MAH SING GROUP BERHAD ("MAH SING" OR "COMPANY")

PROPOSED ACQUISITION OF A TOTAL APPROXIMATELY 561.65 ACRES OF LAND (COMPRISING 185 ACRES INITIALLY WITH AN OPTION FOR AN ADDITIONAL APPROXIMATELY 376.65 ACRES) IN MUKIM LABU, DAERAH SEPANG, NEGERI SELANGOR BY FUSION HEIGHTS DEVELOPMENT SDN BHD, A SUBSIDIARY OF MAH SING FOR PRIMARILY AN INDUSTRIAL DEVELOPMENT ("PROPOSED ACQUISITION")

1.0 INTRODUCTION

The Board of Directors ("**Board**") of Mah Sing wishes to announce that on 31 January 2024, Fusion Heights Development Sdn Bhd ("**Purchaser**" or "**FHDSB**"), a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement ("**SPA**") with Premier Land Resources Sdn Bhd ("**PLRSB**" or "**Vendor**") involving a total of approximately 561.65 acres prime land in Mukim Labu, Daerah Sepang, Negeri Selangor. The initial parcel measuring 185 acres ("**Land**") is to be acquired for a total purchase consideration of RM 100,732,500 or RM12.50 per square foot ("**Purchase Consideration**"). The Proposed Acquisition comes with an option for a further approximately 376.65 acres of adjacent land ("**Option Land**") which may be acquired at the Purchaser's discretion within 4 years from the date of the SPA at the rate of RM12.50 per square foot (the Land and the Option Land are collectively referred to as "**Lands**").

The Purchaser, Mah Sing South Sea Industrial Development Sdn Bhd (a 70% owned subsidiary of Mah Sing, "**MSSSID**") and the Vendor intend to enter into a shareholders' agreement ("**SHA**") for the subscription by the Vendor of 500,002 ordinary shares in the Purchaser equivalent to twenty per cent (20%) of the shareholding in the Purchaser and to govern their relationship as shareholders in the Purchaser. This strategic collaboration leverages the extensive network of the MSSSID JV partner, who serves as the Executive President of the Malaysia JiangSu Entrepreneurs Business Association. The partnership with the Vendor not only facilitates cost and risk sharing but also expedites approval processes, thereby opening up the possibility for future collaborations on additional lands.

Based on preliminary plans and subject to approval of the authorities, the Land is planned to be primarily a world class industrial development comprising customized factories, industrial lots, cluster, semi-D and detached factories catering to medium and light industrial businesses ("**Proposed Development**"). To be named "**Mah Sing Business Park"**, the estimated gross development value ("**GDV**") for the 185 acres Land is approximately RM 728 million. The estimated GDV for the entire 561.65 acres of land is estimated to be approximately RM 2 billion, encompassing comparable development components as the Land for the Option Land. Alternatively, an estimated GDV of approximately RM 1.5 billion is anticipated, focusing solely on the sale of industrial lots for the Option Land.

A notable aspect of this Proposed Acquisition is the upfront locking-in of the fixed land cost per square foot for the entire 561.65 acres, ensuring financial predictability. The introduction of an option to purchase adds a strategic dimension by offering flexible payment structures and serving as a risk mitigation strategy with a phased investment approach. This land acquisition structure aligns with the asset-light business model of the Group, promoting efficient resource allocation and minimizing the impact of substantial capital expenditures.

The Proposed Acquisition is well-positioned to leverage industrial development opportunities in Sepang, that forms part of the Integrated Development Region in South Selangor (IDRISS), an integrated private investment development first outlined under the First Selangor Plan 2021-2025, driven by the State government, and backed by Federal and State incentives. The Proposed Development is poised to attract industry leaders from the high-tech manufacturing and value creation sectors. Moreover, this strategic move enables Mah Sing to capitalize on Malaysia's status as the preferred destination for the "Plus One" strategy, prompted by the global geopolitical situation that drives companies to seek economic security and supply chain resilience in South-East Asia.

The Proposed Acquisition presents the Group with an opportunity to broaden its development portfolio, extending beyond its residential development focus to incorporate industrial projects. Industrial development is a familiar territory for Mah Sing, with a successful track record encompassing the completion of five industrial parks to date. Among these, four are strategically located in Selangor, ie Mah Sing Integrated Industrial Park in Mutiara Subang, iParc in Bukit Jelutong, iParc 2 in Shah Alam, and iParc 3 in Bukit Jelutong while the fifth is in Johor Bahru, named Mah Sing iParc @ Port of Tanjung Pelepas. The Proposed Acquisition is poised to further fortify Mah Sing's standing in the industrial development arena, adding another significant milestone to its accomplished portfolio.

In line with the Group’s quick turnaround strategy and subject to authorities’ approval, the Proposed Development is expected to commence in the second half of 2024 and to be developed over a span of 3-4 years.

Further details of the Proposed Acquisition and the Proposed Development are set out in the ensuing sections.

2.0 DETAILS OF THE PROPOSED ACQUISITION

2.1 Information of the Vendor

The Vendor is a private limited company incorporated in Malaysia on 27 May 2008 under the Companies Act 1965. The principal business of the Vendor is investment holding.

As at the date of the SPA, the issued share capital of the Vendor is RM2,000,000 comprising 2,000,000 ordinary shares. The shareholders are:

	Name	Number of shares
1	Charming Empire Sdn Bhd	31,000
2	Chee Chi Vun & Brothers Sdn Bhd	10,000
3	Chee Nyun Jin	40,000
4	Everyday Logistics Sdn Bhd	40,000
5	Fabulous Progress Sdn Bhd	20,000
6	Fung Tak Kan	1,000
7	Lee Yew Realty Sdn Bhd	200,000
8	Leong Nyuk Oon	60,000
9	Mohamad Izwan Bin Azman	100,000

	Name	Number of shares
10	Muhammad Bin Lazis	200,000
11	NKG Assets Sdn Bhd	180,000
12	Nor Aqmal Bin Salehudin	100,000
13	See Cherng Jye	5,000
14	See Fong Seng	1,000
15	See Hong Chen & Sons Sdn Bhd	840,000
16	See Hong Toh	1,000
17	Tan Soon Chai & Sons Sdn Bhd	160,000
18	Tan Tian Peng & Sons Sdn Bhd	11,000
	Total	**2,000,000**

The Directors of the Vendor are Lau Keen Fai, See Cherng Jye and Ng Kong Ghee.

2.2 Basis of consideration

The Purchase Consideration was arrived at between the Vendor and the Purchaser on a "willing-buyer willing-seller" basis after taking into consideration the following:

(a) The promising prospects of the Land, an integral part of the Integrated Development Region in South Selangor (IDRISS). This area boasts excellent connectivity, well-established amenities, and a robust infrastructure tailored for industrial development.

(b) The development potential of the Land with potential GDV to be generated of approximately RM 728 million (based on preliminary estimates). The estimated GDV for the entire 561.65 acres of land is estimated to be approximately RM 2 billion, encompassing comparable development components as the Land for the Option Land. Alternatively, an estimated GDV of approximately RM 1.5 billion is anticipated, focusing solely on the sale of industrial lots for the Option Land.

(c) The Land's strategic fit to the quick turnaround strategy of the Group.

Based on the Company's internal assessment, the Purchase Consideration is within the range of acceptable land costs given the potential GDV to be generated. Given the Group's knowledge of the market value of the properties surrounding the Land, no valuation was carried out on the Land.

2.3 Salient terms of the SPA

The salient terms of the SPA include, among others, the following:

2.3.1 Agreement to sell and purchase

The Vendor has agreed to sell and the Purchaser has agreed to purchase from the Vendor the Land, forming part of the Master Land (as defined in Section 4.1 herein):

(a) free from all encumbrances; and

(b) with vacant possession, being free from all encumbrances, squatters / tenants / occupants / debris / unsuitable material above and below ground (except for peat / marine clay/ original soil conditions)/ cemetery / places of worship / encroachment or any other adverse or third party claims whatsoever and without any structures or buildings whatsoever thereon

but subject to the existing category of land use, conditions of title (express or implied) and restrictions-in-interest endorsed on or contained in the issue document of title to the Master Land and such number of issue documents of subdivided title (qualified titles) together with the relevant plans in respect of the Land with the category of land use of "Industry" and/ or "Commercial" as per the approved planning permission to be issued by the appropriate authority ("**Subdivided Titles**") and/or affecting the Master Land and the Land and the Subdivided Titles at the Purchase Consideration and upon the terms and conditions in the SPA.

The Vendor has also agreed to grant to the Purchaser an option to acquire the Option Land, (which also forms part of the Master Land) within four (4) years from the date of the SPA whereby approximately 188 acres may be acquired within two (2) years and another approximately 188.65 acres within four (4) years respectively from the date of the SPA.

2.3.2 Purchase Consideration

The Purchase Consideration shall be paid by the Purchaser at the following times and in the following manner:-

	Description / Date of Payment	**RM**
Deposit	Ten per cent (10%) of the Purchase Consideration Within fourteen (14) days from the date of the SPA.	10,073,250
Balance Purchase Price	Ninety per cent (90%) of the Purchase Consideration On or before the expiry of the Completion Period or Extended Completion Period.	90,659,250
Total		**100,732,500**

The Purchaser and the Vendor (collectively referred to as "**Parties**" and individually as "**Party**") agreed that in the event the measurement of the Land as stated in the Subdivided Titles varies from the measurement of the Land as stated in the SPA, the Purchase Consideration shall be adjusted accordingly at the rate of RM12.50 per square foot.

"**Completion Period**" means the period of three (3) months from the Unconditional Date.

"**Extended Completion Period**" means the automatic extension of time of one (1) month from the expiry of the Completion Period.

2.3.3 Condition(s) Precedent

(a) The SPA shall be conditional upon the fulfilment of the following condition(s) precedent within the Conditional Period:-

(i) <u>To be obtained and/or fulfilled by the Vendor</u>

(A) if applicable and at the Vendor's cost and expense, the consent of the Existing Chargee (as defined in Section 4.1 herein) to the subdivision exercise and conversion exercise and to the sale and transfer of the Land to the Purchaser;
(B) at the Purchaser's cost and expense, the planning permission;
(C) at the Purchaser's cost and expense, the subdivision approval and conversion approval and issuance of the Subdivided Titles;
(D) if applicable and at the Vendor's cost and expense, the Estate Land Board Approval;
(E) at the Purchaser's cost and expense, the consent to transfer;
(F) at the Vendor's cost and expense, the relevant letter(s) of release from all existing consultants pertaining to the Land within fourteen (14) business days from the written request by the Purchaser; and

(ii) the execution of the cost sharing agreement on terms and conditions to be mutually agreed between the Parties within one (1) month from the date of the SPA,

(collectively referred to as "**Conditions Precedent**").

(b) In the event that the Condition(s) Precedent are not fulfilled within the Conditional Period, the Parties shall be allowed the Extended Conditional Period to fulfil the Condition(s) Precedent.

"**Conditional Period**" means the period of six (6) months from the date of the SPA for the Condition(s) Precedent to be fulfilled.

"**Extended Conditional Period**" means an automatic extension of six (6) months from the expiry of the Conditional Period, and with such further extension(s) of time thereafter as may be determined at the Purchaser's discretion in the event that the Conditions Precedent are not fulfilled or waived within the said six (6) months period.

2.3.4 Unconditional Date

The SPA shall become unconditional on the date when the fulfilment of the last of the Condition(s) Precedent is notified to the relevant Party in accordance with the terms in the SPA.

2.3.5 Limited Power of Attorney

Once planning permission has been obtained by the Vendor, the Vendor shall forthwith but in any case not later than five (5) business days, deliver the duly executed power of attorney with limited powers conferred therein, in favour of the Purchaser which authorises and allows the Purchaser to construct sales gallery and commence earthworks on the Land, to attend to preliminary works related only to planning for the Purchaser's intended development of the Land and to submit applications for the building plans approvals, earthwork approvals, road and drainage approval and/or any other relevant approvals in respect of the Purchaser's proposed development of the Land in the form and content as required by the Purchaser ("**Limited Power of Attorney for the Master Land**") and execute the documents related to the same.

Upon Vendor's receipt of the original Subdivided Titles from the appropriate authority, the Vendor shall forthwith but in any case not later than five (5) business days thereof, deliver the duly executed power of attorney with limited powers conferred therein, in favour of the Purchaser which authorises and allows the Purchaser to construct sales gallery and commence earthworks on the Land, to attend to preliminary works related only to planning for the Purchaser's intended development of the Land and to submit applications for the building plans approvals, earthwork approvals, road and drainage approval and/or any other relevant approvals in respect of the Purchaser's proposed development of the Land, in the form and content as required by the Purchaser ("**Limited Power of Attorney for the Land**") and execute the documents related to the same.

2.3.6 Call Option

In consideration of the Parties' mutual covenants and agreements herein, the Vendor irrevocably grants to the Purchaser an option to purchase the Option Land ("**Call Option**"), upon the following terms and conditions:-

(i) the Call Option shall be exercisable by the Purchaser within four (4) years commencing from the Call Option Exercise Commencement Date ("**Call Option Exercise Period**") by written notice to the Vendor.

(ii) "**Call Option Exercise Commencement Date**" shall be the date of the SPA.

(iii) the Purchaser shall be entitled to exercise the Call Option within the Call Option Exercise Period as follows:

(A) within two (2) years from the Call Option Exercise Commencement Date, the acquisition of approximately 188 acres of land forming part of the Option Land ("**Option Land 1**"); and

(B) within four (4) years from the Call Option Exercise Commencement Date, the acquisition of another approximately 188.65 acres of land forming part of the Option Land ("**Option Land 2**").

In the event that the Purchaser does not exercise the Call Option for Option Land 1 within the stipulated two-year period referred to in Section 2.3.6(iii)(A) above, the Parties shall discuss in good faith and agree on any extensions of time to the said two (2) year period as may be required by the Purchaser to exercise the Call Option for Option Land 1, which request shall be determined by the Vendor at its absolute discretion. In the event that the Purchaser fails to exercise the Call Option for Option Land 1 within the said two (2) year period or such extension as may be granted by the Vendor, then the Call Option for

Option Land 1 shall lapse. Accordingly, if the Call Option for Option Land 1 lapses, then the Call Option for Option Land 2 shall be immediately revoked.

(iv) the proposed purchase consideration for the Option Land 1 and Option Land 2 shall be calculated at the rate of RM12.50 per square foot based on the land areas stated in the issue documents of title for both the Option Land 1 and Option Land 2 ("**Call Option Exercise Price**").

2.3.7 Cost Sharing Agreement

Cost Sharing Agreement in respect of costs sharing arrangements between the Vendor and the Purchaser in relation to, inter alia, the common utilities/services serving the Purchaser's intended development, which agreement shall be on terms and conditions to be mutually agreed between the Parties. For the avoidance of doubt, such cost sharing arrangements relate to the Master Land, the Previous Master Title (as defined in Section 4.1 herein) to the Land and the Option Land.

2.4 Source of funding

The Company intends to fund the costs and expenses related to the Proposed Acquisition and the Proposed Development through a combination of internally generated funds and bank borrowings.

The exact funding mix will be decided by the management at a later stage after taking into consideration the Group's gearing level, interest costs as well as internal cash requirements for its business operations.

2.5 Assumption of liabilities

Save for the costs and expenses related to the Proposed Acquisition and the Proposed Development that may include Development Charges, Premium Sum and the cost sharing as highlighted in Section 2.3.7 herein, there is no other liability, including contingent liability and guarantee to be assumed by the Company arising from the Proposed Acquisition.

3.0 SALIENT TERMS OF THE SHA

The salient terms of the SHA include, amongst others, the following:

3.1 Shareholding Structure

After the SHA comes into effect and both MSSSID and PLRSB subscribe to the shares in FHDSB in accordance to the terms set out therein, the shareholding structure shall be as follows:

Shareholder	Shares	Aggregate Paid in Capital	Percentage of Equity Share Capital
MSSSID	2,000,008	RM2,000,008	80%
PLRSB	500,002	RM500,002	20%
Total	**2,500,010**	**RM2,500,010**	**100%**

3.2 Composition of the Board

The number of Directors of FHDSB shall consist of a maximum of five (5) comprising:

(i) four (4) Directors nominated by MSSSID; and
(ii) one (1) Director nominated by PLRSB.

3.3 Project Management

MSSSID has been appointed as the project manager ("**Project Manager**") pursuant to a project management agreement with FHDSB ("**PMA**") whereby the Project Manager is responsible for the overall management of the planning, operational, financial, marketing, sales/lease and/or development activities in respect of primarily industrial development on the Land for and on behalf of FHDSB, in consideration of the payment of the project management fee by FHDSB to the Project Manager, all in accordance with and subject to the terms and conditions of the PMA.

4.0 INFORMATION ON THE LANDS AND THE PROPOSED DEVELOPMENT

4.1 Information on the Lands

The Vendor is the registered and beneficial owner of all that piece of leasehold land held under H.S.(D) 59455, PT No. 10168, Mukim Labu, Daerah Sepang, Negeri Selangor with a leasehold tenure of ninety three (93) years and expiring on 5 December 2116 measuring 359.2733 hectares (887.78 acres) in area ("**Master Land**").

The title to the Master Land is subject to the category of land use, express conditions and restrictions-in-interest as set out below.

Title Particular	:	H.S.(D) 59455, PT No. 10168, Mukim Labu, Daerah Sepang, Negeri Selangor
Land Area	:	359.2733 hectares (887.78 acres) in area
Category of Land Use	:	Agricultural
Leasehold Tenure	:	93 years expiring on 5 December 2116
Express Condition	:	*Tanaman Kekal (Industri)*
Restrictions in Interest	:	*Tanah ini tidak boleh dipindahmilik, dipajak atau digadai melainkan setelah mendapat kebenaran Pihak Berkuasa Negeri*
Encumbrances	:	Legal charge in favour of CIMB Islamic Bank Berhad (Registration No. 200401032872 (671380-H)) ("**Existing Chargee**") vide Presentation No. 001SC79977/2023 registered on 7 September 2023 ("**Existing Charge**")

The Land and the Option Land are adjacent to each other and form part of the Master Land. The Lands are flat and currently planted with palm oil trees.

The Vendor shall procure the subdivision and conversion of the Master Land into several parcels of land which shall include the Land and the Option Land so as to procure the issuance of the Subdivided Titles and the Subdivided Title for Option Land.

Planning permission for the development of the Master Land (formerly held under part of the original master title Pajakan Negeri 113455, Lot 8590, Mukim Labu, Daerah Sepang, Negeri Selangor ("**Previous Master Title**")) has been obtained from the appropriate authority vide letter dated 1 December 2023 issued by Majlis Perbandaran Sepang ("**Existing Planning Permission**").

The Lands are located in Sepang, within the high-growth corridor south of Greater Kuala Lumpur, which has experienced rapid development due to its proximity to Putrajaya, Cyberjaya, and two international airports. This location is also part of the Integrated Development Region in South Selangor (IDRISS) zone, an initiative under the First Selangor Plan 2021-2025 aimed at catalyzing development in the southern part of Selangor. Strategically positioned in the central Klang Valley and near populated areas such as Bandar Baru Salak Tinggi, Putrajaya, Cyberjaya, Subang, and Shah Alam, it offers business executives and workers the convenience of living near the city center and access to essential amenities.

Mah Sing's landed residential development, M Senyum, is located nearby in Bandar Baru Salak Tinggi. Also known as the Airport City, Bandar Baru Salak Tinggi is well-connected to major access points and highways such as KLIA Expressway, ELITE Highway, North-South Expressway, Putrajaya-Cyberjaya Expressway, Jalan Banting-KLIA, and KLIA Extension Highway. The area boasts ready amenities, including the ERL Salak Tinggi Station, which offers a twice-hourly KLIA Transit service to KLIA/KLIA2 and KL Sentral, Bandar Baru Salak Tinggi Stadium, Nilai Medical Center, and KIP Mall in Kota Warisan. Additionally, there are six universities nearby namely Xiamen University, INTI International University, Nilai University, Manipal International University, University Kuala Lumpur, and the Islamic Science University of Malaysia, providing a ready pool of talents for industries and businesses.

Situated just approximately 10km from Kuala Lumpur International Airport (KLIA), the Lands have good connectivity to air transportation, providing flexibility in logistics for businesses to choose the suitable mode of transport for their goods and services, leading to cost optimization. The proximity to air transportation facilitates international trade, enabling businesses to reach global markets easily. Logistics hub such as Cainiao Warehouse by Alibaba Group, Pos Aviation E Commerce Hub and DHL Global Forwarding are located in the same area. In terms of sea transportation, the land is approximately 65km from West Port and 75km from North Port.

The Group is unable to disclose the net book value of the Land as it is not privy to this information. Apart from the Existing Charge, the Lands are free from all encumbrances, caveats, charges, liens whatsoever.

Please refer to Appendix I for the location map.

4.2 Proposed Development

Based on preliminary plans and subject to approval from the authorities, the Land is earmarked for primarily a world class industrial development that will include customized factories, industrial lots, cluster, semi-D and detached factories catering to medium and light industrial businesses. The development will be named **Mah Sing Business Park**, with GDV of approximately RM 728 million. The estimated GDV for the entire 561.65 acres of land is estimated to be approximately RM 2 billion, encompassing comparable development components as the Land for the Option Land. Alternatively, an estimated GDV of approximately RM 1.5 billion is anticipated, focusing solely on the sale of industrial lots for the Option Land. The Proposed Development is poised to attract industry players from high-tech manufacturing and value creation sectors.

With a robust liquidity and balance sheet, the Group is committed to disciplined land banking, with a continued focus on acquiring lands with the potential for fast and efficient returns. Aligned with the Group's quick turnaround strategy and subject to authorities' approval, the Proposed Development is anticipated to commence in the second half of 2024 and to be developed over a span of 3-4 years.

5.0 RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition represents a strategic move for the Group, building upon the foundation laid by the earlier MSSSID joint venture announced on 7 September 2023. Following the collaboration and leveraging the connections and extensive network of MSSSID JV partner who is Executive President of Malaysia JiangSu Entrepreneurs Business Association, the Group has actively engaged with businesses eager to establish operations in Malaysia. The responses received have been notably positive, underscoring the considerable potential of the Proposed Development.

Situated in Sepang, a prominent industrial hub within Selangor, the Lands hold strategic significance. Selangor, being the leading contributor to Malaysia's economy, with a 25.5% share of the GDP in 2022, presents a robust economic environment. Specifically, the Proposed Development aligns with the Integrated Development Region in South Selangor (IDRISS), enjoying government incentives to attract investments in the promoted cluster, covering an extensive area of 40,000 acres with an estimated GDV of RM1 trillion.

The location benefits from world-class connectivity through land, sea, and air routes. Proximity to major airports, including KLIA1, KLIA2, and Subang SkyPark Terminal, coupled with the 12th busiest container port globally, Port Klang, enhances accessibility. Additionally, the Lands' closeness to Kuala Lumpur Business Centre, Putrajaya Administrative Capital, and Cyberjaya forms part of an advanced commercial ecosystem, making it an appealing destination for both local and foreign investors.

Capitalizing on Malaysia's strong investment momentum, the Proposed Acquisition comes at a time when the country attracted RM225 billion in approved investments for the January to September 2023 period. Notably, the manufacturing sector accounted for 44.4% of the total approved investments across all sectors. The Group is optimistic about Malaysia's positioning to integrate further into the Global Value Chain, especially considering the global geopolitical shifts that are driving companies to view Southeast Asia as a strategic "Plus One" destination for economic security and supply chain resilience.

As Malaysia strives to enhance its global standing in manufacturing, the Group's strategic move in Sepang not only positions the company for sustainable success but also aligns seamlessly with the national agenda for economic transformation. Through this alignment, the Group seeks to not only capitalize on immediate market opportunities but also actively participate in and contribute to the collective efforts aimed at achieving the visionary objectives set forth in the New Industrial Master Plan 2030.

Moreover, the Proposed Acquisition presents the Group with an opportunity to broaden its portfolio horizons, extending beyond its residential development focus to incorporate industrial portfolio. Armed with a successful track record comprising five completed industrial parks, four in Selangor and one in Johor, the Group is well-equipped to capitalize on the growing demand for industrial spaces. In addition to outright sales, the Group may explore the possibility of securing long-term leases for warehouses, logistics distribution centers, data centers, and other high-tech, high-value manufacturing facilities. This strategy could generate potential recurring income.

The Vendor's participation as a shareholder in the development brings added credibility and confidence to the prospects of the Proposed Development. The staggered investment structure, initially acquiring 185 acres with an option for a further approximately 376.65 acres within four years, and the upfront locking-in of the fixed land cost per square foot not only mitigates risk but also presents growth opportunities without exerting undue pressure on the balance sheets and liquidity. The strategic collaboration with the Vendor not only facilitates cost and risk sharing but also expedites approval processes, opening up the possibility for future collaborations on additional lands.

In conclusion, the Proposed Acquisition is poised to enhance the Group's future earnings potential. By strategically positioning itself in Selangor's thriving industrial landscape and leveraging its expertise in industrial development, the Group anticipates a positive impact on its comprehensive development portfolio. The move aligns with the Group's agile business model and commitment to adapt to market dynamics, seize growth opportunities, and position itself as a key player in Malaysia's evolving economic landscape.

6.0 PROSPECTS AND RISK FACTORS

6.1 Overview and prospects of the Malaysian economy

The economy grew by 3.3% in the third quarter

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic (E&E) products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Going forward, growth will remain resilient despite external headwinds on account of firm domestic demand

BNM Governor Datuk Abdul Rasheed Ghaffour says, "Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% – 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit."

Improvements in tourist arrivals and spending are expected to continue. Investment will be supported by further progress of multi-year infrastructure projects and the implementation of catalytic initiatives. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming primarily from weaker- than-expected external demand as well as larger and more protracted declines in commodity production. However, there are upside risk factors such as stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new investment projects.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2023, Bank Negara Malaysia)

6.2 Overview and prospects of the property industry

Diversification Propels Malaysia's Manufacturing Sector

The manufacturing sector in Malaysia attracted a total of RM99.8 billion in approved investments, accounting for 44.4% of the total approved investments across all sectors. This marks a significant increase of 53.9% from the RM64.9 billion recorded in the same period in 2022.

These investments are spread across 607 projects, poised to generate an estimated 48,496 job opportunities. FDI takes a significant lead, contributing RM84.8 billion or 85.0%, while DDI accounts for RM15.0 billion or 15.0%.

Expansion and diversification projects dominate the landscape, amounting to RM62.0 billion, in addition to RM37.8 billion stemming from new projects. FDI plays a pivotal role in both categories, representing 89.7% of expansion/diversification projects and 77.3% of new projects, respectively.

New projects are also led by foreign sources, which is 77.3%, showing the continued confidence of foreign investors in Malaysia as a preferred investment destination that can complement their international business network. Focus industries include E&E and machinery and equipment (M&E), amounting to RM9.9 billion and RM7.8 billion respectively.

(Source: Media Release dated 6 December 2023, Malaysian Investment Development Authority's (MIDA))

Property market activity witnessed 22.6% growth in value Q3 2023

Property market activity recorded more than 100,000 transactions worth RM57.15 billion. This indicated an increased of 3.7% in volume and 22.6% in value compared to Q3 2022.

From the total transactions, 87.7% (95,511 transactions) were transfers dated in 2023 while the remaining percentage share was for prior years' transfers which completed in review quarter. Sectoral market activity performance improved marginally: residential (5.6%), commercial (33.3%) and development land (2.4%) with the exception of industrial and agriculture subsectors, which declined by 0.6% and 12.2% respectively against similar period last year.

Value of transactions across the sub-sectors showed upward movements. The agricultural sub-sector tops the list, increase significantly by 52.3%, followed by commercial (34.3%), industrial (30.9%), residential (13.4%) and development land (11.6%) sub-sectors.

Property market is expected to remain cautiously optimistic

The country's economic and financial developments and the sentiment of industry players are the internal factors that will have an impact on the property sector as well as the external factors such as global financial and economic conditions. As the national economy is projected to expand to the lower end of the 4.0% to 5.0% range in 2023 supported continued resilient domestic growth prospects, the property market performance is expected to remain cautiously optimistic.

(Source : Press Release Property Market Third Quarter 2023, National Property Information Centre (NAPIC), Valuation & Property Services Department, Ministry of Finance Malaysia, 15th November 2023)

6.3 Risk factors for the Proposal

The Proposed Acquisition would subject the Group to risks inherent in the property development business of which the Group is already involved in. Such risks may include sensitivity to economic conditions, financing risk, construction cost/materials price increases, delays in commencement and completion, competition from other property developers, dependence on key personnel, compulsory acquisition and pandemic risks.

Any adverse change in these conditions may have a material adverse effect on the Group. These risks are addressed as part of the Group's ordinary course of business and are not expected to represent new risks to the Group's operations. The Group seeks to mitigate these risks with prudent implementation of business strategies, financial risk management, efficient operating procedures and active engagement with authorities.

7.0 EFFECTS OF THE PROPOSAL

7.1 Share capital and shareholdings of substantial shareholders

The Proposed Acquisition has no impact on the issued share capital and the shareholdings of the substantial shareholders of Mah Sing as it does not involve any issuance of new ordinary shares in Mah Sing.

7.2 Earnings

The Proposed Acquisition is not expected to have a material impact on the earnings of the Group for the financial year ending 31 December 2024. However, the Proposed Acquisition is expected to contribute positively to the future earnings of the Group.

7.3 Net assets ("NA") and gearing

The Proposed Acquisition is not expected to have a material impact on the NA of the Group for the financial year ending 31 December 2024. However, the Proposed Acquisition is expected to enhance the NA of the Group in the future in view of the potential future profit contribution arising from the development of the Land.

The effect of the Proposed Acquisition and the Proposed Development on the gearing of the Group will be dependent on the eventual funding mix to be used.

8.0 APPROVALS REQUIRED

The Proposed Acquisition is not subject to Mah Sing shareholders' or any other governmental authorities' approvals other than those highlighted in Section 2.3.3 herein.

9.0 ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in the second half of 2024.

10.0 HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02(g) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements is 2.8%. Including the Option Land, the highest percentage ratio is approximately 8.6%.

11.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of Mah Sing and/or persons connected to them have any interests, direct or indirect, in the Proposed Acquisition.

12.0 DIRECTORS' RECOMMENDATION

The Board of Mah Sing, having considered all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Group.

13.0 DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the PMA are available for inspection at the registered office of the Company at Penthouse Suite 1, Wisma Mah Sing, No. 163 Jalan Sungai Besi, 57100 Kuala Lumpur, during normal business hours from Mondays to Fridays (except for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 31 January 2024.

Appendix I

Location Map