Rajhi Banking & Investment Corporation (Malaysia) Bhd vide Presentation No. 1057/2019 dated on July 4 th , 2019.
Endorsements	Nil
Beneficial Owner:	Pembinaan Tetap Teguh Sdn. Bhd.
Location:	The Terengganu Lands 1 are situated along Jalan FELDA Mengkawang-Bukit Diman, beginning at the 23.00 kilometre ("km") stone travelling from Bukit Diman to Kampung Lubuk Periok with a frontage length of about 176.46 metres (578.95 feet). They are located approximately 41.00 km south-west of Kuala Terengganu City Centre and about 17.00 km south-east of Kuala Berang town centre respectively. The lands are easily accessible from Kuala Terengganu City Centre via Jalan Kemajuan turning off onto Jalan Bukit Kechil, merging onto Laluan Persekutuan 3, Jalan Kuala Berang and finally exiting onto Jalan FELDA Mengkawang-Bukit Diman for about 3.00 km. The Terengganu Lands 1 are sited on the southern side of the aforementioned road.
Description of the Properties:	The Terengganu Lands 1 comprise two (2) contiguous parcels of land located along Jalan FELDA Mengkawang-Bukit Diman, approximately 17.00 km south-east of Kuala Berang town centre. The combined land measures approximately 74,057.00 sq.m. (797,149.55 sq.ft./18.300 acres). Generally, the combined land profile is hilly and undulating with some portions low lying. The site is presently covered with oil palm trees and are currently not demarcated with any form of fencing. We were informed by the landowner that the oil palm plantation is currently unattended and there is no form of income from the land as at the date of valuation. During the course of our inspection, we also noted that the lands are unattended.
Occupancy Status:	At the date of inspection, we noted that the lands are vacant.
Planning Details:	The Terengganu Lands 1 are situated within an area designated for residential and agriculture use.

IDENTIFICATION OF TERENGGANU LANDS 2

Terengganu Land 2																			
Address:	Lot 851, Off Jalan FELDA Mengkawang-Bukit Diman, 21800 Ajil, Terengganu Darul Iman																		
Type of Property:	A parcel of agricultural land																		
Date of Inspection:	March 27 th , 2023																		
Date of Valuation:	March 27 th , 2023																		
Title Particulars:	<table> <tr> <td>Title No.</td><td>GM 72</td></tr> <tr> <td>Lot No.</td><td>Lot 851</td></tr> <tr> <td>Land Area (hectare)</td><td>3.885 hectares</td></tr> <tr> <td>Land Area (sq.m.)</td><td>38,850.00 sq.m.</td></tr> <tr> <td>Land Area (acre)</td><td>9.60 acres</td></tr> <tr> <td>Land Area (sq.ft.)</td><td>418,181.40 sq. ft.</td></tr> <tr> <td>Tempat</td><td>Bukit Pa' Ramat</td></tr> <tr> <td>Mukim/Pekan/Bandar</td><td>Mukim Hulu Berang</td></tr> <tr> <td>District</td><td>Hulu Terengganu</td></tr> </table>	Title No.	GM 72	Lot No.	Lot 851	Land Area (hectare)	3.885 hectares	Land Area (sq.m.)	38,850.00 sq.m.	Land Area (acre)	9.60 acres	Land Area (sq.ft.)	418,181.40 sq. ft.	Tempat	Bukit Pa' Ramat	Mukim/Pekan/Bandar	Mukim Hulu Berang	District	Hulu Terengganu
Title No.	GM 72																		
Lot No.	Lot 851																		
Land Area (hectare)	3.885 hectares																		
Land Area (sq.m.)	38,850.00 sq.m.																		
Land Area (acre)	9.60 acres																		
Land Area (sq.ft.)	418,181.40 sq. ft.																		
Tempat	Bukit Pa' Ramat																		
Mukim/Pekan/Bandar	Mukim Hulu Berang																		
District	Hulu Terengganu																		

Terengganu Land 2	
State	Terengganu Darul Iman
Reserve Area	Non-Malay Reserved Land
Tenure	Grant in perpetuity
Quit Rent	Rm 117.00
Category of Land Use	"Pertanian"
Express Condition	<p>i. "Tanah yang diberimilik ini hendaklah digunakan semata-mata untuk tanaman kelapa sawit.</p> <p>ii. Dalam masa dua (2) tahun daripada tarikh kelulusan penukaran syarat tanah ini hendaklah ditebang semua pokok-pokok getah yang ada di atas tanah ini dan ditanam dengan pokok-pokok kelapa sawit dari jenis benih yang diluluskan oleh Pengarah Pertanian Negeri Terengganu.</p> <p>iii. Keluasan tanah yang boleh digunakan untuk bangunan bagi tujuan tanah ini tidaklah melebihi daripada 0.500 ekar (0.2024 Ha).</p> <p>iv. Tanah yang diberimilik ini tidaklah boleh dibelah bahagi kepada lot-lot yang kurang daripada 6 ekar satu lot."</p>
Restriction of Interest	Nil
Registered Owner(s)	PTTSB (1/1 share)
Charge/Encumbrances	One charge to Al Rajhi Banking & Investment Corporation (Malaysia) Bhd vide Presentation No. 1057/2019 dated on July 4 th , 2019.
Endorsements	Nil
Beneficial Owner:	Pembinaan Tetap Teguh Sdn. Bhd.
Location:	The Terengganu Land 2 is situated along Off Jalan FELDA Mengkawang-Bukit Diman, beginning at the 23.00-kilometre ("km") stone travelling from Bukit Diman to Kampung Lubuk Perioik with a frontage length of about 176.46 metres (578.95 feet). It located approximately 41.00 km south-west of Kuala Terengganu City Centre and about 17.00 km south-east of Kuala Berang town centre respectively. The lands are easily accessible from Kuala Terengganu City Centre via Jalan Kemajuan turning off onto Jalan Bukit Kechil, merging onto Laluan Persekutuan 3, Jalan Kuala Berang and finally exiting onto Jalan FELDA Mengkawang-Bukit Diman for about 3.00 km. We noted that the Subject Property is not directly accessible and requires access/easement through neighbouring lands in order for the landowner to benefit from Terengganu Land 2. The Terengganu Land 2 is sited on the southern side about 0.20 km from the aforementioned road. We also noted that similar lands situated on the second layer are transacted at a lower consideration price as compared to lands which are sited on the first layer. We have taken into consideration the lack of accessibility from the main road in arriving at the Market Value of the Terengganu Land 2.
Description of the Properties:	The Terengganu Land 2 resembles a trapezoidal shaped parcel of land encompassing a titled land area of 38,850.00 sq.m. (about 418,181.40 sq.ft./ 9.60 acres). Based on our site inspection, there is no road connected to the Terengganu Land 2. With that said, the land can only be accessed through neighbouring lands which is disadvantageous to the landowner. The land profile is hilly and undulating with some portions low lying. The lands are currently covered with oil palm plantations. The land is currently not demarcated with any form of fencing. We were informed by the landowner that the oil palm plantation is currently unattended and there is no form of income from the land as at the date of valuation. During the course of our inspection, we also noted that the land is unattended.
Occupancy Status:	At the date of inspection, we noted that the land is vacant.
Planning Details:	The Terengganu Land 2 is situated within an area designated for agriculture use.

METHOD OF VALUATION

In arriving at the Market Value of the Subject Properties, we have adopted the **Comparison Approach** and **Income Approach** by way of “**Term & Reversion Method**”.

Comparison Approach

This method involves comparing the Subject Properties with recently transacted properties of a similar nature or offers for sale of similar properties in the area. Adjustments are then made for differences in location, size, access, tenure, zoning, terrain, market conditions and other factors in order to arrive at a common basis for comparison.

Income Approach by way of “Term & Reversion Method”

The Market Value is derived from an estimate of the Market Rental, which the Subject Properties can reasonably be let for. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is capitalized at an appropriate current market yield to arrive at its indicative Market Value.

METHOD OF VALUATION FOR SERENIA FACTORIES

In arriving at the Market Value of Serenia Factories, we have adopted the **Comparison Approach** and **Income Approach** by way of “**Term & Reversion Method**”.

Comparison Approach

Recent transactions of three (3) storey detached factories of similar nature within the neighbourhood which are pertinent to substantiate a Market Value indication for the Serenia Factories are reviewed and these sales are listed below.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Description	Three (3) Storey Detached Factory	Three (3) Storey Detached Factory	Three (3) Storey Detached Factory
Address	No. 29, Jalan Cipta Serenia 1, Cipta Serenia @ Serenia City, Sepang, Selangor Darul Ehsan	No. 40, Jalan TPP 5, Putra Industrial Park, Puchong, Selangor Darul Ehsan	No. 15, Jalan TPP 3, Putra Industrial Park, Puchong, Selangor Darul Ehsan
Transaction Date	11/01/2021	17/05/2022	25/02/2022
Vendor	Sime Darby Property (Ampar Tenang) Sdn Bhd	P.E. Setia Construction Sdn Bhd	Sewarga Indah Sdn Bhd
Purchaser	Sekap Urus Sdn Bhd	Saliran Industrial Supplies Sdn Bhd	Vinod Balachandra Sekhar
Tenure	Grant in perpetuity	Leasehold for 99 years. Term expiring on 16-Dec-2111.	Leasehold for 99 years. Term expiring on 16-Dec-2111.
Land Area	4,980.00 sq.m (53,604.72 sq.ft)	4,583.50 sq.m (49,336.79 sq.ft)	4,411.00 sq.m (47,480.00 sq.ft)
Gross Floor Area	1,672.24 sq.m (18,000.00 sq.ft)	2,619.84 sq.m (28,200.00 sq.ft)	2,573.39 sq.m (27,700.00 sq.ft)
Type of Title (Individual / Strata)	Individual	Individual	Individual
Estimated Building Value	RM 3,600,000.00	RM 5,640,000.00	RM 5,540,000.00
Consideration	RM 11,300,000.00	RM 14,000,000.00	RM 15,000,000.00
Analysis	RM 143.64 psf	RM 169.45 psf	RM 199.24 psf
Adjustments	General adjustments are made for time and various factors inclusive of location, accessibility, tenure, size, frontage, market conditions and other factors.		
Adjusted Price Psf	RM 175.82 psf	RM 176.28 psf	RM 175.07 psf



In determining the Market Value of the Serenia Factories, we have valued the factories individually. Also, we have adopted a slightly modified Comparison Approach in which we analyze all of the comparable(s) and separated the estimated building value before making the necessary adjustments to arrive at the improved land value. The separation of the improved land and estimated building values are carried out due to the varying sizes of the land and building areas between the comparables and the Serenia Factories.

In determining the building value of the Serenia Factories and the comparables, we have referred to the JUBM & Arcadis Cost Handbook 2022 as guide as well as well as drawn experience from the valuer. The construction cost for detached factory ranges from RM 170.01/square feet to RM 218.78/square feet. We have adopted the building cost of RM 200.00/square feet for the three (3) storey detached factory. We then applied the necessary depreciation to arrive at the estimated building value.

Hence, after deducting the estimated building value, we found that the transacted price per square feet of the land within the vicinity ranges from RM 143.64/square feet and RM 199.24/square feet. We have then taken into consideration each aspect of the comparable(s) in terms of time, location, tenure, size, accessibility, frontage and shape. After making adjustments, we have noted that the land values derived are between RM 175.07/square feet to RM 176.28/square feet.

In reconciling our opinion of Market Value of the Serenia Factories, we have placed greater emphasis on Comparable 1 due to the following factors:-

- a) It is located closest to the Serenia Factories; and
- b) Comparable 1 and Serenia Factories shares similar tenure, i.e. grant in perpetuity;

Taking into consideration all the factors above, we have adopted a land value of RM 176.00/square feet and an estimated building value of RM 200.00/square feet respectively to arrive at **RM 12,000,000.00 for each factory** in our valuation as a fair representation of the Market Value. The total Market Value for the Serenia Factories is **RM 48,000,000.00**.

Income Approach by way of "Term & Reversion Method"

Recent asking rental prices of three (3) storey detached factories situated within the neighbourhood which are pertinent to substantiate a value indication for the subject are reviewed and these sales are listed below.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	lproperty.com	lproperty.com	lproperty.com
Address	Cipta Serenia, Selangor	Cipta Serenia, Selangor	Cipta Serenia, Selangor
Posted Date	12/10/2022	16/12/2022	24/12/2022
Parcel Area	1,904.50 sq.m. (20,500 sq.ft.)	1,672.24 sq.m. (18,000.00 sq.ft.)	1,908.96 sq.m. (20,548.00 sq.ft.)
Monthly Rental	RM 50,000.00	RM 50,000.00	RM 45,000.00
Analysis	RM 2.44 psf	RM 2.78 psf	RM 2.19 psf
Adjustments	General adjustments are made for location, accessibility size, and other factors.		
Adjusted Rental	RM 2.44 psf	RM 2.78 psf	RM 2.19 psf

The major parameters adopted in the computation of Investment Method is tabulated below.

No.	Key Parameter
1. Gross Monthly Rental	<p>The gross monthly rental rate was derived from rentals of similar properties within the surrounding neighbourhood. In arriving at the Rental Value of the Serenia Factories, we have taken into consideration each aspect of the Comparable(s) in terms of location, accessibility and size. There are no adjustments made as the comparables shares similar characteristics as the Serenia Factories. Hence, the asking rental is between RM 2.19/square feet to RM 2.78/square feet.</p> <p>In reconciling our opinion of Rental Value of the factory, we have placed greater emphasis on Comparable 1 as the rental rate is the median price and the rent passing is similar to the monthly rental rate as the current tenancy.</p> <p>With Comparable 1 as the most suitable comparable, we have adopted the rental rate of RM 2.50/square feet.</p>

No. Key Parameter

2. Void 3%

We have taken into consideration of 3.00% void allowance in arriving the Market Value for the possible future vacancies and rent free periods. The rate is derived using the average time taken to rent out an industrial premise, i.e one (1) month over the common lease term of 3 years (36 months), which translates to a rate of 2.77%. As such, we have rounded up and adopted a rate of 3.00% as a fair and reasonable void period in our valuation computation via the Income Approach.

3. Outgoings

The outgoings rate is adopted from analysing assessment, quit rent and fire insurance are displayed below:

No. 11		No. 13	
Outgoings		Outgoings	
Quit Rent	RM 1,236.00	Quit Rent	RM 1,236.00
Assessment	RM 32,999.40	Assessment	RM 32,999.40
Fire Insurance	RM 11,314.37	Fire Insurance	RM 12,171.38
Total Outgoings	RM 45,549.77	Total Outgoings	RM 46,406.78

No. 15		No. 17	
Outgoings		Outgoings	
Quit Rent	RM 1,236.00	Quit Rent	RM 1,236.00
Assessment	RM 32,999.40	Assessment	RM 32,999.40
Fire Insurance	RM 11,554.23	Fire Insurance	RM 11,554.23
Total Outgoings	RM 45,789.63	Total Outgoings	RM 45,789.63

4. Yield **4.00% (Term 1) / 4.25% (Term 2) / 4.50% (Term 3) / 4.75% (Reversion)**

We adopted 4.00%, 4.25% & 4.50% as the capitalization rate / all-risk yield for Terms 1, 2 & 3 taking into consideration that the terms are shorter and lower risk as compared to the reversionary term.

As for the reversionary term, we have adopted a Capitalization Rate / all-risk yield of 4.75% and having considered it is the most expected rate of return achievable at the current moment after having considered the nature of the asset class of the Serenia Factories i.e. factory/warehouse.

We have analysed on the surroundings yield of industrial factories/warehouses ranging from 4.33% to 5.03% which comes at an average of about 4.74%. Therefore, adopting the capitalization rate of 4.75% for this valuation exercise are fair reflection in arriving the Market Value of the Serenia Factories.

Surrounding Yield Analysis	Cipta Serenia		
	3 storey detached factory	3 storey semi-detached factory	3 storey semi-detached factory
Property Type			
Asking Monthly Rental	RM 48,000.00	RM 38,000.00	RM 40,000.00
Asking Annual Rental	RM 576,000.00	RM 456,000.00	RM 480,000.00
Estimated Annual Outgoing @ 15%	RM 86,400.00	RM 68,400.00	RM 72,000.00
Estimated Net Annual Rental	RM 489,600.00	RM 387,600.00	RM 408,000.00
Estimated Market Value	RM 11,300,000.00	RM 7,700,000.00	RM 8,400,000.00
Yield	4.33%	5.03%	4.86%
Average	4.74%		
Adopt	4.75%		

A summary of the Investment Method is tabulated below for easy reference.

Building	No. 11
Term 1 (First Part) :	0.2301 years
Annual Rental	RM 594,000.00
Annual Outgoings	RM (45,549.77)
Net Annual Rental	RM 548,450.23
YP for 0.2301 years @ 4.00%	0.2246
Term 1 (First Part) Value	RM 123,202.81
Term 1 (Second Part) :	2.5041 years
Annual Rental	RM 621,000.00
Annual Outgoings	RM (45,549.77)
Net Annual Rental	RM 575,450.23
YP for 2.5041 years @ 4.00%	2.3386
PV for 0.2301 years @ 5.00%	0.9888
Term 1 (Second Part) Value	RM 1,330,724.07
Term 1 Total Value	RM 1,453,926.88
Term 2 :	3.0000 years
Annual Rental	RM 623,430.00
Annual Outgoings	RM (45,549.77)
Net Annual Rental	RM 577,880.23
YP for 3.0000 years @ 4.25%	2.7620
PV for 2.7342 years @ 5.25%	0.8694
Term 2 Value	RM 1,387,704.51
Reversionary Term :	
Annual Rental	RM 623,430.00
Void period (3.00%)	RM (18,702.90)
Annual Outgoings	RM (45,549.77)
Net Annual Rental	RM 559,177.33
YP for in Perpetuity @ 4.75%	21.0526
PV for 5.7342 years @ 5.75%	0.7257
Reversionary Value	RM 8,543,312.32
Total (Term Value + Reversionary Value)	RM 11,384,943.71
Say	RM 11,400,000.00

APPENDIX V – VALUATION CERTIFICATE BY LAURELCAP (CONT'D)


Buildings	No. 13	No. 15	No. 17
Term 1 :	0.9260 years		
Annual Rental	RM 540,000.00	RM 540,000.00	RM 540,000.00
Annual Outgoings	RM (46,406.78)	RM (45,789.63)	RM (45,789.63)
Net Annual Rental	RM 493,593.22	RM 494,210.38	RM 494,210.38
Years Purchase for 0.9260 years @ 4.00%	0.8917		
Term 1 Value	RM 440,134.81	RM 440,685.12	RM 440,685.12
Term 2 :	3.0000 years		
Annual Rental	RM 594,000.00	RM 594,000.00	RM 594,000.00
Annual Outgoings	RM (46,406.78)	RM (45,789.63)	RM (45,789.63)
Net Annual Rental	RM 547,593.22	RM 548,210.38	RM 548,210.38
Years Purchase for 3.0000 years @ 4.25%	2.7620		
Present Value for 0.9260 years @ 5.25%	0.9537		
Term 2 Value	RM 1,442,446.32	RM 1,442,446.32	RM 1,442,446.32
Term 3 :	3.0000 years		
Annual Rental	RM 653,400.00	RM 653,400.00	RM 653,400.00
Annual Outgoings	RM (46,406.78)	RM (45,789.63)	RM (45,789.63)
Net Annual Rental	RM 606,993.22	RM 607,610.38	RM 607,610.38
Years Purchase @ 4.50% for 3.00 years	2.7490		
Present Value @ 5.50% for 3.9260 years	0.8104		
Term 3 Value	RM 1,352,269.20	RM 1,353,644.10	RM 1,353,644.10
Reversionary Value			
Annual Rental	RM 623,430.00	RM 623,430.00	RM 623,430.00
Void period (3.00%)	RM (18,702.90)	RM (18,702.90)	RM (18,702.90)
Annual Outgoings	RM (46,406.78)	RM (45,789.63)	RM (45,789.63)
Net Annual Rental	RM 558,320.32	RM 558,937.48	RM 558,937.48
Years Purchase in Perpetuity @ 4.75%	21.0526		
Present Value for 6.9260 years @ 5.75%	0.6789		
Reversionary Value	RM 7,980,374.55	RM 7,989,195.88	RM 7,989,195.88
Total (Term Value + Reversionary Value)	RM 11,215,224.88	RM 11,227,597.11	RM 11,227,597.11
Say	RM 11,200,000.00	RM 11,200,000.00	RM 11,200,000.00

METHOD OF VALUATION FOR SPACE U8 RETAINED PROPERTIES

In arriving at the Market Value of Space U8 Retained Properties, we have adopted the Comparison Approach and Income Approach by way of "Term & Reversion Method".

Comparison Approach (Shop/Retail)

Recent transactions of properties of similar nature within the neighbourhood which are pertinent to substantiate a Market Value indication for the Space U8 Retained Properties are reviewed and these sales are listed overleaf.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Description	A stratified double storey shop unit	A three (3) storey shop office	A stratified first floor shop unit
Address	8 Blok A, Plaza Jelutong, Bukit Jelutong, Shah Alam, Selangor Darul Ehsan	14, Jalan Opera C U2/C, Taman TTDI Jaya, Shah Alam, Selangor Darul Ehsan	2-11-1, Space U8, Persiaran Pasak Bumi, Taman Bukit Jelutong, Shah Alam, Selangor Darul Ehsan
Transaction Date	27/06/2022	24/06/2022	07/03/2022
Vendor	ALH Industries Sdn. Bhd.	Chan Kok Long + 1	Mainstay Properties Sdn Bhd
Purchaser	Tan Ah Moi	Sevinder Singh A/L Fauja Singh + 1	Hassshahari Bin Johari Mawi
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Land Area	-	153.00 sq.m. (1,646.88 sq.ft.)	-
Parcel Area/ Gross Floor Area	220.00 sq.m. (2,368.06 sq.ft.)	459.00 sq.m. (4,940.63 sq.ft.)	206.00 sq.m. (2,217.36 sq.ft.)
Type of Title (Individual / Strata)	Strata	Individual	Strata
Consideration	RM 600,000.00	RM 1,200,000.00	RM 410,000.00
Analysis	RM 253.37 psf	RM 242.88 psf (on Gross Floor Area)	RM 184.90 psf
Adjustments	General adjustments are made for time and various factors inclusive of location, accessibility, tenure, size, frontage, market conditions and other factors.		
Adjusted Price Psf	RM 230.32 psf	RM 195.02 psf	RM 186.75 psf

It is noted that the transacted price psf of Comparables 1, 2, and 3, were hovering between RM 184.90 psf and RM 253.37 psf. Adjustments were made to reflect the differences between the Space U8 Retained Properties and Comparables (i.e. time, location, access, title type, and size) to arrive at a final adjusted price of RM 186.75 psf to RM 230.32 psf. The total adjustments between the comparable ranges from -21% to 0%.

Taking into consideration of the differences of the Space U8 Retained Properties and the comparables, we have adopted Comparable 3 as the best comparable due to the following characteristics: -

- the comparable is located in the same development (i.e. Space U8) as the Space U8 Retained Properties;
- it is the latest transaction recorded in Space U8, i.e about one (1) year ago;
- the comparable has the least quantum of adjustment (i.e. 0%).

From the above analysis, we have adopted a price psf after adjustment of **RM 190.00 psf**. This figure would also serve as a base value to derive the Market Value for the other parcels. Additional adjustments were made due to differences in size, floor level and anchor premium to reflect a differential pricing for each parcel. As for the accessory parcels, we have considered 50% of their respective price psf. The 50% rate adopted is based on industry practice in which the accessory parcel serves as a supportive function to the main parcel within a strata development. We then sum up the Market Value for each parcel to arrive at a **Total Market Value of RM 39,760,000.00**.

Comparison Approach (Car Park)

Recent transactions of properties of similar nature within the neighbourhood which are pertinent to substantiate a Market Value indication for Space U8 Retained Properties are reviewed and these sales are listed below.

COMPARABLES	CAR PARK COMPARABLE 1	CAR PARK COMPARABLE 2	CAR PARK COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Bursa Announcement dated 15/10/2019	Bursa Announcement dated 17/09/2015 & 18/03/2016
Description	Elevated car park allocated for serviced apartments	Basement car park & management office within a mixed commercial development	Basement car park within a mixed commercial development

COMPARABLES	CAR PARK COMPARABLE 1	CAR PARK COMPARABLE 2	CAR PARK COMPARABLE 3
Address	3A-126 & 3A-128, Rhythm Avenue, Jalan USJ 19/1, Subang Jaya, Selangor Darul Ehsan	Pacific Towers, Jalan 13/6, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan	Da Men Mall, Persiaran Kewajipan, Subang Jaya, Selangor Darul Ehsan
Transaction Date	15/08/2022	15/10/2019	17/09/2015
Vendor	Tan Kah Chin	JAKS Island Circle Sdn Bhd	Equine Park Country Resort Sdn Bhd
Purchaser	SX Multinational Sdn Bhd	JAKS Sdn Bhd	Pavilion REIT
Tenure	Grant in perpetuity	Leasehold for 99 years, term expiring on 21/05/2112. Leaving an unexpired term of approximately 93 years as at the date of Announcement.	Grant in perpetuity
Number of Bays	2 bays	1,216 bays	1,638 bays
Consideration	RM 32,000.00	RM 53,700,000.00 ⁽¹⁾	RM 486,844,000.00
Analysis	RM 16,000.00 per bay	RM 44,161.18 per bay	RM 34,000.00 per bay
Adjustments	General adjustments are made for location, accessibility, tenure, type of development, type of usage, tenure and other factors.		
Adjusted Price	RM 16,000.00 per bay	RM 21,197.37 per bay	RM 20,400.00 per bay

(1) We have noted that the transaction above is inclusive of a management office. Having said that, the management office forms part of the car park and can't be transacted individually. Thus, the inclusion of a management office will not have a material impact on the consideration..

It is noted that the transacted price per bay of Car Park Comparables 1, 2, and 3, were hovering between RM 16,000.00 per bay and RM 44,161.18 per bay. Adjustments were made to reflect the differences between the Space U8 Retained Properties and Comparables (i.e. location, access, type of development, type of usage and tenure) to arrive at a final adjusted price of RM 16,000.00 per bay to RM 21,197.37 per bay. The total adjustments between the comparable ranges from -52% to 0%.

Taking into consideration of the differences of the Space U8 Retained Properties and the comparables, we have adopted Comparable 1 as the best comparable due to the following characteristics: -

- the comparable has the least quantum of adjustment (i.e. 0%); and
- Comparable 1 is the latest transaction recorded.

From the above analysis, we have adopted a price per bay after adjustment of **RM 16,000.00 per bay** and rounded to the closest thousand to arrive at a **Total Market Value of RM 20,200,000.00**.

Income Approach by way of "Term & Reversion Method"

Recent rental prices of similar properties situated within the neighbourhood which are pertinent to substantiate a value indication for the subject are reviewed and these sales are listed below.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Address	UG-31, Radia Bukit Jelutong, Persiaran Arked, Bukit Jelutong, Seksyen U8, 40160 Shah Alam, Selangor Darul Ehsan	B2-15-3, Space U8, No. 6, Persiaran Pasak Bumi, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	No. 1-2, Jalan Serambi U8/24, Taman Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan
Starting Date	01/11/2022	15/09/2022	15/09/2021
Ending Date	31/10/2023	14/03/2023	14/09/2022
Owner	Dairen Development Sdn Bhd	Chin Nyok San	Hermiones Rise Sdn Bhd
Tenant	MDC Prawida Sdn Bhd	Smart Creative Academy Sdn Bhd	OSC Coffee & Dine Sdn Bhd
Parcel Area	120.00 sq.m. (1,291.68 sq.ft.)	160.00 sq.m. (1,722.24 sq.ft.)	139.00 sq.m. (1,496.20 sq.ft.)
Monthly Rental	RM 2,300.00	RM 1,500.00	RM 2,100.00
Analysis	RM 1.78 psf	RM 0.87 psf	RM 1.40 psf
Adjustments	General adjustments are made for location, accessibility, size, and other factors.		
Adjusted Rental	RM 1.37 psf	RM 0.94 psf	RM 1.24 psf

COMPARABLES	COMPARABLE 4	COMPARABLE 5
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Address	No. 19, Jalan Opera E U2/E Taman TTDI Jaya, 40150 Shah Alam, Selangor Darul Ehsan	No. 2-1, Jalan Opera G U2/G Taman TTDI Jaya 40150 Shah Alam, Selangor Darul Ehsan
Starting Date	01/08/2022	01/06/2022
Ending Date	31/07/2024	31/05/2024
Owner	Dr Siti Aishah Bt Mohd	Liam Ahat Kiat @Lim Pei Tiam
Tenant	Rofaz Ventures	Aniq Hijazi Bin Nore'aini
Parcel Area	130.00 sq.m. (1,399.32 sq.ft.)	250.00 sq.m. (2,691.00 sq.ft.)
Monthly Rental	RM 3,010.00	RM 3,200.00
Analysis	RM 2.15 psf	RM 1.19 psf
Adjustments	General adjustments are made for location, accessibility, size, and other factors.	
Adjusted Rental	RM 0.90 psf	RM 1.03 psf

The major parameters adopted in the computation of Investment Method is tabulated below.

No.	Shop/Retail	Car Park
1.	<p>Gross Monthly Rental</p> <p>The gross monthly rental rate was derived from rentals of similar properties within the surrounding neighbourhood. From our compilation, adjustments have been made for location, size, building features, parcel area and fit-out to arrive at a common basis for comparison with the Space U8 Retained Properties.</p> <p>The monthly rental rate adopted for different levels are shown below for easy reference:-</p> <p>Ground Floor : RM 1.50 psf Level 2 : RM 1.00 psf Level 3 : RM 0.90 psf Level 4 : RM 0.85 psf</p> <p>Additional adjustments were made for major anchor tenants.</p> <p>For the monthly rental rate of the accessory parcel, we have adopted 50% of the main parcel's rental rate.</p>	<p>The gross monthly rental rate was derived from existing rentals within the Space U8 Retained Properties and season passes within the surrounding neighbourhood.</p> <p>The monthly rental adopted is RM 100.00 per bay.</p>
2.	<p>Void</p> <p>5%</p> <p>We have taken into consideration of void allowance in arriving the Market Value for the possible future vacancies and rent-free periods. Base on industry standards, the time taken to rent out commercial spaces of this kind is about two months. However the tenancy period of office spaces usually ranges from two to three years per review. In addition, the tenant is required to provide a two to three months' written notice to the landlord nearing the end of the tenancy to inform on the renewal of the tenancy. By taking two (2) months vacancy period over 36 months of rental period, we arrive at 5.5%. Hence, adopting a 5% rate to represent a void period in this instance is fair and reasonable.</p>	

No.		Shop/Retail	Car Park
3.	Outgoings	<p>The outgoings rate is adopted from analysing the Annual Outgoings for each unit and adjusted to the area occupied by each tenant.</p> <p>It is noted that the outgoings rate ranges from RM 0.35 to RM 0.43 psf per month. This is in line with the market rate of RM 0.30 to RM 0.50 psf per month for similar property type.</p>	<p>We have noted that the service charge for the car park imposed by the management body is at a similar rate as the retail/shops/offices which is not a standard market practice. Thus, we have estimated the outgoings for the car park using a percentage of the gross rental for the car park.</p> <p>The average outgoings of retail/shops/offices is about 32.3% of its gross rental hence we have adopted a rate of 32% of the car park gross rental as the outgoings for the car park. This is in line with the market rate of 25% to 40% of car park gross rental.</p>
4.	Yield	<p>Term Yield – 4% Reversionary Yield – 4.5%</p> <p>The yield adopted was derived from analysing the yield of retail/shops/offices in the surrounding neighbourhood.</p> <p>Cineplex Term Yield – 1% Cineplex Reversionary Yield – 1.5%</p> <p>We have adopted a minimal yield for the valuation of the cineplex because the cineplex is a major anchor tenant that serves as an attraction to increase footfall in the shopping mall. Major anchor tenants will enjoy discounted rentals thus justifying a lower yield.</p>	<p>Term Yield – 4% Reversionary Yield – 4.5%</p> <p>The yield adopted is in tandem with the yield of shop/retail. This is due to the rental of the car park is similar to a commercial premise as compared to a conventional car park that uses season passes and hourly rates.</p>
5.	Present Value (Discount Rate)	<p>Term – 4.50% Reversionary – 5.00%</p> <p>The current risk free rate is about 4%, coinciding with the Term Yield. We have allowed for an additional 50 basis points on top of the risk free rate as a measurement of risk commonly associated with this particular asset class.</p>	

We have noted that the entire Basement 2 and some portions of Basement 1 are tenanted and occupied a total of 332 car parking bays. By applying the Term & Reversion Method, we have arrived at a market value of RM 16,000.00 per bay. A summary of the Car Park Term & Reversion Method is shown below for easy reference.

Term 1 @ 332 car parking bays	
Total Monthly Rental	RM 25,800.00
Annual Rental	RM 309,600.00
Adjusted Annual Outgoings	RM 30,812.49
Net Annual Rental	RM 278,787.51
YP Term 1 remaining term @ 4%	
Term 1 Value	RM 49,493.03

Term 2 @ 78 car parking bays	
Total Monthly Rental	RM 9,900.00
Annual Rental	RM 118,800.00
Adjusted Annual Outgoings	RM 5,445.43
Net Annual Rental	RM 113,354.57
YP Term 2 remaining Term @ 4.25%	
PV Term 1 remaining term @ 4.50%	
Term 2 Value	RM 20,720.45
Reversion @ 332 car parking bays	
Current Market Rental @ RM 100 per bay per month	RM 33,200.00
Annual Rental	RM 398,400.00
Annual Outgoings (32%)	RM 127,488.00
Void @ 5%	RM 19,920.00
Net Annual Rental	RM 250,992.00
YP in Perp @ 4.50%	22.2222
PV Term 1 & Term 2 remaining Term @ 5.00%	
Reversionary Value	RM 5,285,021.28
Total Market Value (Term + Reversion)	RM 5,355,234.76
Market Value Per Bay	RM 16,130.23
SAY	RM 16,000.00
@ 1264 Bays	RM 20,224,000.00
SAY	RM 20,200,00.00

METHOD OF VALUATION FOR TERENGGANU LANDS 1

In arriving at the Market Value of Terengganu Lands 1, we have adopted only the Comparison Approach. We are of the opinion that the Comparison Approach is the best and only approach in this instance, as a result of the following factors:-

- There are consistent and recent transactions with similar characteristics as the Terengganu Lands 1 and located in similar areas, which solidifies the price trend and thus favours the Comparison Approach.
- There is no Development Order or any development planning of any sort at the current moment. Thus, the Residual Method would not be a suitable method of valuation in this instance.

Comparison Approach

Recent transactions of vacant lands of similar nature within the neighbourhood which are pertinent to substantiate a value indication for the subject are reviewed and these sales are listed below.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Description	A parcel of vacant residential land	Six (6) parcels of vacant agricultural land	A parcel of vacant residential land
Address	Lot 52215, Jalan Ajil-Kuala Berang, Bukit Tok Bak, 21700 Kuala Berang, Terengganu	Lot 2300, 2301, 6259, 6255, 3425 & 5491, Jalan Ajil Ajil-Kuala Berang, Kampung Lenjang, 21700 Kuala Berang, Terengganu	Lot 63298, Off Jalan Kuala Terengganu-Ajil, Bukit Mempelas, 21800 Ajil, Terengganu
Transaction Date	19/09/2021	28/03/2022	08/08/2022
Vendor	Abdul Rahman Bin Mat Yasin	Regensi Properties & Estate Sdn Bhd	Ahmad Syuwardi Bin Ismail +1 & Uhari Bin Abdullah +2
Purchaser	Abd Halim Bin Ali	Desabina Industries Sdn Bhd	Muhamad Nor Sha Aslam Bin Mohd Shariff
Reserve Area	Malay Reserved Land		
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Land Area	10,023.91 sq.m. (2.48 acres)	66,519.38 sq.m. (16.44 acres)	16,859.84 sq.m. (4.17 acres)



COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Type of Title (Individual / Strata)	Individual	Individual	Individual
Consideration	RM 500,000.00	RM 1,380,000.00	RM 500,000.00
Analysis	RM 4.63 psf	RM 1.93 psf	RM 2.76 psf
Adjustments	General adjustments are made for time and various factors inclusive of location, accessibility, tenure, size, frontage, market conditions and other factors.		
Adjusted Price Psf	RM 5.81 psf	RM 2.47 psf	RM 3.12 psf

It is noted that the approximate land price of Comparables 1, 2, and 3, were hovering between RM 1.93 psf and RM 4.63 psf. Adjustments were made to reflect the differences between the Terengganu Lands 1 and Comparables (i.e. time, location, access, shape, size, zoning, terrain, frontage, malay reserved status and etc) to arrive at a final adjusted price of RM 2.47 psf to RM 5.81 psf. The total adjustments between the comparable ranges from 12.00% to 27.00%.

Taking into consideration of the differences of the Terengganu Lands 1 and the comparables, we have adopted Comparable 3 as the most appropriate comparable as it is the latest transaction and has the least overall adjustments, i.e. 12.00%.

From the above analysis, we have adopted an estimated price per square feet of RM 3.00 psf, which represents the average adjusted price per square feet of Comparable 3 when compared against Lot 848.

Internal Analysis for Lot 848 and Lot 849

Having considered the foregoing, we have not made further adjustment against the Lot 849 as both lands are contiguous and bears similar characteristics. We finally arrive at a total Market Value of RM 2,400,000.00 (RM 3.01 psf).

The following are some of the pertinent factors considered in arriving at the Market Value for the Terengganu Lands 1.

- i. We have considered the valuation of the Terengganu Lands 1 as a whole and not in isolation due to :-
 - a. Both properties are contiguous;
 - b. Both properties belong to the same landowner; and
- ii. In essence, if the landowner would sell the properties, it would be done so collectively rather than on a piece meal basis.

METHOD OF VALUATION FOR TERENGGANU LAND 2

In arriving at the Market Value of Terengganu Land 2, we have adopted only the Comparison Approach. We are of the opinion that the Comparison Approach is the best and only approach in this instance, as a result of the following factors: -

- a. There are consistent and recent transactions with similar characteristics as the Terengganu Land 2 and located in similar areas, which solidifies the price trend and thus favours the Comparison Approach.
- b. There is no Development Order or any development planning of any sort at the current moment. Thus, the Residual Method would not be a suitable method of valuation in this instance.



Comparison Approach

Recent transactions of vacant lands of similar nature within the neighbourhood which are pertinent to substantiate a value indication for the subject are reviewed and these sales are listed below.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)
Description	A parcel of vacant residential land	Six (6) parcels of vacant agricultural land	A parcel of vacant residential land
Address	Lot 52215, Jalan Ajil-Kuala Berang, Bukit Tok Bak, 21700 Kuala Berang, Terengganu	Lot 2300, 2301, 6259, 6255, 3425 & 5491, Jalan Ajil-Kuala Berang, Kampung Lenjang, 21700 Kuala Berang, Terengganu	Lot 63298, Off Jalan Kuala Terengganu-Ajil, Bukit Mempelas, 21800 Ajil, Terengganu
Transaction Date	19/09/2021	28/03/2022	08/08/2022
Vendor	Abdul Rahman Bin Mat Yasin	Regensi Properties & Estate Sdn Bhd	Ahmad Syuwardi Bin Ismail +1 & Uhari Bin Abdullah +2
Purchaser	Abd Halim Bin Ali	Desabina Industries Sdn Bhd	Muhamad Nor Sha Aslam Bin Mohd Shariff
Reserve Area	Malay Reserved Land		
Tenure	Grant in perpetuity	Grant in perpetuity	Grant in perpetuity
Land Area	10,023.91 sq.m. (2.48 acres)	66,519.38 sq.m. (16.44 acres)	16,859.84 sq.m. (4.17 acres)
Type of Title (Individual / Strata)	Individual	Individual	Individual
Consideration	RM 500,000.00	RM 1,380,000.00	RM 500,000.00
Analysis	RM 4.63 psf	RM 1.93 psf	RM 2.76 psf
Adjustments	General adjustments are made for time and various factors inclusive of location, accessibility, tenure, size, frontage, market conditions and other factors.		
Adjusted Price Psf	RM 2.88 psf	RM 1.30 psf	RM 1.45 psf

It is noted that the approximate land price of Comparables 1, 2, and 3, were hovering between RM 1.95 psf to RM 4.73 psf. Adjustments were made to reflect the differences between the Terengganu Land 2 and Comparables (i.e. time, location, access, shape, size, zoning, terrain, frontage, malay reserved status and etc) to arrive at a final adjusted price of RM 1.30 psf to RM 2.88 psf. The total adjustments between the comparable ranges from -33.00% to -48.00%.

We noted that the comparables adopted have a significant gross adjustment. The significant gross adjustment made were due to the frontage and Malay Reserve status. Due to the lack of accessibility to Lot 851 which is disadvantageous for the landowner, we have made a significant adjustment for the frontage as we noted that the prices of second layer lands are significantly lower as compared to first layer lands. Additionally, the comparables are Malay Reserve lands, we noted that the prices of Malay Reserved lands are generally lower as compared to lands without the Malay Reserve status. The adjustments mentioned are necessary factors to be considered when arriving at the Market Value of Lot 851. We opined that the comparables adopted are suitable even with the significant gross adjustment made as there are not many comparable lands within the vicinity with similar characteristics as the Lot 851.

Taking into consideration of the differences of the Terengganu Land 2 and the comparables, we have adopted Comparable 3 as the most appropriate comparable as it is the latest transaction.

From the above analysis, we have adopted an estimated price per square feet of RM 1.50 psf, which represents the adjusted price per square feet of Comparable 3. We finally arrive at a total Market Value of RM 600,000.00 (RM 1.50 psf).

RECONCILIATION OF VALUE

Method Of Valuation		Derivation Of Value
Serenia Factories		
Comparison Approach	No. 11 (Lot 119358)	RM 12,000,000.00
	No. 13 (Lot 119359)	RM 12,000,000.00
	No. 15 (Lot 119360)	RM 12,000,000.00
	No. 17 (Lot 119361)	RM 12,000,000.00
	Total	RM 48,000,000.00
Income Approach by way of "Term & Reversion Method"	No. 11 (Lot 119358)	RM 11,400,000.00
	No. 13 (Lot 119359)	RM 11,200,000.00
	No. 15 (Lot 119360)	RM 11,200,000.00
	No. 17 (Lot 119361)	RM 11,200,000.00
	Total	RM 45,000,000.00
Adopt Comparison Approach as primary approach		
From the abovementioned exercise, we have adopted the Comparison Approach as the primary method of valuation, due to the availability of the latest transaction of detached factories within the same vicinity. In addition, the comparable within the surrounding neighbourhood are sufficient and similar in nature. Thus, the analysis and adjustment applied in the Comparison Approach enables the recommended value to be more accurate as pertinent data or information is made available and disclosed in the market. On hind sight, the Income Approach by way of Term & Reversion Method is only suitable as a secondary approach or a counter check measure, as the rental data obtained are merely asking rental prices and not actual tenancies. There is a dearth of actual data of tenancies executed in the area, whilst the asking rental data are scattered to form a consistent pattern of rental values. As a result, the information available may skew or cause inaccuracy in deriving the Market Value of the Serenia Factories.		
Space U8 Retained Properties		
Comparison Approach	Car Park	RM 20,200,000.00
	Block 1A	RM 16,100,000.00
	Block 2A	RM 21,800,000.00
	B1-2-1	RM 550,000.00
	B1-3-1	RM 550,000.00
	B1-1-3	RM 400,000.00
	B1-2-3	RM 360,000.00
	Total	RM 59,960,000.00
Income Approach by way of "Term & Reversion Method"	Car Park	RM 20,200,000.00
	Block 1A	RM 14,840,000.00
	Block 2A	RM 22,200,000.00
	B1-2-1	RM 510,000.00
	B1-3-1	RM 510,000.00
	B1-1-3	RM 320,000.00
	B1-2-3	RM 280,000.00
	Total	RM 58,860,000.00
Adopt Comparison Approach as primary approach		
From the above approaches, we have concluded that the best approach in arriving at the Market Value of the Space U8 Retained Properties is the Comparison Approach. This approach is the most suitable in this instance due to the abundance comparable sales made available, which in return helps us to form a pattern of values and enable us to improve the accuracy in establishing the Market Value of the Space U8 Retained Properties. On hind sight, the Income Approach by way of Investment Method is only suitable to serve as a secondary approach (cross check), due to the following:-		
a. There is a lack of rental comparables in Space U8; b. The occupancy rate of the Space U8 Retained Properties is highly unpredictable; and c. The yield adopted may differ from the actual yield of the Space U8 Retained Properties due to difference in rental rate, occupancy rate and outgoings;		
As such, the information available may skew or cause inaccuracy in deriving the Market Value of the Space U8 Retained Properties thus we have adopted the value derived using the Comparison Approach.		
Terengganu Lands 1 & 2		
Comparison Approach	Lot 848	RM 1,200,000.00
	Lot 849	RM 1,200,000.00
	Lot 851	RM 600,000.00
	Total	RM 3,000,000.00



VALUATION CONCLUSION

Having taken into consideration all the relevant and pertinent factors, we are of the opinion that the **Market Value** of the grant in perpetuity of the Subject Properties in their existing physical conditions with vacant possession and subject to their titles being free from encumbrances, good, marketable and registerable as of **March 27th, 2023** is:-

Serenia Factories	- RM 48,000,000.00	(Ringgit Malaysia : Forty Eight Million Only)
Space U8	- RM 59,960,000.00	(Ringgit Malaysia : Fifty Nine Million Nine Hundred And Sixty Thousand Only)
Terengganu Lands 1 & 2	- RM 3,000,000.00	(Ringgit Malaysia : Three Million Only)
Total Market Value	- RM 110,960,000.00	(Ringgit Malaysia : One Hundred Ten Million Nine Hundred And Sixty Thousand Only)

The above Report and Valuation has been carried out by Sr Stanley Toh Kim Seng,
For and on behalf of Laurelcap Sdn. Bhd.



Sr STANLEY TOH KIM SENG
BSc (Hons) Estate Management,
MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM
Registered Valuer (V-927)

Note : This Report was peer reviewed by Mr Tan San Yew (Peer Reviewer)(V-607) from Laurelcap (HQ) Sdn Bhd

APPENDIX VI – DIRECTORS' REPORT ON PTTSB



PEMBINAAN TETAP TEGUH SDN BHD 200001018496 (521103-D)
B1-1-1, Bangunan PTT, Space U8, No.6, Persiaran Pasak Bumi,
Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor D.E.
T: +603 5036 0588 / 5036 0788 / 5036 0988 F: +603 5036 0598
W: www.ptt.com.my

Date: 23 June 2023

The Board of Directors
PTT SYNERGY GROUP BERHAD
2A-1-1(B), Space U8,
No. 6, Persiaran Pasak Bumi,
Taman Bukit Jelutong,
Seksyen U8, 40150 Shah Alam,
Selangor Darul Ehsan.

Dear Sirs,

On behalf of the Board of Directors of Pembinaan Tetap Teguh Sdn. Bhd. ("**PTTSB**"), I wish to report that after due enquiry in relation to the interval from 31 December 2022 (being the date to which the last audited financial statements of PTTSB has been made up) up to the date of this letter (being a date not earlier than fourteen (14) days before the issuance of this Circular), that:-

- (a) the business of PTTSB has, in the opinion of the Board of Directors of PTTSB, been satisfactorily maintained;
- (b) in the opinion of the Board of Directors of PTTSB, no circumstances have arisen since the last audited financial statements of PTTSB which has adversely affected the trading or the value of the assets of PTTSB;
- (c) the current assets of PTTSB appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in the Circular, there is no contingent liability which has arisen by reason of any guarantees or indemnities given by PTTSB;
- (e) there have been no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of PTTSB; and
- (f) there has been no material changes to the published reserves or any unusual factors affecting the profits of PTTSB since the last audited financial statements of PTTSB.

Yours faithfully
For and on behalf of the Board of Directors
Pembinaan Tetap Teguh Sdn. Bhd.

FADDLY BIN NORDIN
Director



1. DIRECTORS' RESPONSIBILITY STATEMENT

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

Information relating to PTTSB have been obtained from publicly available documents (where available) as well as other information and/or documents that have been provided by the Vendors. The sole responsibility of our Board is limited to ensure that the information in relation to PTTSB have been accurately reproduced.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTEREST**2.1 AmInvestment Bank**

AmInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of PTT Group.

As at the LPD, the AmBank Group has extended certain credit facilities amounting to approximately RM164.22 million to PTT Group. In addition, PTT has obtained a financing facility from AmBank Group to fund the Cash Consideration and PTTSB Related Party Advances amounting to an aggregate of RM72.00 million. The said facilities represent, in aggregate, approximately 0.20% compared to the audited consolidated loans, advances and financing of AMMB Holdings Berhad as at 31 March 2022.

Notwithstanding the above, AmInvestment Bank is of the opinion that its role as the Principal Adviser for the Proposed Acquisition does not give rise to a conflict of interest situation in view that:-

- (i) the AmBank Group form a diversified financial group and is engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as the Principal Adviser in respect of the Proposed Acquisition is in the ordinary course of business; and

- (ii) each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each departments and entities within AmBank Group has separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is regulated by Bank Negara Malaysia.

2.2 Laurelcap

Laurelcap has, before the issuance of this Circular, given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name, valuation certificate and all references thereto in the form and context in which it appears in this Circular.

Lauereicap confirms that there is no conflict of interests that exists or is likely to exist in relation to its role as an Independent Valuer to the Company for the Proposed Acquisition.

2.3 BDOCC

BDOCC, being the Independent Adviser to the non-interested directors and non- interested shareholders of PTT for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular and the IAL of its name and all reference in the form and context in which they appear in this Circular.

BDOCC has given its confirmation that no conflict of interest exists or is likely to exist in relation to its role as the Independent Adviser for the Proposed Acquisition in the Circular.

2.4 Moore Stephens Associates PLT

Moore Stephens Associates PLT, being the Reporting Accountant of PTT for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the proforma consolidated statements of financial position of PTT as at 30 June 2022 and all references thereto in the form and context in which they appear in this Circular.

Moore Stephens Associates PLT, confirms that there is no conflict of interests that exists or is likely to exist in relation to its role as Reporting Accountant to the Company for the Proposed Acquisition.

2.5 ChengCo PLT

ChengCo PLT, being the Reporting Accountant of PTTSB for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the accountants' report on PTTSB as at 31 December 2022 and all references thereto in the form and context in which they appear in this Circular.

ChengCo PLT, confirms that there is no conflict of interests that exists or is likely to exist in relation to its role as Reporting Accountant of PTTSB for the Proposed Acquisition.

3. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred which upon becoming enforceable may have a material impact on the financial position or the business of the Group.

4. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the Group's financial position.

5. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, there is no material litigation, claims or arbitration, either as plaintiff or defendant, which will have a material and/or adverse effect on the financial position or business of the Group, and the Board is not aware of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Group:

High Court of Malaya at Shah Alam Civil Suit No.: BA-22NCC-18-08/2023, Heap Wah Barakah Sdn Bhd ("Heap Wah") (as plaintiff) v. (i) FZ Infinity Sdn Bhd ("First Defendant"); (ii) Foong Chee Kien ("Second Defendant"); and (iii) Lee Kwan Cheng ("Third Defendant") (collectively, as "Defendants")

On 3 February 2023, Heap Wah had filed a writ and statement of claim to the High Court of Malaya at Shah Alam ("**SA High Court**") under the suit no. BA-22NCC-18-08/2023 against the Defendants for the failure of the First Defendant in honouring the payment for the invoices issued by Heap Wah in respect of the goods and services provided by Heap Wah to the First Defendant.

The Second Defendant is the director and shareholder of the First Defendant and in its capacity, the Second Defendant had executed a credit facility arrangement provided by Heap Wah to the First Defendant to facilitate the purchase of goods from Heap Wah. In view of Heap Wah providing the credit facilities to the First Defendant, the Second and Third Defendant had signed on a letter of guarantee dated 27 September 2021, guaranteeing the indebtedness of the First Defendant together with all interest, costs, charges, etc. to Heap Wah.

Despite Heap Wah vide its solicitors on 9 January 2023 having issued a notice of demand against the Defendants for the sum due and owing to Heap Wah, the Defendants had failed, refused and/or neglected to pay the sum due and owing to Heap Wah.

As such, Heap Wah had pleaded for the following claims against the Defendants:

- (i) a sum of RM1,597,068.90;
- (ii) interest of RM507,527.02 as at 31 January 2023;
- (iii) accrued interest at the rate of 1.50% monthly on the sum of RM1,597,068.90 commencing from 1 February 2023 up to the judgment being obtained;
- (iv) accrued interest at the rate of 1.50% monthly on the sum of RM1,597,068.90 commencing from the judgment being obtained up to the full settlement of the judgment sum; and
- (v) cost of action.

On 24 March 2023, the SA High Court had entered a judgment in default of appearance against the First Defendant for the claims pleaded by Heap Wah following the First Defendant's failure to enter into appearance. As such, the First Defendant is ordered to pay Heap Wah in respect of the claims pleaded by Heap Wah as stated above.

On 25 March 2023, the SA High Court had ordered for Heap Wah to serve (i) by substituted service on the Second Defendant by attaching the writ and statement of claim together with the sealed order at the Second Defendant's last known address via registered post, (ii) by attaching the writ and statement of claim together with the sealed order at the SA High Court statement board and, (iii) by advertising in a local newspaper named "STAR".

APPENDIX VII – FURTHER INFORMATION (CONT'D)

The solicitors-in-charge of the abovementioned suit have informed that the Third Defendant was discovered to have passed away and the solicitors have withdrawn the suit against the Third Defendant.

On 10 May 2023, Heap Wah had obtained a judgment in default against the Second Defendant and accordingly, Heap Wah had instructed its solicitors to commence winding up proceedings against the First Defendant. As at the LPD, the solicitors are in the process of filing the winding up petition against the First Defendant.

6. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) within the past 2 years immediately preceding and up to the date of this Circular:

- (i) The SSA as referred to in this Circular. The SSA is pending completion as at the LPD and is expected to be completed by 3rd quarter of 2023.
- (ii) Sale and purchase agreement dated 29 December 2022 entered into between PTT Assets Sdn Bhd (as purchaser) and Sime Darby Property (Bukit Raja) Sdn Bhd (as vendor) for the sale and purchase of the property held under H.S.(D) No. 165675, PT 84377, Mukim of Kapar, District of Klang, State of Selangor Darul Ehsan measuring in area of approximately 4,987 sq. m. identified as lot i8B/49, bearing the address of 18, Jalan Inai 2D.KU5, Bandar Bukit Raja together with all buildings erected or to be erected thereon for a total consideration of RM12,256,888.00. The sale and purchase transaction is pending delivery of vacant possession as at the LPD of which the vacant possession of the property shall be delivered to the purchaser tentatively by December 2025.
- (iii) Sale and purchase agreement dated 29 December 2022 entered into between PTT Synergy Group Berhad (as vendor) and Sim Cheng Young (as purchaser) for the sale and purchase of 2 pieces of freehold vacant lands held under Geran 41111 Lot 1696 and Geran 41112 Lot 1926, both of Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 1.2343 hectare and 3.3816 hectare respectively for a total consideration of RM4,755,000.00. As at the LPD, the sale and purchase transaction has been completed.
- (iv) Sale and purchase agreement dated 29 October 2021 entered into between Tropicana Industrial Park Sdn. Bhd. (as landowner), Tropicana Development (Johor Bahru) Sdn Bhd (as developer) and PTT Property Sdn Bhd (as purchaser) for the sale and purchase of part of a freehold land held under H.S.(D) 13683, PTD 14020, Mukim Jeram Batu, Daerah Pontian, Negeri Johor measuring approximately 89.35 hectares owned by the landowner with a current development project undertaken by the developer. The purchaser agreed to purchase 10 individual plots of developed land measuring approximately 20.02 acres from the landowner for a total consideration of RM43,603,560.00. The sale and purchase transaction is pending completion as at the LPD and is expected to be completed by October 2024.

APPENDIX VII – FURTHER INFORMATION (CONT'D)

7. HISTORICAL SHARE PRICES

The monthly highest and lowest closing market price of PTT Shares traded on the Main Market of Bursa Securities for the past 12 months preceding the date of the Circular are set out as below:-

	Highest RM	Lowest RM
2022		
June	1.240	0.925
July	0.990	0.890
August	1.100	0.920
September	1.150	0.945
October	1.130	1.020
November	1.110	1.020
December	1.100	1.010
2023		
January	1.090	1.000
February	1.240	1.000
March	1.210	1.100
April	1.180	1.060
May	1.090	1.010
Last transacted market price as at the SSA LTD		1.150
Last transacted market price on 29 March 2023 (being the last Market Day prior to the announcement of the Proposed Acquisition)		1.150
Last transacted market price as at the LPD		1.010

(Source: Bloomberg)

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of PTT at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:-

- (i) the SSA;
- (ii) the Constitution of PTT and memorandum and articles of association of PTTSB;
- (iii) the audited consolidated financial statements of PTT for the past 2 FYEs 30 June 2021 and 30 June 2022 and the latest unaudited quarterly results of PTT for the 9 months FPE 31 March 2023;
- (iv) the audited financial statements of PTTSB for the past 3 FYEs 31 December 2022, 31 December 2021 and 31 December 2020;
- (v) the proforma consolidated statements of financial position of PTT Group as at 30 June 2022 as set out in Appendix III of this Circular;

APPENDIX VII – FURTHER INFORMATION (CONT'D)

- (vi) the accountants' report on PTTSB for the FYEs 31 December 2022, 31 December 2021 and 31 December 2020 as set out in Appendix IV of this Circular;
- (vii) the letters of consent and declaration of conflict of interest referred to in Section 2 of Appendix VII of this Circular;
- (viii) the valuation certificate as set out in Appendix V of this Circular;
- (ix) the valuation reports prepared by Laurelcap in relation to the valuation of the Space U8 Retained Properties, Terrengganu Land and the Serenia Factories;
- (x) the Directors' Report on PTTSB as set out in Appendix VI of this Circular;
- (xi) the relevant cause papers for the material litigation referred to in Section 5 of Appendix VII of this Circular; and
- (xii) the material contracts referred to in Section 6 of Appendix VII of this Circular.

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PTT SYNERGY GROUP BERHAD
[Registration No. 197101000134 (10493-P)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of PTT Synergy Group Berhad ("**PTT**" or the "**Company**") will be held at Courtyard, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 20 July 2023 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution with or without modifications:-

ORDINARY RESOLUTION

PROPOSED ACQUISITION BY PTT OF THE ENTIRE EQUITY INTEREST IN PEMBINAAN TETAP TEGUH SDN BHD ("PTTSB**") FOR A TOTAL CONSIDERATION OF RM152,000,000 TO BE SATISFIED BY WAYS OF CASH CONSIDERATION OF RM62,000,000 AND ISSUANCE OF 81,081,081 NEW ORDINARY SHARES IN PTT ("**PTT SHARE(S)**") AT AN ISSUE PRICE OF RM1.11 EACH ("**PROPOSED ACQUISITION**")**

"THAT, subject to the approvals of all relevant regulatory authorities and/or third parties being obtained (where required), and the conditions precedent in the conditional share sale agreement dated 30 March 2023 and as amended by a supplemental letter agreement dated 12 May 2023 entered into between PTT (as purchaser) and Faddly bin Nordin ("**Faddly**"), Teo Swee Leng ("**TSL**") and Teo Swee Phin ("**TSP**") (Faddly, TSL and TSP shall be collectively referred to as the "**Vendors**"), in relation to the Proposed Acquisition ("**SSA**") being obtained/fulfilled or waived (as the case may be), approval be and is hereby given to the Company to acquire 25,000,000 ordinary shares in PTTSB, representing the entire equity interest in PTTSB for a total purchase consideration of RM152,000,000.00 to be satisfied by ways of cash consideration of RM62,000,000.00 and issuance of 81,081,081 new PTT Shares ("**Consideration Shares**") at an issue price of RM1.11 each, in accordance with the terms and conditions as stipulated in the SSA;

THAT pursuant to the terms of the SSA, approval be and is hereby given to the Board of Directors of PTT ("**Board**") to allot and issue the Consideration Shares to the Vendors for the purpose of satisfying part of the purchase consideration for the Proposed Acquisition, in accordance with the terms and conditions of the SSA;

THAT the Consideration Shares shall, upon allotment and issuance, rank equally in all respects with the existing PTT Shares, save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to or on the date of allotment of the Consideration Shares;

THAT under section 85(1) of the Companies Act 2016 ("**the Act**") read together with Clause 50 of the Constitution of the Company, it could possibly be construed that all new shares or other convertible securities in the Company shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled ("**pre-emptive rights**") and accordingly, should this resolution for the allotment and issuance of the Consideration Shares be passed by shareholders of the Company, this resolution shall have the effect of the shareholders having agreed to irrevocably waive their pre-emptive rights in respect of the new Consideration Shares to be allotted and issued by the Company pursuant to the Proposed Acquisition, provided however that if following the passing of this resolution, this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect*;

AND THAT, the Board (save for Dato' Abd Rahim bin Jaafar ("**Dato' Rahim**"), TSL and TSP, being the interested directors) be and is hereby empowered and authorised to do all acts, deeds and things (including all applications and submissions to the relevant regulatory authorities and bodies) and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the Company the SSA and all such agreements, undertakings, indemnities, transfers, extensions, assignments, deeds, confirmations, declarations, guarantees, documents and/or arrangements, with any party or parties, to deliver or cause to be delivered all such documents and to do all such acts and matters (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as they may consider necessary or expedient in order to implement, finalise, give full effect to and complete the Proposed Acquisition under the terms and conditions of the SSA with full powers to negotiate, approve, agree and/or assent to any condition, modification, variation and/or amendment thereto in any manner as the Board (save for Dato' Rahim, TSL and TSP, being the interested directors) may deem fit and/or may be required or imposed by the relevant authorities including to enter into any supplemental agreement(s) in connection with the Proposed Acquisition, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner or as the Board (save for Dato' Rahim, TSL and TSP, being the interested directors) may deem necessary or expedient in the best interest of the Company."

* *Please refer to Explanatory Note below.*

By Order of the Board
PTT SYNERGY GROUP BERHAD

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
CHEW KIT YEE (SSM PC NO. 202208000376) (MAICSA 7067474)

Company Secretaries
Kuala Lumpur
30 June 2023

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 July 2023 shall be eligible to attend, participate, speak and vote at the EGM or appoint proxy(ies) to attend, participate, speak and vote in his stead at the EGM.
2. A member entitled to attend and vote at the EGM may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same EGM, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy 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 the EGM shall have the same rights as the member to attend, participate, speak and vote at the EGM.
3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
4. 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**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The resolution set out in this notice of EGM is to be voted by poll.

Explanatory Note

Section 85(1) of the Act provides that:-

“Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”

Article 50 of the Constitution states that:-

“50. Subject to any direction to the contrary that may be given by the Company in a general meeting, all new shares or other convertible securities for the time being unissued and not allotted and any new shares or securities from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution.”

Section 85(1) of the Act, when read together with Article 50 of the Constitution, may be construed to mean that all new shares or other convertible securities in the Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled (“**Pre-emptive Rights**”).

Accordingly, in conjunction with the Proposed Acquisition, we wish to seek the non-interested shareholders' approval for an express waiver of their Pre-emptive Rights in respect of the Consideration Shares. Such waiver has been incorporated as part of the ordinary resolution pertaining to the Proposed Acquisition. Should the resolution for the Proposed Acquisition be approved by the non-interested shareholders, such approval shall have the effect of the non-interested shareholders having agreed to irrevocably waive their Pre-emptive Rights in respect of the Consideration Shares to be allotted and issued by the Company pursuant to the Proposed Acquisition, which will result in dilution to their shareholding percentage in the Company.



PTT SYNERGY GROUP BERHAD
[Registration No. 197101000134 (10493-P)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No:
Contact No:
No. of Shares Held :

*I/We, (full name in capital letters)
NRIC No./ Passport No./ Registration No. of (full address)
being a *member/members of **PTT SYNERGY GROUP BERHAD** ("Company"), hereby appoint:

Full Name and Address (in Block Letters) (First Proxy)		NRIC / Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:			

*and/or

Full Name and Address (in Block Letters) (Second Proxy)		NRIC / Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:			

to put on a separate sheet where there are more than 2 proxies

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be held at Courtyard, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 20 July 2023 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your vote to be cast. If no specific direction for voting is given, the proxy will vote or abstain from voting at *his/her discretion.

ORDINARY RESOLUTION	For	Against
Proposed Acquisition		

* Strike out whichever not applicable

As witness my/our hand(s) this day of, 2023

.....

* Signature of Member/Common Seal of Member



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5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The resolution set out in this notice of EGM is to be voted by poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Registered Office
PTT SYNERGY GROUP BERHAD
[Registration No. 197101000134 (10493-P)]
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur, Wilayah Persekutuan

1st fold here

