
5. INDUSTRY OVERVIEW

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30 AUG 2016

The Board of Directors
PERAK TRANSIT BERHAD
19, Lebuhraya Bercham Selatan
Taman Cahaya Tasek
31400 Ipoh
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Malaysia

Dear Sirs,

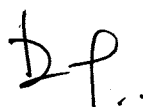
Executive Summary of the Independent Market Research Report on the Public Bus Terminal Services in Ipoh, Perak, as well as Advertising, Public Bus Transportation Services and Retail Markets in Malaysia in conjunction with the listing of PERAK TRANSIT BERHAD on the Ace Market of Bursa Malaysia Securities Berhad in relation to the Public issue of 245,000,000 Ordinary Shares of RM0.10 each in PERAK TRANSIT BERHAD ("Perak Transit shares") in the following manner:-

- i) 58,000,000 new Perak Transit shares available for application by the Malaysian public; and**
- ii) 187,000,000 new Perak Transit shares available for private placement to selected investors;**

at an issue price of RM0.15 per share, payable in full on application.

This Executive Summary of the Independent Market Research Report on the Public Bus Terminal Services in Ipoh, Perak, as well as Advertising, Public Bus Transportation Services and Retail Markets in Malaysia is prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus of PERAK TRANSIT BERHAD.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

1 INTRODUCTION

Objective of the Study

This Executive Summary of the independent market research ("IMR") report has been prepared in conjunction with the listing of Perak Transit Berhad on the ACE Market of Bursa Malaysia Securities Berhad. The objective of this IMR report is to provide an independent view of the industry and market(s) in which Perak Transit Berhad operates in and to offer a clear understanding of industry and market dynamics.

Rationale and Scope of Work

Perak Transit Berhad is principally involved in the operations of Terminal AmanJaya integrated public transportation terminal and the provision of public bus services in Ipoh, Perak. Perak Transit Berhad is also involved in petrol station operations and the management of automotive diesel oil incentive programme.

The scope for this Executive Summary of the IMR report will thus address the following areas:

- market development and growth prospects of the public bus terminal services market in Ipoh, Perak, in relation to the Terminal AmanJaya integrated transportation terminal operations of Perak Transit Berhad;
- market development and prospects of the advertising market in Malaysia in relation to the rental of advertising and promotion space at Terminal AmanJaya;
- market development and growth prospects of the public bus transportation services market in Malaysia as well as the Northern and East Coast regions of Malaysia in relation to the public bus services operations of Perak Transit Berhad; and
- market development and growth prospects of the retail market in Malaysia in relation to the rental of shops and kiosks at Terminal AmanJaya.

The growth of petrol station operations and the management of automotive diesel oil incentive programme are not addressed in this Executive Summary of the IMR report as the margin contribution from this business segment is relatively small in comparison to the other business segments of Perak Transit Berhad.

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2 DEFINITIONS AND SEGMENTATION

Public transportation is a key pillar of a nation's economy. From cities to small towns, and everywhere in between, public transportation provides transit for daily mobility and links between people and their jobs, education and entertainment. Therefore, the availability and convenience of public transportation defines the quality and promotes positive perception of public transport services. Public transport services are a form of travel provided by high occupancy vehicles such as buses and trains, along predetermined travel paths and at scheduled intervals during a day. Public transportation services can be operated by governments or private organisations, and provide access to transport for the entire community as opposed to private transport that is limited to selected individuals. Key factors that will promote public transportation as the travel mode of choice include service coverage, travel time, reliability, park and ride facilities, comfort and safety.

Cities and metropolitan areas are centers of diverse economic activities that require efficient and convenient transportation of persons and goods. The high density of activities in urban cities makes it possible and necessary for high capacity modes, such as bus, light rail systems and mass rapid systems, to be used as these modes of transportation are more economical and energy efficient than private cars. Moreover, public modes of transportation provide transport service for all persons, while private cars can only be used by those who own and drive them. Thus, cities need and benefit from public transportation services, which offer greater mobility for the entire population than people in rural areas can enjoy.

Land public transportation modes in Malaysia include road and rail transport:

- **Road public transportation**

Road public transportation include buses, coaches and taxis. Buses and coaches are a significant and large element in Malaysia's public transportation landscape. A stage bus is a bus plying along a route approved by the Land Public Transport Commission (Suruhanjaya Pengangkutan Awam Darat, "SPAD") for the carriage of passengers on a service which contains fare stages, with a separate fare, timetable and schedule of fares for each fare stage. Stage bus services are available to the general public on demand and generally make multiple stops along a particular route, with cash payments collected on-board or at selected stops. Longer distance express bus services are also available to the general public, but unlike stage bus services, express buses do not typically make multiple stops along its intended particular route. An express bus is a bus plying along the route approved by SPAD, with a timetable and fare table, for the carriage of passengers at separate fares on a service which contains no fare stages of less than 32 kilometres. Taxis are vehicles that are available for hire on demand.

- **Rail public transportation**

In Malaysia, light rail systems are automated transportation modes predominantly used for public transportation in Klang Valley. The average trip length between stations for light rail systems are generally short. Mass rapid systems are designed for high capacity transportation needs, and distances between stations tend to be farther than that of light rail systems, with longer average trip lengths. Malaysia is currently in the midst of constructing its mass rapid system in Klang Valley which is anticipated to be operational by 2017.

The selection of public transportation mode of choice is typically influenced by passenger characteristics including household structure and income as well as vehicle ownership; characteristics of travel including purpose of travel, time and distance of travel; and characteristics of the transport facility including travel duration, cost, quality of service and parking space availability.

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Public transportation infrastructure is a key component of operation and function of an efficient, convenient and safe public transportation system. Appropriate infrastructure forms an integral part of customer experience and promotes public transportation as a competitive and viable alternative to private vehicle travel. For road public transportation, pertinent infrastructure include stations, stops, depots, park and ride facilities and transport corridors.

▪ **Terminals/stations**

A terminal or station is a public transportation facility that acts as a central departure and/or destination point to accommodate high passenger volumes. Terminals provide passengers with the key point of connection to a public transport service and a desired destination (or transfer point enroute to a destination). Terminals are often located in high frequency corridors and can be located from outer-suburban areas to inner-city areas.

Terminals generally serve key catchment areas such as commercial and business districts, and may contain various supporting infrastructure such as ticketing and public transport information, park and ride facilities as well as other public amenities and ancillary services. Multi modal terminals provide transfers between different modes of transportation such as bus to train. These terminals function to serve key catchment areas and where two (2) or more public transport corridors come together with different modes. Intra modal terminals act as departure or destination points for high traffic stations in key catchment areas, and are key points of transfer between the same modes of transportation.

The appropriate design of terminal infrastructure is largely influenced by the operational capacity demands of its immediate location and services from the wider public transportation network. Thus, the consideration of potential short-term and long-term capacity constraints that may be placed on station infrastructure should be addressed early in the planning stage of station. These may include, but are not limited to, future patronage and service growth; future transport network and corridor connections; demographics applicable to surrounding land use nodes; and future potential surrounding land use development.

▪ **Stops**

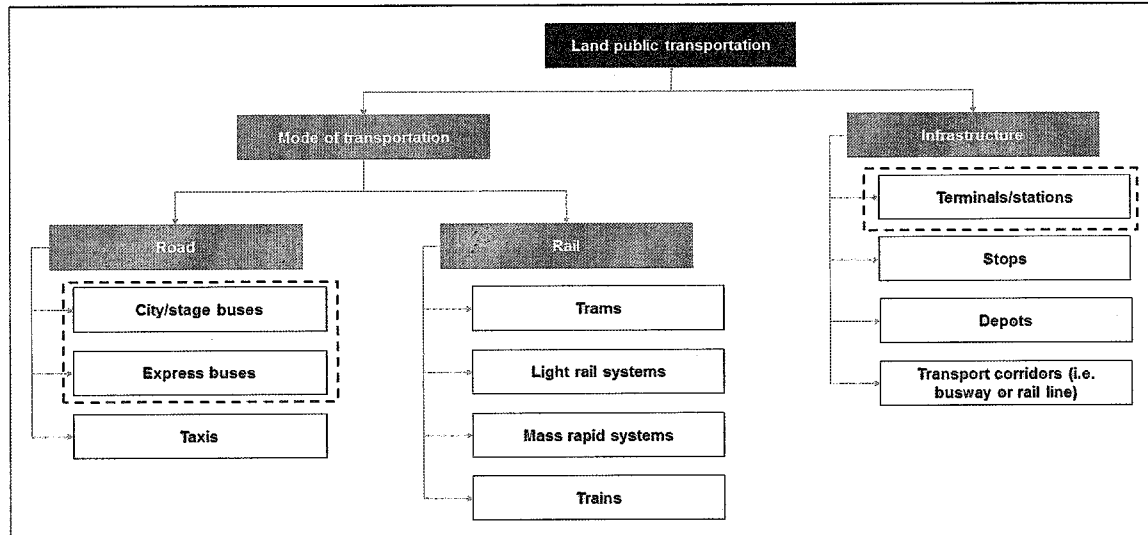
Stops such as bus stops act as collection and drop-off points for passengers along a predefined public transportation route. The design and location of bus stops is critical for passengers, bus operators, traffic management, fare zone boundaries and overall performance of the public transportation service provider.

▪ **Transport corridors**

Public transport corridors such as roads, busways and rail lines are pathways that are dedicated solely or predominantly for public transportation services.

5. INDUSTRY OVERVIEW (Cont'd)

Land public transportation – modes of transportation and associated infrastructure



Denotes the market segment in which Perak Transit Berhad is principally involved.

The significance of cities as highly productive centres of economy in Malaysia is increasingly becoming more distinct. To this end, public transportation networks must be able to support the nation's economic growth, growing population and their diverse needs and expectations. A comprehensive and well-performing transport system is an important enabler of sustained economic prosperity.

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3 ANALYSIS OF PUBLIC BUS TERMINAL SERVICES IN IPOH, PERAK, MALAYSIA

Industry Performance, Outlook and Prospects

Major towns and cities across Malaysia house single modal and multi modal terminals. Single modal terminals include standalone public railway stations and bus terminals that are not integrated with other modes of transportation. Multi modal terminals are railway stations and bus terminals that offer connectivity with other forms of public transportation such as taxi services, light rail transit systems, and mass rapid systems. In many smaller towns, a public bus terminal may offer both combined stage bus and express bus services. Nevertheless in larger cities, stage bus services and express bus services may be operated from separate terminal facilities.

Terminal AmanJaya is owned and operated by Perak Transit Berhad. Terminal AmanJaya is an integrated transportation terminal and complex located in Perak's capital city of Ipoh and is gazetted by the Ipoh City Council as a station for public services vehicles (bus and taxi services). In 2014, SPAD released "*Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Eksespres di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya*" ("Circular"). This Circular was released as part of SPAD's goal of transforming land transportation and further improving the delivery of public transportation services to the public. Under the guidelines of this Circular, SPAD has determined that all express bus services operating in Ipoh are mandated to pick up and drop off passengers in Terminal AmanJaya. By centralising express bus operations in Terminal AmanJaya, it is anticipated that passengers will be able to benefit in terms of comfort, safety, have access to improved travel information and notification as well as enhanced public transportation network. Without express written consent from SPAD, express bus operators are prohibited from picking up and dropping off passengers in other locations in Ipoh. Failure to comply with SPAD's guidelines under this Circular could lead to a fine of between RM1,000 and RM500,000 or imprisonment of no more than two (2) years or both. Further, the Circular details the provision of shuttle bus services along four (4) travel routes to improve the interconnectivity between Terminal AmanJaya and Ipoh town centre.

Terminal AmanJaya commenced operations in September 2012 as the express bus terminal in Ipoh, Perak. Terminal AmanJaya is the only gazetted express bus terminal in Ipoh by the Ipoh City Council, where the gazette came into effect on 31 July 2012. Thus, the growth in bus terminal services in Ipoh is represented by the following measures:

- Total number of passengers recorded at Terminal AmanJaya, based on the total number of ticket-purchasing passengers; and
- Perak Transit Berhad's segmental revenue growth for terminal services operations at Terminal AmanJaya.

The provision of integrated transportation facilities such as Terminal AmanJaya is pertinent to ensuring that the population opts for public transport. Efforts are underway to improve integration between modes to promote seamless mobility. In addressing increased mobility demand, the Government has committed to continuing investments in public transport capacity and service expansion, where focus will be placed on providing services that are well-connected, accessible, affordable, convenient, reliable and safe to encourage the shift from private vehicles to public transport. Strategies to improve overall public transport services will cater to rural, rural-urban, urban and intercity mobility. Facilities for mobility-impaired persons will be improved particularly at stations and terminals. These efforts will contribute positively to the prospects and outlook for public bus terminal services.

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Competitive Landscape

Terminal operations at Terminal AmanJaya began in September 2012, with the recording of passenger data commencing in March 2013. The total number of passengers recorded at Terminal AmanJaya, based on the number of ticket-purchasing passengers, was 573,022 from March to December 2013. During the same period of March to December 2015, the total number of passengers at Terminal AmanJaya increased to 709,411, at a compound annual growth rate ("CAGR") of 11.3%. The number of ticket-purchasing passengers increased from 760,740 passengers for the period of January to December 2014 to 822,775 passengers for the period of January to December 2015 at an annual growth rate of 8.2%.

Public bus terminal services market in Ipoh, Perak – number of ticket-purchasing passengers at Terminal AmanJaya

Year	2013	2014	2015	2014	2015
Period	March – December ^a	March – December	March – December	January – December	January – December
Total Passengers	573,022	637,405	709,411	760,740	822,775
Annual growth	-	11.2%	11.3%	-	8.2%
CAGR		11.3%		8.2%	

^a Number of passengers in 2013 are for the period between March and December due to the commencement of data collection in March 2013

Source: Perak Transit Berhad

Perak Transit Berhad's segmental revenue for its integrated terminal complex operations has also demonstrated significant growth, rising from RM13.5 million in the financial year ended ("FYE") 31 December 2013 to RM29.5 million in the FYE 31 December 2015, at a CAGR of 47.7%.

Public bus terminal services market in Ipoh, Perak – Perak Transit Berhad's segmental revenue growth for terminal services operations at Terminal AmanJaya

	FYE 31 Dec 2013 (RM '000)	FYE 31 Dec 2014 (RM '000)	FYE 31 Dec 2015 (RM '000)
Perak Transit Berhad – segmental revenue for integrated terminal complex operations	13,539	24,995	29,547
Annual growth	-	84.6%	18.2%
CAGR		47.7%	

Source: Perak Transit Berhad

Perak Transit Berhad recorded a revenue of RM74.12 million in the FYE 31 December 2015, outperforming other identified providers of public bus terminal services in Malaysia. Perak Transit Berhad's gross profit margin and profit after tax margin of 44.42% and 25.89% respectively in FYE 31 December 2015 outperformed the respective industry averages of 18.00% and 12.59%.

In FYE 31 December 2015, Perak Transit Berhad's gearing ratio was 0.95 times, which was lower than the industry average of 1.36 times. During the same period, Perak Transit Berhad had a current ratio of 1.04

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times in comparison to the industry average of 0.97 times. In FYE 31 December 2015, Perak Transit Berhad's return on assets and return on equity were 7.18% and 15.10% respectively, which were below the industry averages of 9.14% and 65.96% respectively.

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Public bus transportation services market in Malaysia – financial performance of public bus terminal services providers in Malaysia

Company	Principal business activities (as per filings with Companies Commission of Malaysia)	Details of public bus terminal services operations	Latest available FYE	Revenue ^a (RM '000)	Gross profit (RM '000)	Profit after tax (RM '000)	Gross profit margin (%)	Profit after tax margin (%)	Gearing ratio (times)	Current ratio (times)	Return on assets (%)	Return on equity (%)
Darulaman Solutions Sdn Bhd	General trading	Operator of Sungai Petani express bus station	31 December 2014	293.21	129.33	-38.70	44.11	-13.20	N/A ^b	0.46	N/A ^c	N/A ^b
Maju TMMAS Sdn Bhd	Operating and managing an integrated bus terminal including renting out ancillary facilities within the terminal	Operator of Terminal Bersepadu Selatan	31 December 2014	35,095.66	21,144.37	-4,785.86	60.25	-13.64	0.02	1.32	N/A ^c	N/A ^c
Melaka Sentral Sdn Bhd	To provide management services to shopping complexes, bazaar, market (wet and dry), bus and taxi terminal	Operator of Melaka Sentral bus terminal	31 December 2014	10,243.32	3,340.75	306.60	32.61	2.99	7.62	0.38	0.48	4.71
NPO Development Sdn Bhd	Property development	Operator of Klang Sentral bus terminal	31 June 2015	10,518.80	3,671.02	21,512.37	34.90	204.51	0.59	0.91	23.01	260.50

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Company	Principal business activities (as per filings with Companies Commission of Malaysia)	Details of public bus terminal services operations	Latest available FYE	Revenue (RM '000) ^a	Gross profit (RM '000)	Profit after tax (RM '000)	Gross profit margin (%)	Profit after tax margin (%)	Gearing ratio (times)	Current ratio (times)	Return on assets (%)	Return on equity (%)
Penang Sentral Sdn Bhd	Engaged in property development, managing and maintaining a temporary transport terminal	Operator of Penang Sentral temporary bus terminal	31 December 2014	851.44	-982.69	-1,583.02	-115.42	-185.92	0.00	0.09	N/A ^c	N/A ^c
Perak Transit Berhad ^a	Operations of Terminal Amanjaya integrated public transportation terminal; the provision of public bus services in Ipoh, Perak; petrol station operations and the management of automotive diesel oil ("ADO") incentive programme	Owner and operator of Terminal Amanjaya in Ipoh, Perak	31 December 2015	74,123.31	32,928.39	19,188.90	44.42	25.89	0.95	1.04	7.18	15.10

5. INDUSTRY OVERVIEW (Cont'd)

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Company	Principal business activities (as per filings with Companies Commission of Malaysia)	Details of public bus terminal services operations	Latest available FYE	Revenue (RM '000) ^a	Gross profit (RM '000)	Profit after tax (RM '000)	Gross profit margin (%)	Profit after tax margin (%)	Gearing ratio (times)	Current ratio (times)	Return on assets (%)	Return on equity (%)
Syarikat Kenderaan Melayu Kelantan Berhad	Public transportation services	Operator of bus terminals in Kelantan, namely in the towns of Machang, Kuala Krai, Tumpat and Kota Bharu	31 December 2014	14,672.49	-5,417.73	8,885.51	-36.92	60.56	0.37	1.37	8.89	28.58
UDA Mall Sdn Bhd	Property management	Operator of Pudu Sentral bus terminal	31 December 2014	5,205.41	4,167.57	1,018.23	80.06	19.56	0.00	2.23	6.17	20.90
						Industry average	18.00	12.59	1.36	0.97	9.14	65.96

^a May include revenue derived from other business segments and/or other geographies, as segmental revenue information is not available

^b Not applicable due to negative shareholder's equity

^c Not applicable due to loss after tax

^d Revenue from integrated public transportation terminal operations comprised RM29,547,000, while revenue from bus operations as well as petrol station operations and the management of ADO incentive programme comprised the remaining RM44,576,000

Source: Perak Transit Berhad, Annual reports, Companies Commission of Malaysia

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Key Demand Conditions and Dependencies

Growth of the retail market in Malaysia drives demand for commercial rental space at bus terminals

The retail and wholesale sector is Malaysia's third largest industry and is a major contributor to the nation's gross national income ("GNI"). The Economic Transformation Programme ("ETP") (2011 – 2020) was launched in 2010 with the goal of promoting Malaysia into an inclusive and sustainable high-income country by the year 2020. Malaysia's gross domestic production ("GDP") per capita increased by 19.3% from approximately RM28,733 in 2010 to RM34,284 in 2015 while purchasing power parity ("PPP") per capita income increased by 29.4% from approximately USD20,336 to USD26,315 during the same period. This increase in disposable income has led to a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products.

Malaysia has a reputation as a leading tourism destination globally and tourism is the nation's fifth largest industry after oil, gas and energy, financial services, wholesale and retail and palm oil. Tourist arrivals increased from 24.6 million arrivals in 2010 to 25.7 million arrivals in 2015 at a CAGR of 0.9%, while tourism receipts have witnessed growth over the same period, increasing from RM56.5 billion to RM69.1 billion, registering a CAGR of 4.1%. Under the Malaysia Tourism Transformation Plan 2020, the Government targets to grow tourist arrivals and tourism receipts to 36.0 million and RM168.0 billion respectively by 2020.

As a major contributor to Malaysia's GNI, the retail sector is a key driver of domestic consumption and plays a significant role in promoting economic growth. As such, it has been identified as one (1) of the 12 key economic focus areas under the ETP. Despite recent developments in the retail market, retail expenditure in Malaysia (RM3,154 or USD886) is lower compared to that in countries such as South Korea (USD2,995), Taiwan (USD3,115) and Singapore (USD3,423). While this disparity can be partially attributed to differing income levels, the Government of Malaysia intends to drive retail spending in achieving the targets under ETP. In achieving the GNI targets for the retail sector, the Government intends to improve access to finance, liberalise the retail sector through the opening up of restricted markets, streamlining set-up and expansion requirements, upgrading transportation infrastructure, and growing human capital. SMITH ZANDER views positively initiatives taken by the Government of Malaysia via various economic plans and policies to boost the retail market in Malaysia.

Growth of Malaysia's retail market will be driven by the increasing disposable income of the population that signifies growth potential for retail sales, higher tourist arrivals coupled with tourism receipts that boost retail sales, and greater Government-driven initiatives to propel the retail market in Malaysia and boost retail expenditure, thus creating demand for retail space.

Please refer to **Chapter 5 – Analysis of the Public Bus Transportation Services Market in Malaysia – Key Demand Conditions and Dependencies** for further information on the growth potential of the public bus transportation services industry in Malaysia and **Chapter 6 – Analysis of the Public Bus Transportation Services Market in the Northern Region of Malaysia – Key Demand Conditions and Dependencies** for further information on the growth potential of the public bus transportation services industry in the Northern region, as these conditions are also applicable to public bus terminal services in Ipoh, Perak.

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Key Supply Conditions and Dependencies

Availability of land bank for future expansion of transportation terminals

Terminal operators typically acquire greenfield sites or large parcels of land to ensure they have sufficient stock of land for future developments. The construction of infrastructure may require the government to acquire various private properties. Under the Land Acquisition Act 1960, a State Authority may compulsorily acquire public property for any public purpose, for a purpose which the State Authority considers beneficial to the economic development of Malaysia, and for mining, residential, agricultural, commercial, industrial, or recreational purposes, or a combination of such purposes. While the State Authority is legally required to pay adequate compensation to the owner(s) of the private properties, the owners may still be adverse to the compulsory land acquisition. Subsequently, this would result in a delay in the acquisition of the properties; a delay which may span over years. This would then delay the construction of the intended infrastructure.

While parts of terminals feature standardised components, terminal station design is site-specific, and no two (2) stations are completely identical in design. This gives planners and designers the opportunity to tailor specific outcomes to meet the functional and operational needs of passengers and services. The nature of terminal and/or stop facility will help inform planning decisions at a regional, district and municipality site level by the public and private sector. The nature of terminal and/or stop facility is dependent on the location, purpose and function of the terminal and/or stop, as well as supporting infrastructure.

Terminals can function most effectively when supported by appropriate land use conducive to high levels of passenger activity. While other factors outside of terminal operations also influence the functionality of a terminal, ultimately, location characteristics are a key driver for passengers to use terminals and public transportation. Site-specific characteristics of a terminal location are key considerations in creating an attractive, seamless integration with the surrounding environment. This will then ensure that the terminal becomes a fundamental part of the surrounding community.

Availability of labour and manpower for the operation and management of terminals

A bus terminal is a facility where buses typically begin or terminate its route, and serves as a hub where passengers board and alight. As a public transportation facility, bus terminal services cater to both bus operators and passengers. The scope of operations in a bus terminal is wide and varied, ranging from fare collection to maintenance and repair services. Personnel involved in the operations of a bus terminal include operators of terminal vehicles, office personnel and maintenance staff; each with a role to ensure services offered are efficiently rendered to all parties.

Terminal management personnel range from personnel involved in day-to-day tasks involved in the operations of a terminal such as maintenance and cleaning staff to executives with specialised skillsets who oversee the administrative and financial management of a terminal. Terminal management personnel are central to terminal operations as they are responsible for implementing efficient systems and carrying out routine tasks to ensure the seamless operations of a bus terminal. Bus terminal management includes, but is not limited to, training and development of terminal employees, managing the terminal operations budget, establishing work schedules and assignments for all terminal employees, as well as planning and assigning buses to their respective bays within the bus terminal to ensure the seamless operation of bus services with minimal delays and interruptions to the bus schedule. Bus terminals often contain commercial space which is available for rent, with the aim of providing retail services to bus terminal customers and serves as an additional source of revenue for terminal operators. As such, terminal management personnel

5. INDUSTRY OVERVIEW (Cont'd)

are also responsible for managing existing tenants and finding new tenants to rent available commercial space.

The operations and management of a terminal is labour intensive and requires manpower with specific skillsets that vary with job function within the terminal environment. The efficiency of terminal operations hinges on terminal operations personnel employed and requires an adequate number of sufficiently competent and skilled personnel to ensure functions such as maintenance services, bus service scheduling, terminal traffic management, and passenger management are carried out efficiently. As such, terminals can function most effectively when supported by an adequate number of suitably skilled and trained personnel.

Product/Service Substitution

There are no comparable substitutes to Terminal AmanJaya in Ipoh given that Terminal AmanJaya has been gazetted by the Ipoh City Council as a station for public services vehicles (bus and taxi services). Further, under Circular guidelines from SPAD, SPAD has determined that all express bus services operating in Ipoh are mandated to pick up and drop off passengers in Terminal AmanJaya. Collectively, this effectively makes Terminal AmanJaya the sole provider of terminal services for express bus services in Ipoh with no close product substitutes within Ipoh. Please refer to **Chapter 3 – Analysis of the Public Bus Terminal Services in Ipoh, Perak, Malaysia – Relevant Laws and Regulations** for details of the Ipoh City Council gazette and SPAD circular.

Reliance and Vulnerability to Imports

The provision of public bus terminal services in Malaysia is not dependent on imports as public bus terminal services are provided by owners and/or operators of public bus terminal facilities, where the provision of these services are localised at each public bus terminal facility.

Relevant Laws and Regulations

The relevant laws and regulations that govern bus terminal service providers in Malaysia include, but are not limited to the following:

Road Transport Act 1987 [Act 333] No 1667. Public Vehicles Stations (Ipoh City Council) Order 2012

In exercise of the powers conferred by subsection 72(1) of the Road Transport Act 1987 [Act 333], the Ipoh City Council gazetted Terminal AmanJaya as the station for public services vehicles (bus and taxi services) with effect from 31 July 2012.

Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Eksespress di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya

Terminal AmanJaya is an integrated bus terminal and complex located in Perak's capital city of Ipoh and caters to the operations of express buses. Terminal AmanJaya is owned and operated by Perak Transit

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Berhad. In 2014, SPAD released “*Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Ekspres di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya*” (“Circular”). This Circular was released as part of SPAD’s goal of transforming land transportation and further improving the delivery of public transportation services to the public. Under the guidelines of this Circular, SPAD has determined that all express bus services operating in Ipoh are mandated to pick up and drop off passengers in Terminal AmanJaya except in selected circumstances with written consent from SPAD. By centralising express bus operations in Terminal AmanJaya, it is anticipated that passengers will be able to benefit in terms of comfort, safety, have access to improved travel information and notification as well as enhanced public transportation network. Without express written consent from SPAD, express bus operators are prohibited from picking up and dropping off passengers in other locations in Ipoh. Failure to comply with SPAD’s guidelines under this Circular could lead to a fine of between RM1,000 and RM500,000 or imprisonment of no more than two (2) years or both. Further, the Circular details the provision of shuttle bus services along four (4) travel routes to improve the interconnectivity between Terminal AmanJaya and Ipoh town centre.

Suruhanjaya Pengangkutan Awam Darat Act 2010

SPAD was officially established on 3 June 2010 following the passing of the Suruhanjaya Pengangkutan Awam Darat Act 2010 by Parliament in May 2010. The Suruhanjaya Pengangkutan Awam Darat Act 2010 provides for the establishment of SPAD towards achieving a safe, reliable, responsive, accessible, efficient, planned, integrated and sustainable land public transport, while ensuring the provision of affordable services for the carriage of passengers and competitive services for the carriage of goods and for related matters.

Land Public Transport Act 2010 [Act 715]

Under the Land Public Transport Act 2010 [Act 715], SPAD will be the regulator and licensing authority for all public service vehicles including freight via road and rail. These functions are currently being carried out by the Commercial Vehicles Licensing Board, Department of Railways and the Commissioner of Tourism of the Ministry of Tourism.

SPAD gained its full powers on 31 January 2011 with the gazetting of the Land Public Transport Act 2010 [Act 715]. SPAD, which comes directly under the purview of the Prime Minister, is tasked with drawing up policies, planning and regulating all aspects of train, bus and taxi services as well as road and rail-based freight transport. SPAD also has enforcement powers which it will carry out with close cooperation with other enforcement agencies such as the Royal Malaysian Police and the Road Transport Department.

SPAD will play a central role in improving road and rail-based public and freight transport in the country. The Land Public Transport Act 2010 [Act 715] states that SPAD shall propose policies and plans in relation to or affecting land public transport, and develop strategies in line with the approved policies and plans with a view to achieving a safe, reliable, efficient, responsive, accessible, planned, integrated and sustainable land public transport, while ensuring the provision of affordable services for the carriage of passengers and competitive services for the carriage of goods.

With the Land Public Transport Act 2010 [Act 715] coming into force, SPAD takes over the functions of Commercial Vehicles Licensing Board, Department of Railways and the tourism vehicles licensing function of the Ministry of Tourism in Peninsular Malaysia. At present, the Commercial Vehicles Licensing Board, Department of Railways and the Ministry of Tourism continue to exercise their respective powers in Sabah and Sarawak.

4 ANALYSIS OF THE ADVERTISING MARKET IN MALAYSIA

Introduction

This chapter provides an analysis of the advertising and promotion market in Malaysia, as Perak Transit Berhad leases out advertising and promotion space at Terminal AmanJaya to advertisers. The outlook and prospects of the advertising market will serve as an indicator to the rental prospects of advertising and promotion space within Terminal AmanJaya.

Definitions and Segmentation

Advertising allows the dissemination of information and messages to a mass audience publicly through different types of communication media such as print, radio, and television. Advertising is one (1) of the most important mass communication tools that content owners use to carry messages in advertisements or programmes which can reach and influence audience. Content owners may be manufacturers intending to advertise and sell their products, government health authorities broadcasting a health campaign, and movie producers who want to generate entertainment revenues from an audience. Examples of advertisements include product and brand promotions, as well as marketing and promotional events that increase awareness of different products among the public.

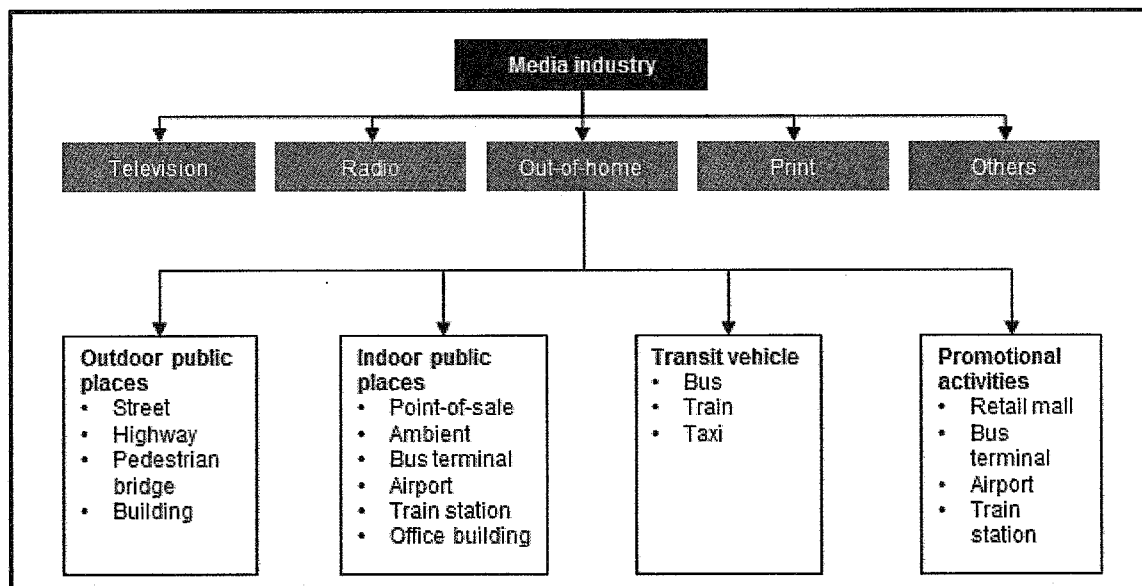
Content is displayed through many forms of media such as the television, radio, out-of-home media, prints and others. Television includes free-to-air television and pay television. Examples of free-to-air television in Malaysia are RTM1, RTM2 TV3, NTV7, 8TV and TV9 while examples of pay television services include ASTRO and HyppTV. Radio is one (1) of the oldest modern forms of mass communication in the media industry, transmitted for in audio form to the public. The print media consists of magazines, newspapers, brochures, newsletters and posters. Out-of-home media transmits content to viewers outside of their homes, both at indoor and outdoor public areas.

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5. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

Advertising market in Malaysia – market segmentation



Out-of-home media transmits content to viewers outside their homes and reaches out to audiences at indoor and outdoor public spaces. Out-of-home media can take both print and digital forms and is defined as any content that is displayed in a public space, for example a billboard, light box, floor or pillar or wall or stair graphics, vertical or horizontal panel, and banners. These also include digital signages that are displayed in public areas, including liquid crystal display screens, plasma screens and liquid crystal display or light emitting diode billboards. Print or digital signages may also be located on streets and transit vehicles such as buses and taxis, as well as in buildings such as retail stores, transportation stations such as bus terminals, and in office buildings. These signages are typically placed in highly visible public locations that are easily spotted by an audience. These locations include streets, highways, pedestrian bridges and in transit vehicles (i.e., buses, trains and taxis).

Industry Performance, Outlook and Prospects

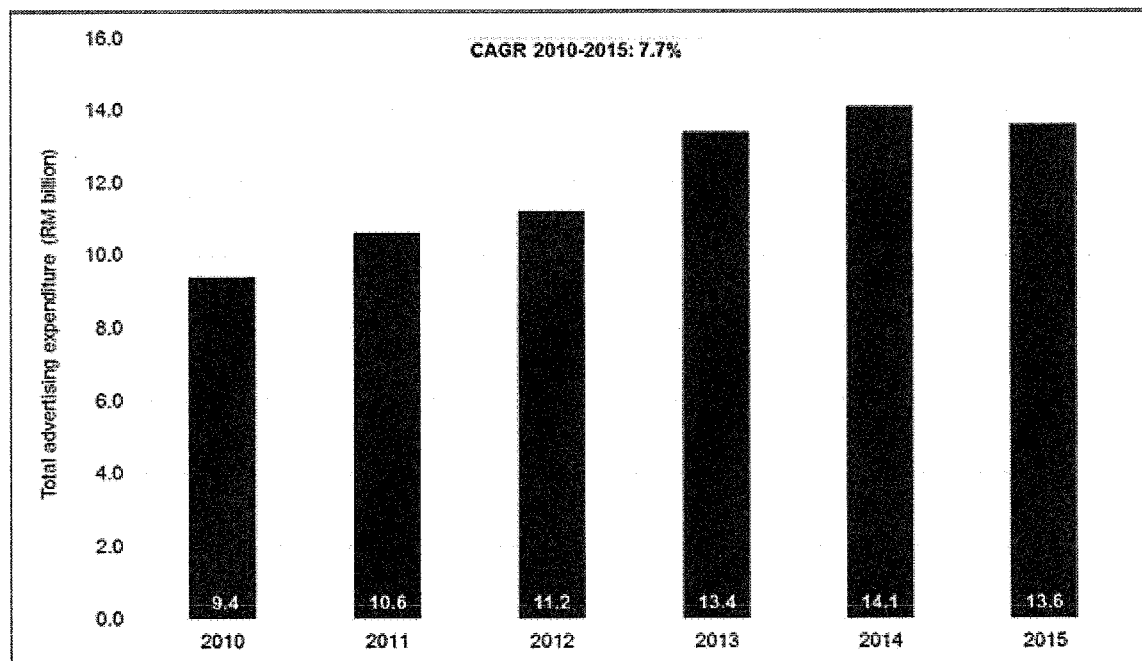
Advertising expenditure in Malaysia is made up of expenditure in advertising through several media channels that are a combination of print and digital channels. Categories of media that carry advertisements include newspapers, free-to-air television, pay television, radio, magazines, outdoor, in-store media and cinema.

Between 2010 and 2015, total advertising expenditure in Malaysia grew from RM9.4 billion to RM13.6 billion at a CAGR of 7.7% on the back of positive market sentiment. This growth has been underpinned by an expansion of advertising solutions moving beyond traditional channels as it penetrates the digital space. The growth and development of content delivered through pay television and the internet has also created room for growth in advertising expenditure as businesses seek more innovative means of engaging the public. Global sporting events such as the London Olympic Games in 2012 and the FIFA World Cup in Brazil in 2014 have also created platforms for advertisers to capitalise on the public attention garnered by these events during this period.

5. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

Advertising market in Malaysia – total advertising expenditure



Based on latest available information, out-of-home advertising expenditure grew from RM245.8 million in 2013 to RM267.1 million in 2014 at a CAGR of 8.7%. This growth led to an increase in the percentage share of out-of-home advertising in relation to total advertising, where out-of-home advertising accounted for 1.8% of total advertising expenditure in 2013 which increased to 1.9% of total advertising expenditure in 2014.

Advertising market in Malaysia – out-of-home advertising expenditure in 2013 and 2014 ^a

	2013	2014
Total advertising expenditure (RM billion)	13.7	14.1
Out-of-home advertising expenditure (RM million)	245.8	267.1
Percentage share of out-of-home advertising	1.8%	1.9%
Growth rate of out-of-home advertising	8.7%	

^a Latest available statistics as at 30 August 2016

The longer term growth prospects are positive as advertising expenditure is anticipated to grow and register a CAGR of 4.0% between 2014 and 2019. While traditional non-digital media such as newspaper and television will continue to dominate overall advertising expenditure during this period, growth will be largely concentrated in the digital media platform where internet advertising is expected to witness strong growth between 2015 and 2019. Digital media is increasingly becoming a popular advertising platform due to its affordability, accessibility and change in consumer habits. This increase in popularity is expected to result in growth in advertising expenditure for digital media platforms, especially as the Government continues to further improve internet penetration rates in Malaysia.

5. INDUSTRY OVERVIEW (Cont'd)

Key Demand Drivers

Transportation infrastructure development will create room for growth in the out-of-home advertising channel

Through the ETP and Eleventh Malaysia Plan ("11MP"), the Government is focused on ensuring that the development of transportation infrastructure will result in greater utilisation of existing facilities with an emphasis on better delivery, quality of services and capacity improvement. With several projects that are focused on infrastructure and public transportation in both urban and rural areas of Malaysia under these plans, an increase in the potential audience for advertisers is anticipated.

With the construction of the mass rapid transit network, the expansion of the light rail transit network, and the implementation of the bus rapid transit in Klang Valley, the completion of the electric train service railway track from Padang Besar in Perlis to Kuala Lumpur, and the Stage Bus Services Transformation ("SBST") Programme scheduled to be rolled out in five (5) cities across Malaysia including Ipoh, the Government is looking to increase public transportation modal share across the country. This provides room for further development and growth of out-of-home advertising through innovative channels, such as on transit media e.g. buses and trains, that enable viewers to watch programmes and advertisements on digital as well as non-digital screens while travelling from one place to another, allowing advertisers to effectively cast a wider net to reach consumers both at home, as well as on public transportation systems. The announcement of new highway projects such as the West Coast Expressway in Peninsular Malaysia and the Pan Borneo Highway in East Malaysia also create growth opportunities for more traditional forms of out-of-home advertising such as billboards and banners as advertisers look to attract the attention of new passenger traffic along these highways. Further, the strategic location of public transportation terminals along major highways and federal roads allow advertisers to target a broad range of public transportation users, as well as passenger traffic along these highways. Advertisers are further able to organise promotional activities and events in these transportation terminals to capture a wider customer base.

The development of transportation infrastructure across the country provides room for growth in the out-of-home advertising space and creates growth potential for the advertising opportunities moving forward.

Rise in the number of commercial developments in Malaysia will result in growth in out-of-home advertising

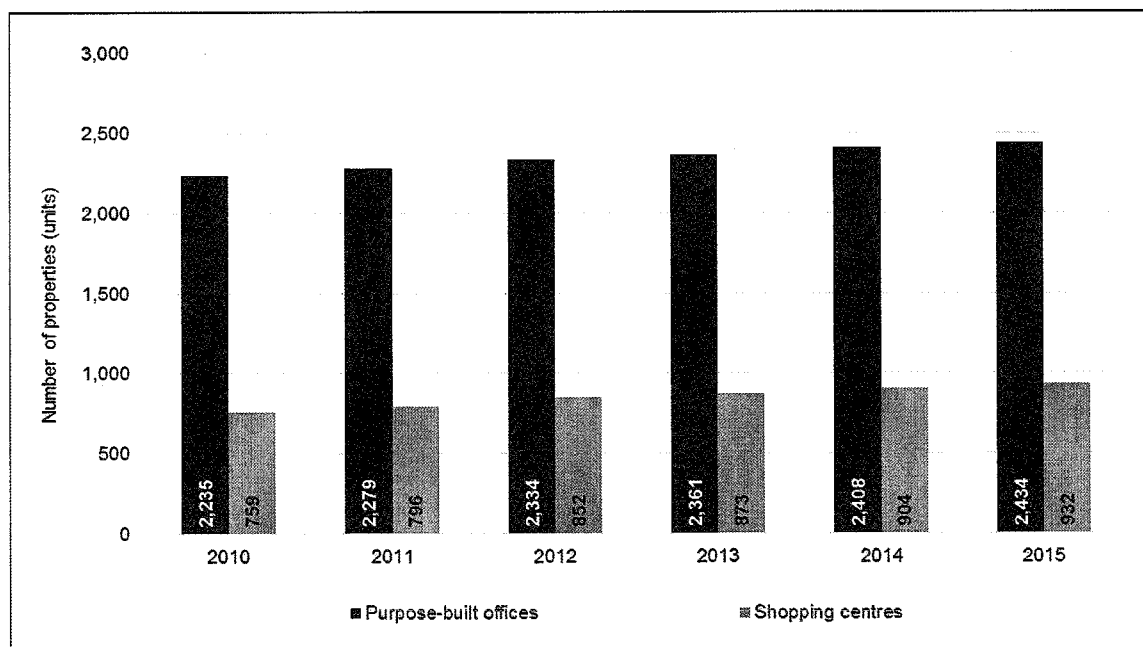
Shopping centres and commercial centres are strategic locations for out-of-home advertising as it allows advertisers access to a large target market of consumers that are seeking convenience in purchasing fast moving consumer goods and print media.

Commercial development in Malaysia, comprising shops, shopping complexes, purpose-built offices and hotels, registered positive growth between 2010 and 2015. In 2015, there were 932 shopping centres in Malaysia, up from 759 in 2010. The number of purpose-built private and government office buildings in Malaysia also registered growth from 2,235 buildings in 2010 to 2,434 buildings in 2015.

5. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

Advertising market in Malaysia – development of selected commercial properties



Source: National Property Information Centre (NAPIC)

In particular, commercial development in the Central region (comprising Kuala Lumpur, Selangor and Negeri Sembilan) is expected to be driven by national plans to transform Malaysia into a high-income nation by 2020 such as the Greater Kuala Lumpur/Klang Valley module of the ETP. Some of the upcoming commercial development projects in the Central region include the development of three (3) KLCC towers for additional office, hotel and retail space, Bukit Bintang Commercial Centre, and KL118 Tower.

Property development in the Southern region (comprising Malacca and Johor) is also expected to grow in line with the implementation of the second phase of the Iskandar Malaysia Masterplan. Development activities in Iskandar Malaysia will continue to be focused within the city centre, Danga Bay and the Nusajaya locality within Flagship A and Flagship B development zones. In 2013, several integrated developments incorporating purpose-built office building space were announced including Medini Empire, Zikay@Medini, D'Pristine@Medini, Southkey, Vantage Bay, 18@Medini, Meridin@Senibong, Sunway Medini, Medini Lakeside and The Suasana. Several of these announced integrated developments in 2013 are also expected to carry retail components.

In addition, upcoming commercial property development projects in the Northern region (comprising Penang, Kedah and Perak) are driven by the Government's promotion of Kedah and Perak as tourist destinations. Commercial developments in Perak are expected to see a rise in light of the launching of Perak's transformation plan, Perak Amanjaya, in 2016, with five (5) key economic zones identified, i.e. Hulu Perak, Beriah Valley, Manjung, Ulu Bernam and Lembah Kinta. Perak has already experienced major growth in its commercial developments, where some of the major commercial centres include Taipan@Ipoh CyberCentre and Taipan Festival Mall in Bandar Meru Raya; the upcoming Taipan@Slim River shopping centre in Tanjung Malim; Jelapang Square in Western Ipoh; Movie Animation Park Studios in Meru Raya which is an animation theme park; University Square@Kampar in Kampar which comprises The Pavilion shop offices and The Disney concept retail shop lots, as well as the anticipated upcoming three-star hotel, a college, an office tower, 24-hour food and beverage outlets and Disneyland Castle. Kedah also sees

5. INDUSTRY OVERVIEW (Cont'd)

growth in commercial development with new shopping centres currently under construction, adding to Aman Central in Alor Setar, an eight (8)-storey development that opened in 2015. Commercial developments in Penang are expected to continue, and the Second Penang Bridge which was opened in 2014 is promoting property development in both landing sites of the bridge, i.e. Batu Kawan and Batu Maung. Some of the proposed developments in these areas include a theme park; IKEA store, IKANO Shopping mall and mixed development of offices and residences; and Penang Premium Outlet.

These development plans create opportunities for growth in advertising expenditure with a particular focus on out-of-home advertising installations in and around these commercial developments as more advertising space becomes available in areas with high volume of vehicle and foot traffic.

The expansion of digital content and services lead to growth in digital advertising

Increasing internet penetration as well as the proliferation of mobile services and high speed broadband, especially in the urban areas of Malaysia, have seen a growth in the consumption of online content and services by the public. Social media platforms such as Facebook, Instagram and YouTube that rely on user-generated content have become increasingly popular across population demographics in Malaysia in recent years. In order to adapt to the shift in consumption patterns of media and entertainment in the country, advertisers will have to broaden their approach and extend their reach to digital content to engage their customer base.

Technological innovation and the advancement of online advertising has provided a range of new tools for advertisers to attract a larger customer base in a more targeted manner, thereby optimising the advertiser's resources and maximising the impact of the message being delivered. Tools such as search engine optimisation and sponsored links enable advertisers to focus their outreach efforts to potential customers specifically in search for services they are able to render. The increased level of competition online underlines the need for advertisers to remain active in the channel and to maintain a presence and engage with their customer base.

The growing importance of digital advertising in light of the growing popularity of online services provides growth potential for the advertising industry moving forward as advertisers become more innovative in a bid to navigate the digital landscape and interact with their customer base in a way that was not possible using traditional media channels.

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5 ANALYSIS OF THE PUBLIC BUS TRANSPORTATION SERVICES MARKET IN MALAYSIA

Industry Performance, Outlook and Prospects

Public transportation systems provide the most efficient means of transporting large numbers of people, especially in dense urban or city areas. Bus services, as a form of public transportation, provide flexibility in meeting the demands for public transportation. In many developing nations, buses are the only choice of public transportation among the middle-income and lower-income population. City buses or stage buses connect residential, commercial and industrial areas within cities and towns on a fixed schedule, and have frequent stops along a given route at controlled fares.

Malaysia's inter-city travel market has been growing in line with the growth in disposable income, and therefore the amount of disposable income available for leisure and optional travel has also increased. Express bus services are provided nationwide as an important means of transportation service. Most cities and towns in Peninsular Malaysia have a daily link with other parts of the peninsular through the national network of express bus services. Express bus services operate on a fixed schedule over given routes at controlled fares, but unlike stage buses, express buses have less frequent stops and generally cater for longer journeys.

Total registered buses and passenger ridership serve as indicators of the extent of the development of the public bus transportation market in Malaysia, and also serve as indicators to support the growth in public bus terminal operations services in the country.

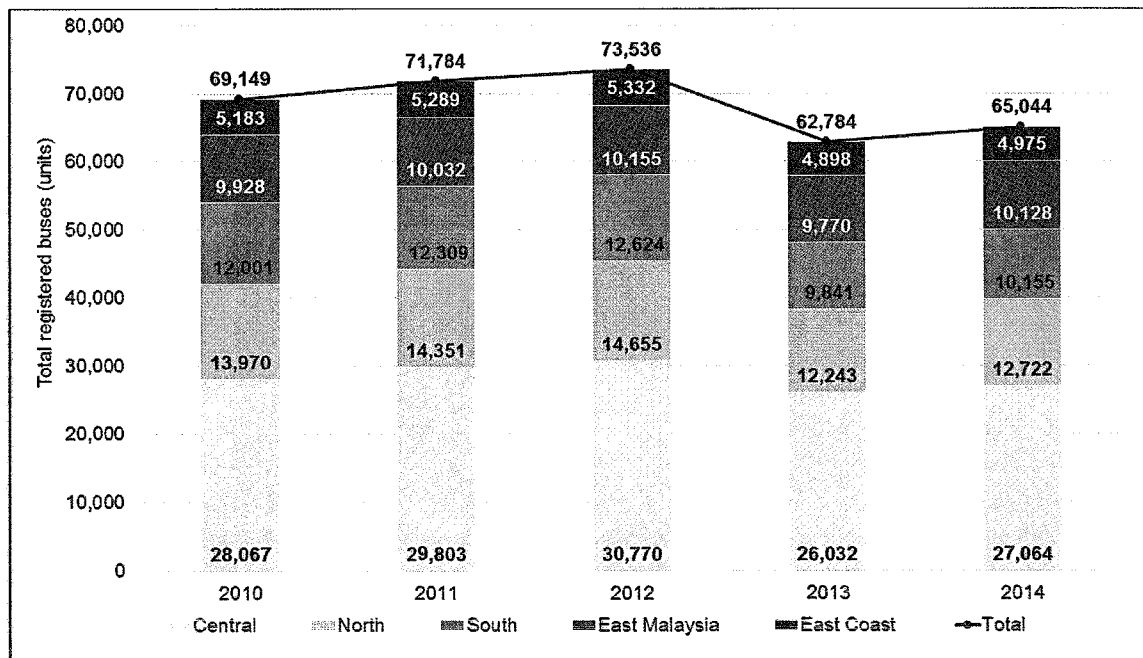
Total registered buses include stage buses, express buses, mini buses, school buses, feeder buses, employee buses and chartered buses. The total registered buses in Malaysia witnessed a slight drop from 69,149 buses in 2010 to 65,044 buses in 2014. Nonetheless, a positive year-on-year growth was witnessed between 2013 and 2014 as total registered buses increased from 62,784 buses to 65,044 buses at a CAGR of 3.6%. This growth in total registered buses is attributed to the growth in annual passenger ridership following efforts from the Government of Malaysia to improve the delivery, quality of services and accessibility of public transportation in Malaysia.

During the period between 2013 and 2014, the highest number of registrations was witnessed in the Central region which grew from 26,032 buses to 27,064 buses at a CAGR of 4.0%. SMITH ZANDER notes that the Northern region also witnessed a higher than average industry growth rate of total registered buses during this period despite registering a lower asset base compared to the Central region. Between 2013 and 2014, the Northern region registered a CAGR of 3.9% as total registered buses increased from 12,243 buses to 12,722 buses.

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5. INDUSTRY OVERVIEW (Cont'd)

Public bus transportation services market in Malaysia – regional growth in total registered buses ^{a, b, c}



^a Total registered buses include stage buses, express buses, mini buses, school buses, feeder buses, employee buses and chartered buses

^b Central region comprises the states of Selangor, Federal Territory of Kuala Lumpur and Negeri Sembilan; Northern region comprises the states of Perlis, Kedah, Penang and Perak; Southern region comprises the states of Malacca and Johor; East Coast region comprises the states of Pahang, Terengganu and Kelantan; and East Malaysia comprises the states of Sabah and Sarawak

^c Latest available statistics as at 30 August 2016

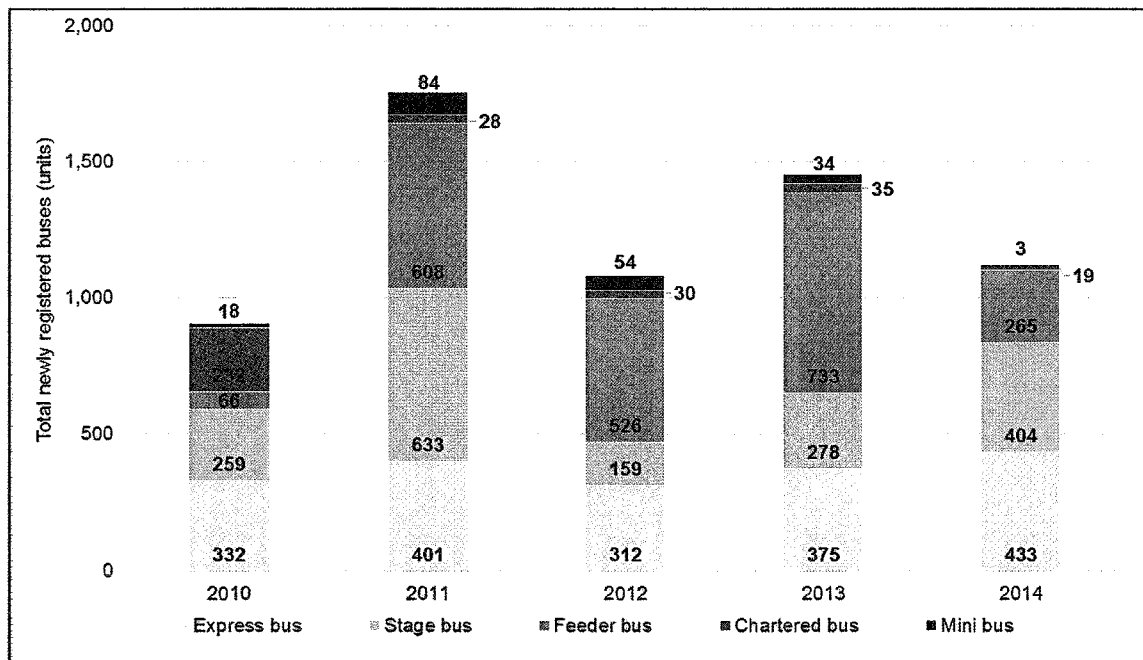
Source: SPAD

In 2014, the highest new registration for buses was witnessed in the express bus and stage bus categories with 433 new registrations and 404 new registrations respectively. Key drivers that have influenced the growth in new registrations for express bus and stage bus services are the growth in passenger movement arising from increased economic and travel/leisure activities, greater urbanisation in small towns as well as Government initiatives to develop and regulate the public bus transportation system in Malaysia.

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5. INDUSTRY OVERVIEW (Cont'd)

Public bus transportation services market in Malaysia – total new registrations for express buses, stage buses, mini buses and feeder buses ^a



^a Latest available statistics as at 30 August 2016

Source: SPAD

Major towns and cities across Malaysia house single modal and multi modal terminals. Single modal terminals include public railway stations and bus terminals that are not integrated with other modes of transportation. Multi modal terminals are railway stations and bus terminals that offer connectivity with other forms of public transportation. In many smaller rural towns, public bus terminals offer both stage bus and express bus services. Nevertheless in larger capital cities, stage bus terminals and express bus services may also be operated from separate dedicated facilities.

The annual ridership of stage buses in selected capital cities increased from 208.8 million passengers in 2012 to 224.7 million passengers in 2014 at a CAGR of 3.7%. Stage bus services in Georgetown, Malacca, Kuantan and Kota Bharu witnessed strong annual passenger ridership growth rates over the period of 2012 and 2014.

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5. INDUSTRY OVERVIEW (Cont'd)

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Public bus transportation services market in Malaysia – stage bus annual ridership in selected capital cities ^a

City	Annual passenger ridership ('000)		CAGR (%)
	2012	2014	
Kangar	372	238	-20.0
Alor Setar	2,490	1,865	-13.5
Georgetown	10,704	17,856	29.2
Ipoh	7,632	6,509	-7.6
Shah Alam	18,171	13,634	-13.4
Seremban	5,231	4,936	-2.9
Malacca	3,212	5,624	32.3
Johor Bahru	29,417	24,440	-8.9
Kuantan	411	4,134	217.1
Kuala Terengganu	509	435	-7.6
Kota Bahru	1,869	3,308	33.0
Greater Klang Valley	128,780	141,673	4.9
Total	208,798	224,652	3.7

^a Latest available statistics as at 30 August 2016

Source: SPAD, Economic Planning Unit

Based on estimated annual economic growth of 5.0% to 6.0%, mobility demand in Malaysia is expected to rise to 72.0 million trips per day by 2020 from 40.0 million in 2010 where the majority of these trips will be in urban areas, in tandem with the expected increase in urban population from 67.0% of the total population in 2010 to 75.0% of the total population by 2020. In addressing increased mobility demand, the Government will continue to invest in public transport capacity and service expansion. Despite various efforts for improvement, there are still challenges in providing sufficient capacity and optimal service standards of urban transport as well as accessible public transport coverage in rural areas.

Public transportation services in rural areas are largely limited, primarily due to low demand and high operating cost. The low demand for public transportation in these areas cause service operators to bundle their services which then leads to unreliable services. The lack of public transport services has encouraged the use of private vehicles such as private cars and motorcycles.

The focus of transport infrastructure development during the 11MP will be on greater utilisation of existing facilities with an emphasis on better delivery, quality of services and capacity improvement. Public transportation network expansion will focus on connecting underserved areas, and integrated transport planning will be geared towards providing mobility and connectivity for goods and people.

Malaysia targets to raise the public transportation modal share¹ for capital cities outside the Greater Klang Valley, including Ipoh in the state of Perak, to 20.0% by 2020 from its current rate of between 3.0% and 8.0%. Towards realising this target, studies will be carried out to identify the passenger per hour per direction ("pphpd") for each corridor in major cities with focus on integrated transport planning. During the 11MP period, stage bus services will be revamped under the SBST Programme through migration of the current fare-box collection model to gross-cost service contract model. The SBST Programme will be extended to selected cities and rural areas nationwide. Malaysia also targets to rationalise bus services in

¹ Public transportation modal share is the percentage of the population that opts to use public transportation as their chosen method of transportation. Raising public transportation modal share would entail increasing the proportion of the population utilising public transportation as their chosen choice for transportation.

5. INDUSTRY OVERVIEW (Cont'd)

an effort to make it efficient, affordable and safe for intercity travel, where strategies will also be taken to restructure express bus networks for more regular and frequent services without neglecting low demand areas.

Under the fare-box collection model, passengers of bus transportation services deposit fares for their travel in a fare-box, whereby these fares will collectively form the revenue of the particular bus operator. The gross cost service contract model is typically applied to less profitable and/or loss-making routes, where passengers of bus transportation services deposit fares for their travel in a fare-box. Fares collected in the fare-box are then handed over to the relevant governing authority, and the operator of the public bus transportation service is paid an amount for services rendered by the governing authority through a pre-defined compensation mechanism, namely the cost per vehicle-km run. The cost per vehicle-km run indicates the cost of transit service per unit of its offered or utilised service.

Public bus transportation services market in Malaysia – comparison of fare-box collection model and gross cost service contract model

Fare-box collection model	Gross cost service contract model
<ul style="list-style-type: none"> ▪ Operated by bus operators ▪ Fares collected from passengers are deposited in the fare-box ▪ Fare box collections form the revenue for bus operators 	<ul style="list-style-type: none"> ▪ Operated by bus operators ▪ Fares collected from passengers are deposited in the fare-box ▪ Fare box collections are handed over to the relevant governing authority ▪ Government authority makes payment to bus operators in accordance to cost per vehicle-km run

Key Demand Conditions and Dependencies

Economic growth drives demand for a holistic public transportation system, including public bus transportation systems

There is a distinct correlation between GDP and mobility growth, whereby increased population, employment and economic activity translate into higher mobility requirements. In this context, a holistic land public transport system, including public bus transportation systems, is especially important given Malaysia’s goal to achieve 6.0% annual economic growth and 3.3 million new jobs by 2020. With urbanisation expected to reach 70% by 2020, there is a need to enable an efficient and smooth flow of people, which in turn also enables the growth of new urban areas through increased connectivity.

Beyond satisfying a growing demand, land public transportation systems play a catalytic role in accelerating and shaping economic growth. Provision of effective public transport services have the potential of opening up new growth clusters, enhancing the attractiveness of existing clusters, and driving urban revitalisation. The positive spill-over effects of increased economic activity built upon an advanced land public transport network yields employment opportunities and business opportunities in local economies by having synergies with other industries including advertisement, retail and property development.

Malaysia has seen a surge in ownership of cars and motorcycles across the country, which is an indication of the nation’s increased prosperity. Although private vehicles contribute to the mobility solution, a sustainable and inclusive social and economic development cannot be overly dependent on private vehicles. As a general rule, public transportation is more affordable and mitigates traffic congestion as well as pollution problems caused by private vehicles on the road. Thus, a holistic land public transport system,

5. INDUSTRY OVERVIEW (Cont'd)

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including public bus transportation systems, is crucial in meeting the mobility and connectivity requirements that is closely linked to the social and economic development agenda of a nation.

Growth prospects of the manufacturing and service industries drive demand for supporting public transportation systems and infrastructure

Malaysia's economy registered a 5.0% growth in 2015 supported by resilient domestic demand and augmented by a recovery in exports. This positive performance was underpinned by strong macroeconomic fundamentals and a diversified economic structure as well as a sound financial system. Private final consumption expenditure expanded by 6.0% and contributed 52.4% to the economy. Private investments stood at RM65.4 billion in 2015, with its share to total investment accounting for 65.4%. In tandem with Government transformation initiatives, investment growth is expected to remain strong in 2016.

The services sector remains the driver of growth, and contributed 53.8% to GDP in 2015. Given its importance, the Government has formulated the Services Sector Blueprint 2014 to further develop the sector and strengthen its competitiveness. In this respect, the Services Sector Blueprint focuses on four (4) areas, namely internationalisation which includes liberalisation and services exports; providing efficient tax and non-tax incentives; developing human capital; and implementing regulatory reform in the services sector. With the implementation of the Services Sector Blueprint, the services sector is targeted to achieve approximately 60.0% share of GDP by 2020, on par with developed economies.

A positive growth is also expected for the outlook for the manufacturing sector led by the export-oriented industries which are expected to record higher growth in line with the improvement in external demand. The continued implementation of various construction projects in Malaysia will support growth in the construction-related cluster. The construction sector is expected to witness recovery, albeit at a more moderate pace in 2016, as the completion of several large civil engineering projects will more than offset the progress in existing projects in the transport, utility, and oil and gas sectors.

The positive growth recorded in Malaysia's economy and the manufacturing sector would lead to an increase in the demand for public transportation services such as public bus transportation systems, and subsequently, the demand for related infrastructure, where transportation will be vital for the mobility of labour in the manufacturing sector. The ETP (2011 – 2020) was launched in 2010 with a goal to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. To achieve this, rapid urbanisation is required, and subsequently, the demand for supporting public transportation infrastructure is expected to increase in tandem to support economic growth targets.

Public bus transportation services market in Malaysia – economic growth of end-user markets/industries

Sector	2015e	2015e	2016f
	% of GDP ^a	Annual change (%)	
Services	53.8	5.7	5.4
Manufacturing	22.9	4.5	4.3
Mining and quarrying	8.9	1.3	1.3
Agriculture	8.8	3.5	4.0
Construction	4.4	8.8	8.4
Real GDP	100.0	4.5 – 5.5	4.0 – 5.0

^a Figures may not necessarily add up due to rounding and exclusion of import duties component
 e estimated
 f forecast

Source: Department of Statistics Malaysia

5. INDUSTRY OVERVIEW (Cont'd)



Economic growth corridors drive demand for comprehensive public transportation system and infrastructure development

The scale and pattern of public transportation infrastructure development strategies formulated by the Government is driven by the recognition that infrastructure is vital for the nation's economic development. To this end, the Government's objective is to meet the nation's infrastructure needs arising from the growth and transformation of its economy. The Government views seriously its role of minimising infrastructure shortages in the country. Further to meeting the needs of modernised sectors of the economy, including the external sector, the Government is also driven to develop infrastructure to serve socio-economic ends. In this regard, the Government strives to provide infrastructure to promote the development of less developed regions in the country. Improving the accessibility of these regions is intended to result in a more balanced development of the country and reduce economic disparity.

In the Ninth Malaysia Plan, five (5) economic corridors were launched in an effort to promote balanced economic development throughout the country. These corridors, located in both Peninsular Malaysia and East Malaysia, have attracted significant investments of approximately RM307.1 billion between 2011 and 2014, of which an estimated 56.8% of these investments have been realised during the period. Approximately RM27.8 billion of these committed investments remain unrealised and could potentially be implemented over the next few years. The percentage of realised investments is the proportion of actual investments made over the total investments that have been pledged or committed.

Public bus transportation services market in Malaysia – cumulative investments in five (5) economic growth corridors between 2011 and 2014 ^a

Corridor	Committed (RM billion)	Realised (RM billion)	Major projects recently completed and in progress
East Coast Economic Region ("ECER")	55.4	22.9	<ul style="list-style-type: none"> ▪ Kuantan Port expansion ▪ Kuantan Port City development ▪ Malaysia – China Kuantan Industrial Park ▪ Kuala Terengganu City Centre ▪ Kerteh BioPolymer Park ▪ Automotive Industrial Hub, Pekan
Iskandar Malaysia	90.4	47.1	<ul style="list-style-type: none"> ▪ Pinewood Iskandar Malaysia Studios ▪ Gleneagles Medini Hospital ▪ Double Tree Hilton ▪ Pegasus International School
Northern Corridor Economic Region ("NCER")	51.7	51.7	<ul style="list-style-type: none"> ▪ Biotechnology Incubation Centre ▪ Aquaculture Development Complex, Selinsing ▪ Expansion Programme Edu Citi Tel
Sabah Development Corridor	96.7	44.5	<ul style="list-style-type: none"> ▪ Sabah Oil and Gas Terminal and Sabah – Sarawak Gas Pipeline ▪ Sipitang Oil and Gas Industrial Park ▪ Kimanis Power Plant ▪ International Technology and Commercial Centre ▪ Aeropod ▪ Sabah International Convention Centre ▪ Sabah Agro Industrial Precinct ▪ Palm Oil Industrial Clusters at Lahad Datu and Sandakan
Sarawak Corridor of Renewable Energy	12.9	8.3	<ul style="list-style-type: none"> ▪ Ferro alloy manufacturing plant ▪ Polycrystalline silicon manufacturing plant
Total	307.1	174.5	

^a Latest available statistics as at 30 August 2016

Source: Ministry of Finance Malaysia

5. INDUSTRY OVERVIEW (Cont'd)

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The development of these economic corridors as a result of the committed and realised investments is expected to be a significant impetus for the development of public transportation systems and infrastructure in regions beyond the Klang Valley. Public transportation systems and infrastructure are vital for connectivity and mobility in these economic corridors, where skilled and unskilled labour are dependent on public transportation to commute to work.

Increase in investments drive overall economic growth, and subsequently, demand for public transportation systems to increase mobility and accessibility

Malaysia continues to witness two (2)-way capital flows, with foreign inflows remaining strong as a result of resilient growth prospects. In 2015, Malaysia attracted RM186.7 billion in approved direct investments in 4,887 projects that are expected to create 180,240 new jobs, many of which are in high-technology and high-value added industries. The country's investment performance in 2015 exceeded the average annual investment target of RM148 billion set under the Tenth Malaysia Plan ("10MP"). Of the total investments approved in 2015, domestic investments accounted for RM150.6 billion or 80.7%, while foreign direct investments ("FDI") accounted for the remaining RM36.1 billion or 19.3%. Between 2006 and 2015, FDI inflows into Malaysia increased from RM26.2 billion to RM36.1 billion at a CAGR of 3.6%.

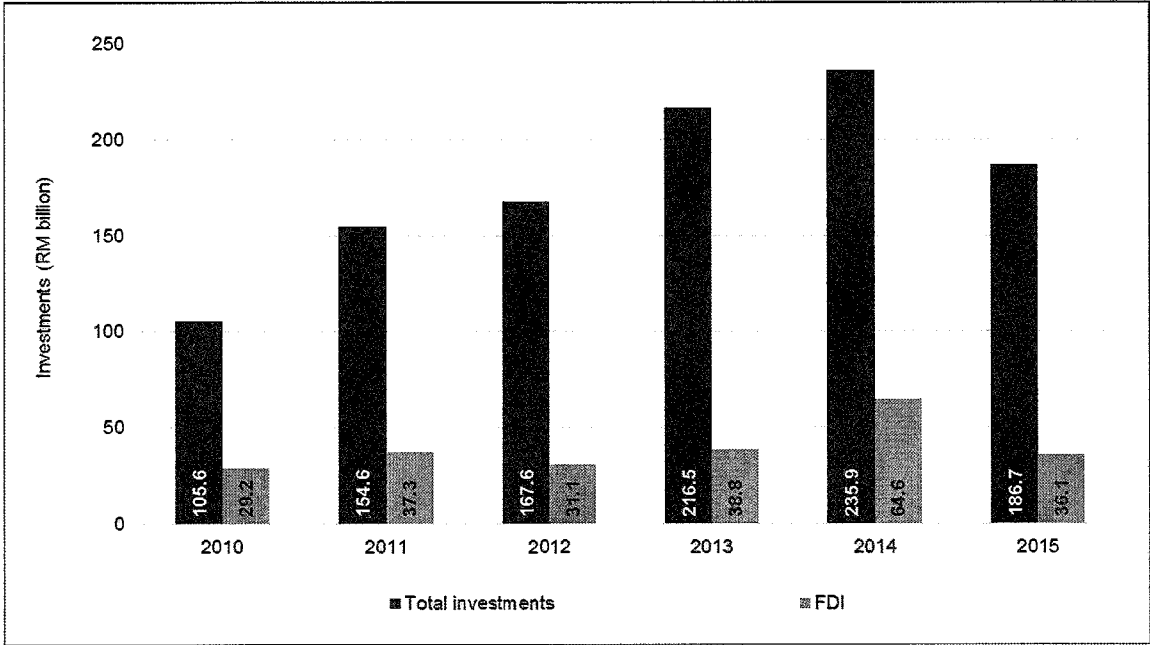
The ETP has a defined structure for the manufacturing and services sectors to contribute to Malaysia's continued growth through high impact projects and business opportunities across the economy. Malaysia's investment performance in 2015 supports the nation's goal in fulfilling the objectives of the ETP where it attracted a total of RM186.7 billion worth of investments, with RM113.8 billion under ETP projects (61.0% of total investments in 2015) and the remaining RM72.9 billion under non-ETP related projects.

The services sector received investments of RM108.2 billion or 58.0% of total investments in 2015 from 4,150 projects that target to create 112,194 job opportunities, of which domestic investment accounted for RM95.8 billion (88.5%) and foreign investments accounted for RM12.4 billion (11.5%). The real estate segment was the main contributor of approved investments worth RM26.9 billion, followed by the transport (RM15.7 billion), financial services (RM15.4 billion), utilities (RM11.7 billion) and global establishment (RM8.2 billion). The manufacturing sector attracted RM74.7 billion of investments in the same period from 680 projects, of which RM21.9 billion was foreign investments compared to RM52.8 billion worth of domestic investments. In 2015, the primary sector received RM3.8 billion of investments where foreign investments comprised RM1.8 billion and domestic investments comprised the remaining RM2.0 billion. The mining segment, plantation and commodities segment and agriculture segment received RM2.8 billion, RM714.2 million and RM261.2 million respectively in 2015.

As the nation strives to position itself as an ideal destination for investments into high value-added, high technology, knowledge-intensive and innovation-based industries, businesses and companies will need to grow in terms of current business practices and infrastructure and in order to expand in scale and reach. This signifies positively for public transportation services as comprehensive public transportation systems will be required for mass passenger mobility and to connect urban areas to rural areas. The public bus transportation system is expected to benefit from increased total investments in Malaysia's business environment.

5. INDUSTRY OVERVIEW (Cont'd)

Public bus transportation services market in Malaysia – total investments and FDI inflows



Source: Malaysian Investment Development Authority ("MIDA")

Government initiatives to develop a holistic public transportation system in Malaysia

The aspiration towards economic competitiveness and wellbeing has led to rapid urbanisation. The demand for constant mobility and accessibility to jobs, health and educational opportunities increase the need for an effective and efficient public transportation system. The issue of public transport is further compounded by the complexities related to land use such as land ownership and zoning laws, as well as the limited holistic approach in development and planning strategies.

To this end, the Land Public Transport Act 2010 (Act 715) and Land Public Transport Commission Act 2010 (Act 714) were enacted to provide the mandate and focus in managing all land public transportation matters. SPAD was established to manage all land public transportation matters, including critical activities concerning planning, licensing and enforcement. SPAD has been appointed as the single authority to monitor and enforce standards in providing long-term plans for the public transportation system.

With the view of achieving a safe, reliable, efficient, responsible, accessible, planned, integrated and sustainable land public transportation system while ensuring the provision of affordable services for the carriage of passengers and competitive services for the carriage of goods, SPAD has been mandated to develop a 20-year National Land Public Transport Master Plan containing macro policies and plans; and a 20-year Regional Land Public Transport Master Plan based on the National Land Public Transport Master Plan.

- The National Land Public Transport Master Plan (2012 – 2030) serves as a strategic roadmap outlining macro policies and macro plans guiding the process of transforming the land public transportation landscape in Malaysia to achieve the vision of making public transport the population’s choice of mobility by 2030. In formulating these macro plans, a spatial plan-led system of the National Physical Plan has been adopted, which covers issues from national growth conurbation to district and rural areas. The plan ensures efficient mobility within and between spatial conurbations across Peninsular Malaysia. The

5. INDUSTRY OVERVIEW (Cont'd)

National Land Public Transport Master Plan is supported by a series of state level Regional Land Public Transport Master Plans that shall provide direction on the development of intra-regional mobility.

Macro level policies define the strategies to address the issue of accessibility, reliability and safety in a responsive, integrated and sustainable manner. Based on the identified macro policies, people-centric measures are formulated whilst the sustainability of industry is also addressed. These measures are guided by four (4) key thrusts, namely collaborative planning and governance, regulatory strengthening, service quality and excellence, and infrastructure and capacity.

The National Land Public Transport Master Plan seeks to integrate land public transport in two (2) ways, where firstly land public transport should be well integrated within, i.e. different sectors, and modes of land public transport should be well-connected so that a journey is as seamless as possible; and secondly the land public transport system should be integrated into the land-use of the area that it supports. Bus-stops and terminals should be planned so that they serve the people living, working or engaging in recreational activities nearby. Integrated land public transport interchanges which bring together several modes of transport should become more commonplace, and these should, in turn, be near important developments which would benefit from being an important land public transport node. This will require a comprehensive multi-modal solution that increases access to passengers within conurbations. These solutions will be comprehensive by including enhancements and expansions to existing services, investments in new infrastructure and services, and investments in integration across modes. Together they will increase the capacity of land public transport systems. There are also increased land public transport linkages between different regions across the country. In 2010, the demand for inter-urban rail stood at 4.2 million people and the express bus services experienced over 8,000 departures per day.

The shift in Malaysia's economy towards higher value added sectors has resulted in greater urbanisation of the country. Education and rural-urban migration have provided the human capital required to support this shift. By 2020, about 70% of Malaysia's population will be living in urban centres. This pace of urbanisation shall be enhanced by an increase in the necessary infrastructure to support such a large population, particularly in the area of transportation. Enhancing the public transport infrastructure and increasing its capacity will be the most viable and effective way of supporting urbanisation in a sustainable manner.

There is strong correlation between GDP and mobility growth, where increased population, employment and economic activity translates into higher mobility requirements. In this context, a first class land public transport system is especially important given the Government's goals as outlined in the ETP, i.e. to achieve 6.0% annual growth and 3.3 million new jobs by 2020. Travel vehicle demand grew from 13 million trips per day in 1991 to 40 million in 2010. Projections point towards this trend continuing in Malaysia, with the figure expected to reach 133 million in 2030.² With urbanisation expected to reach 70% by 2020, there is a need to enable an efficient and smooth flow of people, which in turn also enables growth of new urban areas through increased connectivity.

- The Regional Land Public Transport Master Plan comprises a series of plans for regions that are defined in terms of economic, geographical and demographic needs. The Regional Land Public Transport Master Plan will be used to guide planning authorities in reviewing and prioritising new development areas to ensure developments are close to land public transportation corridors and developed in a way that is receptive to adding density and more land use over time.

The provision of a well-planned, integrated bus network forms a central focus of the Regional Land Public Transport Master Plan, especially where bus operators are provided with contractual incentives

² Source: National Highway Development Plan 2007

5. INDUSTRY OVERVIEW (Cont'd)

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to improve the quality of the service and to maintain the inherent flexibility of road-based land public transportation systems. The plan outlines the need to move to a revised structure in the delivery of bus services both on the road and in terms of regulation and procurement, to compensate for the existing structure that has limited ability in promoting effective planning.

A transition process has been developed to move from the existing service provision within the industry to a new model for regulatory regime, one which will assist in developing and allocating risks and responsibilities to key stakeholders, and minimise the risk of service disruptions from outside influences to ensure effective delivery.

In order to move the industry forward, public bus transportation network design will be coupled with effective integrated network planning and fare structures. Most importantly, passengers and potential passengers will be able to recognise a stable network of services provision across all modes and be provided with reliable comprehensive passenger information to plan their travel and which provides assurances during the course of their journey.

Further in 2012, the Government of Malaysia introduced the Interim Stage Bus Support Fund ("ISBSF") with a fund size of RM400 million to improve the delivery and quality of bus services in Malaysia, thereby encouraging passengers to continue using buses as an effective mode of transportation. The initiative acts as an interim measure to cover the shortfalls in daily operations of affected stage bus operators, especially on social routes, where the fund helps stage bus operators by providing subsidy payments for loss-making routes.

Under the 10MP, the Federal Government through SPAD, identified four (4) strategies that focused on strengthening the regulatory framework surrounding public transportation in Malaysia. These strategies included increasing transport capacity, promoting seamless connectivity and establishing a robust monitoring and enforcement mechanism. The National Land Public Transport Master Plan (2012 – 2030) was formulated to drive regulatory and industry reform. This masterplan sets a 20-year timeline which targets to increase public transport modal share for urban areas from 16.4% in 2011 to 40.0% in 2030 and to improve public transport access to rural areas. The 11MP lends support, focus and commitment to the National Land Public Transport Master Plan (2012 – 2030) which underlines the importance of its implementation in tandem with economic growth.

The SBST Programme was introduced under the National Land Public Transport Master Plan (2012 – 2030) with a focus on improving operator viability and expanding bus route coverage by migrating from the fare-box revenue collection model to the gross-cost service delivery model. The latter is a business model whereby stage bus operations would be financed by contractual income to be received from the Government based on agreed service level performance. As at August 2016, the SBST Programme has been rolled out in Seremban, Kangar and Ipoh.

Key Supply Conditions and Dependencies

Implementation of a cohesive and holistic national transportation model promotes and strengthens the delivery of public transportation services

A comprehensive national transportation model consisting of integrated and coordinated plans is vital to strengthen agency collaboration in formulating integrated transportation policies. A national multi modal land public transport model will guide the assessment of current and future mobility demand based on trends in economic and demographic indicators. This model will also facilitate assessments for capacity requirements, which provides important data to agencies, local authorities and developers on the types of investments that are needed to deliver the required services. In addition, these plans will also assist

5. INDUSTRY OVERVIEW (Cont'd)

ministries and agencies to better analyse land use and its potential effect on transportation system development.

In optimising land use and transportation infrastructure in urban areas, transit-oriented development should be promoted to generate higher income for public transport operators. Transit-oriented development is designed to optimise the utilisation of space, especially in urban areas and to attract private investment for commercial and residential purposes. Further, transit-oriented development will reduce traffic congestion and improve air quality, thus making cities more liveable.

Further, a cohesive and holistic transportation model will identify travel demand for different corridors in urban areas. Based on the travel demand assessment, identification of suitable modes, namely feeder bus, bus rapid transit, monorail, light rail transit, mass rapid transit and/or commuter systems can be appropriately determined for implementation.

In Malaysia, the National Land Public Transport Master Plan (2012 – 2030) was formulated to drive regulatory and industry reform. The National Land Public Transport Master Plan sets a 20-year timeline which targets to increase public transport modal share for urban areas from 16.4% in 2011 to 40.0% in 2030 and improve public transport access to rural areas. The National Land Public Transport Master Plan will act as a guide for the formulation of regional masterplans and the preparation of policy guidelines in areas such as travel demand management, transit-oriented development as well as integration and interchange development.

In addition, a new fare policy for all modes of public transport was initiated. In terms of industry reform, the SBST Programme was introduced in 2015 targeting to improve operator viability and expand bus route coverage by migrating from the fare-box revenue collection model to the gross-cost service delivery contract model. As at August 2016, the SBST Programme has been rolled out in Seremban, Kangar and Ipoh.

Availability of bus drivers drives the ability for bus transportation services to provide continuous service to the public

Licensed bus drivers are hired by bus transport service providers to operate commercial buses that include stage and express buses. Bus drivers are licensed by the Road Transport Department of Malaysia and have to undergo the requisite training and assessments to obtain a license to operate heavy vehicles as well as an additional permit for the operation of public service vehicles. This limits the availability of bus drivers to individuals who have undergone the requisite training and have obtained the relevant qualifications that enable them to operate public service vehicles.

The provision of bus transportation services are central to the business of a typical bus operator and the provision of such services are largely reliant on the availability of skilled manpower qualified to operate the assets that enable such services. Similarly, the successful implementation of the expansion of such services be it in the way of frequency of services or new route additions will hinge on the availability of competent bus drivers qualified and capable of carrying out the functions the job entails.

Availability of buses are key to the potential expansion of the bus transportation services industry

Buses used as public service vehicles by bus operators for stage and express services to the public are governed by the laws and regulations relating to the provision of bus transport services in Malaysia. These guidelines include, but are not limited to, the required permits for imported buses and spare parts, certification by quality assurance authorities of relevant parts, certification of fitness for operation by relevant authorities, and the relevant permits required by the Road Transport Department of Malaysia.

5. INDUSTRY OVERVIEW (Cont'd)

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Buses are assets critical to the operation of bus services by bus operators and are one (1) of the key constraints in the planning of the frequency of services as well as the distribution of services subject to the limits of concession agreements held by bus operators where relevant. The availability of buses is a key consideration for bus operators when considering route increasing frequency of services, new route additions, or upgrading existing assets earmarked for replacement.

Product/Service Substitution

The provision of public bus transportation systems involve the provision of public bus services, acquisition and maintenance of bus assets, bus terminal construction, bus terminal operations and management, and network planning and design.

Public bus transportation systems compete with other forms of public land transportation systems such as public rail transportation and taxi services. However, public bus transportation is differentiated from other public land transportation systems in terms of location of operations (i.e. terminal and bus stops), range and frequency of bus routes offered, pricing, and strength of asset base. Most stage bus operators are localised in nature, in that they specialise in offering intra-city routes in a single town or city. Express bus operators generally operate regionally where they offer inter-city travel across multiple states or regions.

Reliance and Vulnerability to Imports

The provision of public bus transportation services in Malaysia is not dependent on imports as public bus transportation services are primarily provided by local bus operators. Nevertheless, stage bus and express bus operators may be dependent on the imports of the bus assets used in the delivery of public bus transportation services.

Relevant Laws and Regulations

The relevant laws and regulations that govern public transportation service providers in Malaysia include, but are not limited to the following:

Commercial Vehicles Licensing Board Act 1987

The Commercial Vehicles Licensing Board Act 1987 provides for the licensing and regulation of commercial vehicles and for matters connected therewith. The Commercial Vehicles Licensing Board Act 1987 does not apply to any commercial vehicle which is subject to any law relating to tourism and the tourism industry. The Commercial Vehicles Licensing Board Act 1987 mandates the establishment of a commercial vehicles licensing board to be known as the Commercial Vehicles Licensing Board Peninsular Malaysia, Commercial Vehicles Licensing Board Sabah and Commercial Vehicles Licensing Board Sarawak. The commercial vehicles licensing board for the Federal Territory of Labuan shall fall under the purview of the Commercial Vehicles Licensing Board Sabah.

The Commercial Vehicles Licensing Board Act 1987 governs express bus and stage bus services, where an express bus is defined as a bus plying along the route approved by the Commercial Vehicles Licensing Board, with a timetable and fare table, for the carriage of passengers at separate fares on a service which

5. INDUSTRY OVERVIEW (Cont'd)

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contains no fare stages of less than 32 kilometres; and a stage bus is defined as a bus plying along a road approved by the Commercial Vehicles Licensing Board for the carriage of passengers on a service which contains fare stages with separate fares, timetable and schedule of fare for each fare stage.

Commercial Vehicles Licensing Board (Amendment) Act 2010

The Commercial Vehicles Licensing Board (Amendment) Act 2010 was passed to amend the Commercial Vehicles Licensing Board Act 1987. Under the Commercial Vehicles Licensing Board (Amendment) Act 2010, the Commercial Vehicles Licensing Board Act 1987 is deemed to be only applicable to Sabah, Sarawak and the Federal Territory of Labuan, and shall not be applicable to any commercial vehicles that are subject to any law relating to tourism or the tourism industry in Sabah, Sarawak and the Federal Territory of Labuan. Upon an appointed date, the Commercial Vehicles Licensing Board Act 1987 shall cease to apply to Peninsular Malaysia and the Commercial Vehicles Licensing Board Peninsular Malaysia will be dissolved.

Notwithstanding the non-application of the Commercial Vehicles Licensing Board Act 1987 to Peninsular Malaysia, all subsidiary legislation made or deemed to have been made or having effect under the Act and in force or having effect on the appointed date shall, in so far as they are not inconsistent with the Land Public Transport Act 2010 [Act 715], continue to be in force and have effect in Peninsular Malaysia as if they had been made under the Land Public Transport Act 2010 until they are amended, revoked or replaced by subsidiary legislation made under the Land Public Transport Act 2010.

The powers, rights, privileges, liabilities, obligations and duties which immediately before the appointed date were those of the dissolved Board shall be transferred to SPAD as from that date. All decisions, directions and notifications made or given by the dissolved Board in accordance with the Commercial Vehicles Licensing Board Act 1987 shall be deemed to have been made or given by SPAD under the Land Public Transport Act 2010 and shall continue in force until the decisions, directions and notifications are amended, revoked or replaced or until the date upon which they expire.

Suruhanjaya Pengangkutan Awam Darat Act 2010

Please refer to **Chapter 3 – Analysis of the Public Bus Terminal Services in Ipoh, Perak, Malaysia – Relevant Laws and Regulations** for details of the Suruhanjaya Pengangkutan Awam Darat Act 2010.

Land Public Transport Act 2010 [Act 715]

Please refer to **Chapter 3 – Analysis of the Public Bus Terminal Services in Ipoh, Perak, Malaysia – Relevant Laws and Regulations** for details of the Land Public Transport Act 2010 [Act 715].

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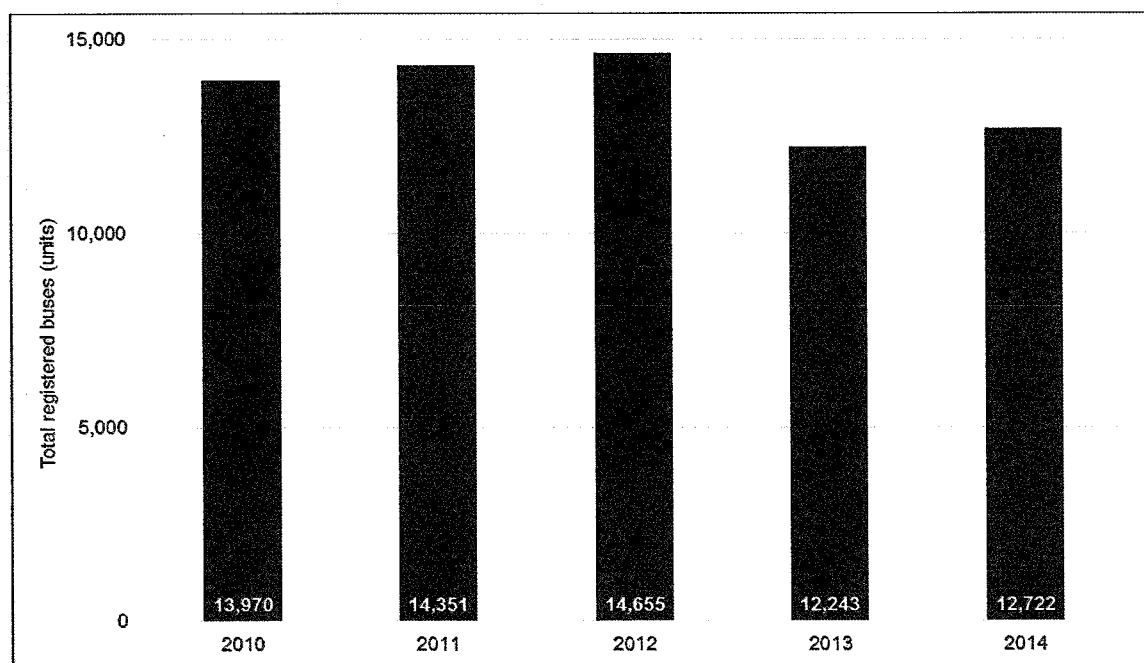
6 ANALYSIS OF THE PUBLIC BUS TRANSPORTATION SERVICES MARKET IN THE NORTHERN REGION OF MALAYSIA

Industry Performance, Outlook and Prospects

The Northern region of Malaysia comprises the states of Perlis, Kedah, Perak and Penang. Total registered buses and passenger ridership serve as indicators of the extent of the development of the public bus transportation market in this region, and also serve as indicators to support the growth in public bus terminal operations services in this region.

Total registered buses in the Northern region declined slightly from 13,970 buses to 12,722 buses between 2010 and 2014, where annual growth took place between 2010 and 2012 before dipping, largely attributed to the loss of bus service due to operators cancelling loss-making routes. Nonetheless, a year-on-year growth was witnessed between 2013 and 2014 as total registered buses increased from 12,243 buses to 12,722 buses at a CAGR of 3.9%. In Perak, growth is being driven by socio-economic development that increases demand for a robust public transportation system which creates upside for bus transportation services in the state. Please refer to **Chapter 6 – Analysis of the Public Bus Transportation Services Market in the Northern Region of Malaysia – Key Demand Conditions and Dependencies** for further information on the growth potential of the public bus transportation services industry in the Northern region.

Public bus transportation services market in the Northern region – growth in total registered buses in the Northern region ^{a, b}



^a Registered buses in the Northern region include stage buses, express buses, mini buses, school buses, feeder buses, employee buses and chartered buses

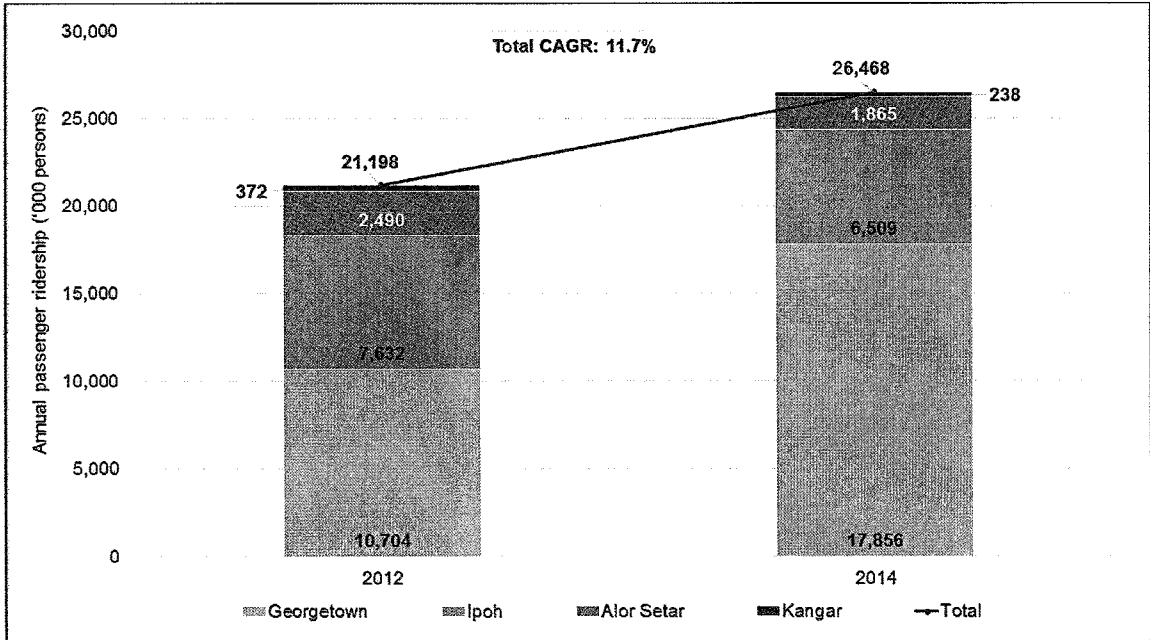
^b Latest available statistics as at 30 August 2016

Source: SPAD

5. INDUSTRY OVERVIEW (Cont'd)

Total annual passenger ridership of stage buses in capital cities in the Northern region grew from 21.2 million in 2012 to 26.5 million in 2014 at a CAGR of 11.7%. Key cities in the Northern region witnessed mixed annual passenger ridership growth rates over the period of 2012 and 2014 as Kangar, Alor Setar and Ipoh witnessed contractions, while Georgetown recorded strong annual passenger ridership growth as ridership grew from 10.7 million passengers to 17.9 million passengers over the period at a CAGR of 29.2%. The growth in annual passenger ridership in Georgetown is attributable to the development of transport infrastructure in Penang with the establishment of the Rapid Penang stage bus network boosting public transportation ridership. According to SPAD's Annual Report 2012, declining bus ridership is attributed to the loss of bus service due to operators cancelling loss-making routes. As such, the declining bus ridership in Kangar, Alor Setar and Ipoh from 2012 and 2014 are similarly impacted by the same factor.

Public bus transportation services market in the Northern region – annual stage bus ridership in capital cities of the Northern region ^{a, b}



^a The analysis of annual stage bus ridership in capital cities of the Northern region is for the period of 2012 and 2014 due to the availability of publicly released data from SPAD and the Economic Planning Unit

^b Latest available statistics as at 30 August 2016

Source: SPAD, Economic Planning Unit

Key Demand Conditions and Dependencies

The state of Perak is central to the operations of Perak Transit Berhad, as their stage bus operations are based in Kidd Road Bus Station and express bus services are based in Terminal AmanJaya in Ipoh. Perak Transit Berhad's stage bus services extend to a catchment area that spans across the Kinta district of Perak, while its express bus services serve Cameron Highlands, Pahang, and Taiping, Perak. In addition to these existing services, Perak Transit Berhad is assessing the potential expansion of its integrated terminal complex operations services to the town of Kampar in Perak.

5. INDUSTRY OVERVIEW (Cont'd)

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Given the distribution and potential expansion of its services, socio-economic development in the state of Perak impacts the growth potential of Perak Transit Berhad. Projected growth in the Northern region is set to generate a multiplier effect that will benefit the Perak economy and will provide the bedrock for development across industries and sectors within the state. This projected growth trajectory will require supporting infrastructure and services developments such as public transportation services as an enabler for growth.

Socio-economic development in Perak creates demand for a robust public transportation system

The 11MP projects an economic growth rate of 5.9% between 2016 and 2020 for Perak. The State Government of Perak has put into place a number of plans to improve infrastructure and to attract investment in a bid to stimulate its economy. Perak Investment Management Centre is the principal investment promotion agency of the Perak State Government charged with providing consultation, facilitation, and implementing investment projects as well as providing investors and businesses assistance. Economic plans and policies initiated by the Perak State Government include the Perak Industrial Development Action Plan, Perak AmanJaya Plan, Strategic Plan 2012 – 2016, Perak Structural Plan and Perak Maju 2015. These strategic economic plans were developed in conjunction with Federal Government initiatives such as the New Economic Model, ETP, as well as 10MP and 11MP. At a municipal level, plans such as the Ipoh Local Plan 2020 address municipal level challenges in accordance with State Government objectives.

The Perak Industrial Development Action Plan is a masterplan that has been designed to work in concert with other State Government and Federal Government initiatives to develop the industrial sector in Perak through a number of strategic approaches. The Perak Industrial Development Action Plan further identifies critical industries for development, including resource-based industries, new technologies such as biotechnology and the automotive industry, marine-based industries, agro-based industries, information and communication technology related industries, foundry and engineering industries, small and medium enterprises ("SME"), tourism industry and services, as well as educational services. The strategic thrusts identified in pursuing the objective include developing industry-specific regulatory framework; upgrading industrial capabilities to enhance participation in global supply networks; resource endowment mapping to ensure efficient allocation of resources; and high impact investment promotion activities. Thus, the Perak Industrial Development Action Plan Strategies aims to strengthen Perak's comparative advantage via a cluster-based strategy to develop identified industries; strengthen connectivity to global, regional and local markets through the improvement of transportation and communication infrastructure, pursue selective investment promotion in a bid to encourage innovation-driven high value added industries, and implement incentive structures to attract new investment and reward existing industries that remain and continue to expand within Perak.

The Perak Industrial Development Action Plan proposes a new public transportation terminal in Meru Raya. This public transportation terminal, namely Terminal AmanJaya, is an integrated transportation terminal, and has since been constructed and operational since September 2012, where it has been gazetted by the Ipoh City Council as a station for public services vehicles (bus and taxi services). In light of these factors and the economic growth potential of Perak, the public transportation sector is expected to benefit and Perak Transit Berhad is well positioned to capitalise on these opportunities.

The Perak AmanJaya Plan is a masterplan developed by the State Government of Perak together with Institut Darul Ridzuan. The objective of this plan is to improve the quality of income, opportunity and standard of living in Perak. These objectives are pursued by identifying seven (7) key result areas, namely balanced development and distribution; skilled, knowledgeable, and ethical society; State and Government as an engine for growth; public services and infrastructure networks; socially active youth demographic;

5. INDUSTRY OVERVIEW (Cont'd)

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vibrant social sector; and environmental consciousness. These key result areas are improved by implementing strategies specific to each area. The Perak AmanJaya Plan identifies integrated public transportation services as a sub-key result area and suggests an approach that improves integration, access, reliability and comfort to increase its relevance in the public space. This plan recommends the implementation of a public-private joint initiative under the private finance initiative arrangement to ensure high quality services are delivered.

The Perak State Government has released the Perak AmanJaya Development Plan, where this development plan comprises a self-contained, integrated, modern and efficient township with commercial, retail, transportation and recreational facilities as well as a centre of administration, to facilitate quality living and tourism activities supported by integrated information and communication technology infrastructure.

Terminal AmanJaya is located in Bandar Meru Raya, an area identified for development by Perbadanan Kemajuan Negeri Perak. A total of 1,500 acres of land surrounding Terminal AmanJaya has been allocated for development. Among the notable developments in Bandar Meru Raya are the Hotel Casuarina@Meru and AmanJaya Convention Centre. Several Government agencies have also committed to commence operations in Bandar Meru Raya including Kementerian Hal Ehwal Dalam Negeri, Jabatan Audit Negeri Perak and Jabatan Perhutanan Negeri Perak with potential future developments involving Majlis Amanah Rakyat, Complex Yayasan Perak, Jabatan Arkib and Jabatan Ketua Pengarah Tanah & Galian. Bandar Meru Raya has also been selected as the site for the Movie Animation Park Studio, a joint venture between Perak Corporation Berhad and Sanderson Pte Ltd to develop a 20.8 hectare site as an animation theme park at an estimated investment of RM389.9 million. There is also a commercial centre as well as large hypermarket retailer, Mydin, located within the surrounding area of Terminal AmanJaya.

The Strategic Plan 2012 – 2016 is a plan developed by the State Government of Perak in conjunction with The Malaysian Administrative and Management Planning Unit, a unit under the purview of the Prime Minister's Department. The strategic objectives of this plan are to improve the delivery of public services through improved organisation, innovation and creativity; to raise the level of socio-economic development and ensure equitable distribution; and to improve the image of public services. These objectives are pursued through strategies specific to each area.

The Northern region of Perak comprising the districts of Hulu Perak, Kerian, Kuala Kangsar and Larut Matang-Selama in addition to Perlis, Kedah and Pulau Pinang is part of the NCER economic corridor. The NCER blueprint encompasses a set of objectives over the 2007 to 2025 period. The Northern Corridor Implementation Authority is tasked with overseeing the implementation of the NCER blueprint. The objectives of the NCER initiative are to maximise economic potential of the region and to close the income between different regions in Malaysia, and to drive further increases in per capita income in the region as Malaysia moves towards higher value-added and knowledge-based economic activities.

As the State Government pursues growth in the various areas of industry, infrastructure development has been identified as one (1) of the key areas for improvement within the state. Logistics and transportation services in particular are critical facets of economic growth. The completion of the electric train service railway track from Padang Besar in Perlis to Kuala Lumpur which will pass through Perak's capital city of Ipoh is one (1) of a number of new infrastructure projects being implemented in the region. Another such project is the West Coast Expressway from Taiping in Perak to Banting in Selangor, which is expected to be completed in 2019.

Connectivity and access to these industrial corridors are important for moving human traffic to and from these places as these areas grow in size and importance. Public transportation plays a vital role in creating competitive economies, and liveable, inclusive communities. The most widely accessible modes of public transportation in Perak are stage and express bus services that serve municipal, regional and inter-state boundaries.

5. INDUSTRY OVERVIEW (Cont'd)

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Please refer to **Chapter 5 – Analysis of the Public Bus Transportation Services Market in Malaysia – Key Demand Conditions and Dependencies** for further information on the growth potential of the public bus transportation services industry in Malaysia which are also applicable to the Northern region and Perak.

Competitive Landscape

Perak Transit Berhad operates its stage bus services in Ipoh from Kidd Road Bus Station. Perak Transit Berhad operates 27 bus routes that begin and terminate at Kidd Road Bus Station with service frequency varying between routes and times. Other stage bus operators operating in Ipoh, Perak, include Perak Roadways Berhad and Permatang Kempas Sdn Berhad.

In 2014, Perak Transit Berhad recorded an annual passenger ridership of 6,367,932 passengers for its stage bus services in Ipoh, based on figures submitted to SPAD for subsidies under the ISBSF. When compared to the total annual stage bus passenger ridership in Ipoh of 6,509,000 passengers as recorded by SPAD, Perak Transit Berhad achieved a stage bus passenger ridership market share of 97.8% in Ipoh, Perak.

Perak Transit Berhad recorded a revenue of RM74.12 million in the FYE 31 December 2015 and outperformed other providers of public bus transportation providers in Ipoh, Perak. Perak Transit Berhad recorded gross profit margin and profit after tax margin of 44.42% and 25.89% respectively in FYE 31 December 2015, outperforming the industry averages of 36.44% and 8.25% respectively.

In FYE 31 December 2015, Perak Transit Berhad's gearing ratio was 0.95 times, which was higher than the industry average of 0.87 times. During the same period, Perak Transit Berhad had a current ratio of 1.04 times in comparison to the industry average of 1.50 times. In FYE 31 December 2015, Perak Transit Berhad's return on assets and return on equity were 7.18% and 15.10% respectively, which were above the industry averages of 5.06% and 10.37% respectively.

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5. INDUSTRY OVERVIEW (Cont'd)

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Public bus transportation services market in Malaysia – financial performance of public bus transportation services providers in Ipoh, Perak

Company	Principal business activities (as per filings with Companies Commission of Malaysia)	Details of public bus transportation services operations	Latest available FYE	Revenue (RM '000) ^a	Gross profit (RM '000)	Profit after tax (RM '000)	Gross profit margin (%)	Profit after tax margin (%)	Gearing ratio (times)	Current ratio (times)	Return on assets (%)	Return on equity (%)
Perak Transit Berhad ^b	Operations of Terminal AmanJaya integrated public transportation terminal; the provision of public bus services in Ipoh, Perak; petrol station operations and the management of ADO incentive programme	Operator of stage bus and express bus services in Ipoh, Perak	31 December 2015	74,123.31	32,928.39	19,188.90	44.42	25.89	0.95	1.04	7.18	15.10
Perak Roadways Berhad	Transportation services, renting out of premises, housing development	Operator of stage bus services in Ipoh, Perak	31 December 2014	2,513.76	733.83	128.95	29.19	5.13	0.50	1.92	2.94	5.65

5. INDUSTRY OVERVIEW (Cont'd)

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Company	Principal business activities (as per filings with Companies Commission of Malaysia)	Details of public bus transportation services	Latest available FYE	Revenue (RM '000) ^a	Gross profit (RM '000)	Profit after tax (RM '000)	Gross profit margin (%)	Profit after tax margin (%)	Gearing ratio (times)	Current ratio (times)	Return on assets (%)	Return on equity (%)
Permatang Kempas Sdn Bhd	Bus and taxi operator	Operator of stage bus services in Ipoh, Perak	31 December 2014	560.27	200.07	-35.18	35.71	-6.28	1.18	1.54	N/A ^c	N/A ^c
					Industry average		36.44	8.25	0.87	1.50	5.06	10.37

^a May include revenue derived from other business segments and other geographies, as segmental revenue information is not available from the Companies Commission of Malaysia

^b Revenue from bus operations comprised RM21,616,000, while revenue from integrated public transportation terminal operations as well as petrol station operations and the management of ADO incentive programme comprised the remaining RM52,507,000.

^c Not applicable due to loss after tax

Source: Perak Transit Berhad, Companies Commission of Malaysia

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7 ANALYSIS OF THE PUBLIC BUS TRANSPORTATION SERVICES MARKET IN THE EAST COAST REGION OF MALAYSIA

Industry Performance, Outlook and Prospects

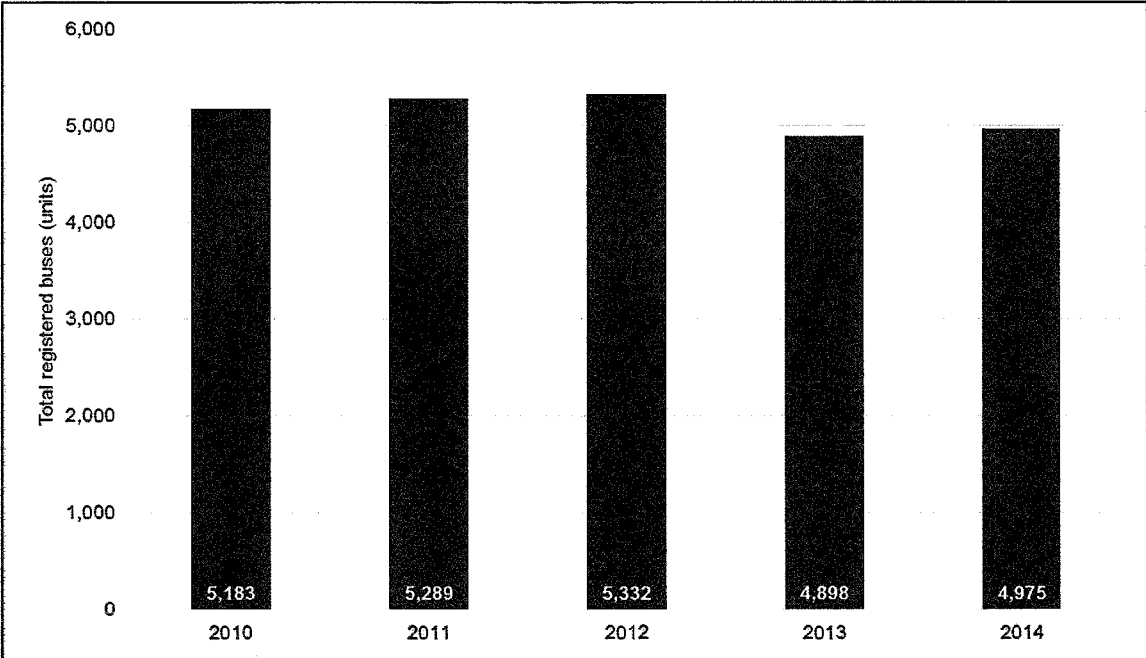
The East Coast region of Malaysia comprises the states of Kelantan, Terengganu and Pahang. Total registered buses and passenger ridership serve as indicators of the extent of the development of the public bus transportation market in this region, and also serve as indicators to support the growth in public bus terminal operations services in this region.

Between 2010 and 2014, total registered buses in the East Coast region declined marginally from 5,183 buses to 4,975 buses. Between 2013 and 2014, total registrations witnessed growth at a CAGR of 1.6% based on an increase from 4,898 buses to 4,975 buses. Buses serving the East Coast region ply routes within and between the states of Kelantan, Terengganu and Pahang that have seen investment in its infrastructure in recent years to supplement its importance as an oil and gas hub. In Pahang, diversification of economic activity in the state creates demand for a holistic public transportation system to support economic growth, which creates upside for bus transportation services in the state. Parallel to that, regional development within the East Coast region creates an avenue for growth across the state of Terengganu spurs demand for public transportation as the state houses and links the various growth nodes in the region. Please refer to **Chapter 7 – Analysis of the Public Bus Transportation Services Market in the East Coast Region of Malaysia – Key Demand Conditions and Dependencies** for further information on the growth potential of the public bus transportation services industry in the East Coast region.

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5. INDUSTRY OVERVIEW (Cont'd)

Public bus transportation services market in the East Coast region – growth in total registered buses in the East Coast region ^{a, b}



^a Registered buses in the East Coast region include stage buses, express buses, mini buses, school buses, feeder buses, employee buses and chartered buses

^b Latest available statistics as at 30 August 2016

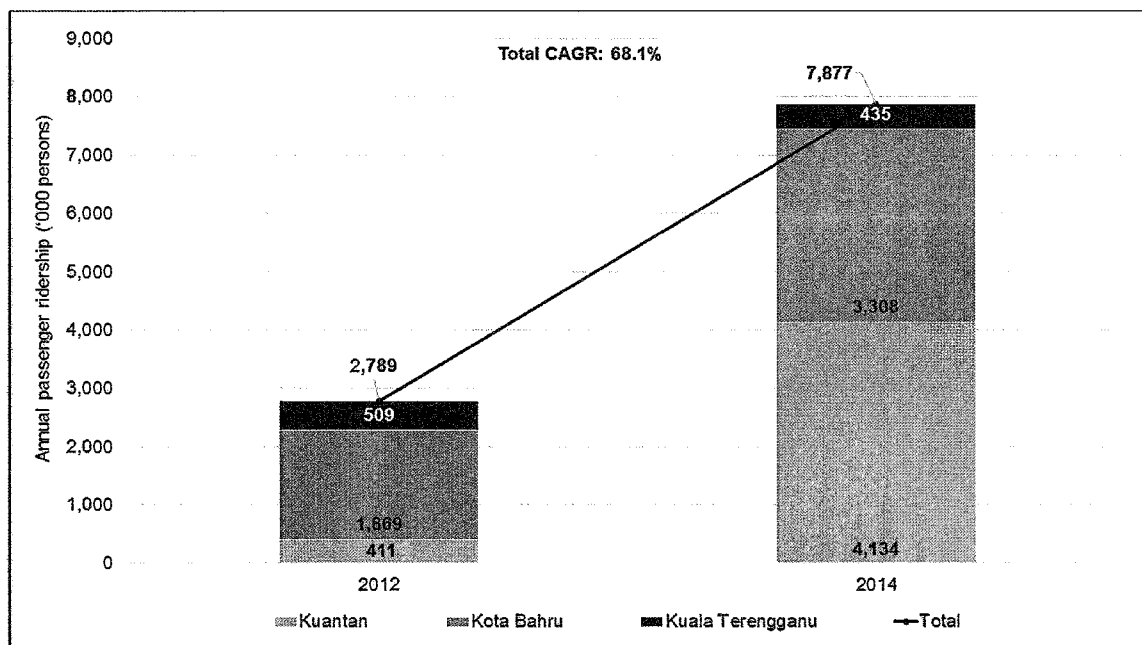
Source: SPAD

Total annual passenger ridership of stage buses in capital cities in the East Coast region grew from 2.8 million in 2012 to 7.9 million in 2014 at a CAGR of 68.1%. With the exception of Kuala Terengganu, capital cities in the East Coast region witnessed impressive annual passenger ridership growth with Kota Bharu witnessing an increase from 1.9 million passengers in 2012 to 3.3 million passengers in 2014 at a CAGR of 33.0%, while Kuantan recorded an increase from 0.4 million passengers to 4.1 million passengers over the same period at an impressive CAGR of 217.1%. The growth in annual passenger ridership in Kuantan is attributable to the development of transport infrastructure in Kuantan with the establishment of the Rapid Kuantan stage bus network boosting public transportation ridership. These annual passenger ridership growth figures reflect the increasing economic activity in the East Coast region and highlights the growth potential for public transportation services to meet the rapid growth in demand for such services in the region.

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5. INDUSTRY OVERVIEW (Cont'd)

Public bus transportation services market in the East Coast region – annual stage bus ridership in capital cities of the East Coast region ^{a, b}



^a The analysis of annual stage bus ridership in capital cities of the East Coast region is for the period of 2012 and 2014 due to the availability of publicly released data from SPAD and the Economic Planning Unit

^b Latest available statistics as at 30 August 2016

Source: SPAD, Economic Planning Unit

Key Demand Conditions and Dependencies

The economic growth witnessed in Pahang and Terengganu and the promise of economic expansion moving forward makes these states promising markets for public bus transportation services. Through the establishment of the ECER, efforts have been put in place to lay the foundation upon which these two states can leverage to realise their growth potential.

The ECER, that covers the states of Kelantan, Terengganu, Pahang and the district of Mersing in Johor, is an economic corridor established to develop the East Coast region over a 12-year period beginning in 2007 under the guidance of the ECER Development Council. The ECER Master Plan, to be implemented by the ECER Development Council, with the involvement of PetroliaM Nasional Berhad (PETRONAS), the national oil and gas company, and IOI Group, who are a private sector party primarily involved in the plantation business, was developed to guide the development of the region and aims to transform the region into a major international tourism destination; an exporter of resource-based and manufactured products; a vibrant trading centre; and a hub for logistics and infrastructure. Measures will also be taken under the ECER Master Plan to raise income levels and eradicate poverty by expanding employment prospects through the introduction of high-impact, catalytic projects to spur development in the region. Between 2011 and 2014, the ECER had RM55.5 billion in committed investments, of which RM22.9 billion was realised while generating 23,000 jobs in the region. Five (5) economic clusters have been identified as key focal points for generating economic growth within ECER, namely manufacturing, oil, gas and petrochemical, tourism, agriculture, and human capital development.

5. **INDUSTRY OVERVIEW (Cont'd)**

Pahang is a market identified by Perak Transit Berhad for future expansion of its public bus terminal services in Kuantan and Temerloh as diversification of economic activity and economic growth within the state further supported by the development of the ECER regional corridor creates a platform for an upward growth trajectory for the state of Pahang. Kemaman, a district within the state of Terengganu that is strategically positioned between growth nodes within the ECER and is poised to be an important transportation link in the corridor is another market identified by Perak Transit Berhad for future expansion of its public bus terminal services. These factors create growth opportunities within Pahang and Terengganu and would have an impact on the public transportation system within these states as it is critical to the movement of labour and goods.

Diversification of economic activity in Pahang creates demand for a holistic public transportation system to support economic growth

Over the course of the 11MP between 2016 and 2020, the Federal Government projects the Pahang economy to grow by 5.7% underpinned by growth in the services, manufacturing and agricultural sectors that are expected to grow by 6.6%, 5.9% and 4.2% respectively over the period. In accordance with these targets, the Pahang State Government has in place a state-level framework to carry out state development programmes to ensure that these targets are on track to complement the regional development strategies driven by the Federal Government.

The Pahang State Development Corporation ("PSDC") was incorporated in 1965 through the Lembaga Kemajuan Negeri Pahang Enactment with the aim of driving economic and social development with a particular focus on suburban areas in the state of Pahang. The PSDC through its Invest in Pahang initiative is focused on promoting business and investment in Pahang through continued efforts and programmes to attract new investment to new growth areas in the state, with special focus on the industrial and manufacturing sectors. Its development objectives include promoting Pahang as a major attraction for investment in Malaysia; widening the industrial base of the state of Pahang through diversification of its industrial activities, supporting the creation of the Bumiputera Commercial and Industrial Community; and increasing the contribution of the manufacturing sector to the state's GDP. The PSDC aims to pursue these development objectives by adopting a set of strategies to meet these ends that include encouraging the growth of major industries and providing support facilities to complement the comparative advantages the state enjoys, developing industrial estates under the National Development Corridor with an emphasis on the cluster development approach, and upgrading infrastructural services to support growth of industries as well as undertaking investment promotion activities targeted at key industries while increasing regional cooperation. Key industries in Pahang identified for promotion by the PSDC include biotechnology, the chemical and petrochemical industry, the oil and gas industry, bio-fuel, the automotive industry, *halal* food, the electrical and electronics industry, ceramics, and wood-based products.

The state of Pahang is a beneficiary of development efforts within the ECER where Kuantan is its capital city and is an important part of the ECER Special Economic Zone, which is a stretch along the East Coast region between Greater Kuantan in Pahang and the district of Kerteh in Terengganu.

5. INDUSTRY OVERVIEW (Cont'd)

Public bus transportation services market in the East Coast region – ECER development initiatives in Pahang

Cluster	Initiatives
Manufacturing	<ul style="list-style-type: none"> ▪ Pekan automotive park ▪ Malaysia – China Kuantan Industrial Park ▪ Gambang Halal Park
Oil, gas and petrochemicals	<ul style="list-style-type: none"> ▪ Gebeng Integrated Petrochemical Complex ▪ Kuantan Integrated Biopark
Tourism	<ul style="list-style-type: none"> ▪ Pekan heritage tourism development ▪ Kuantan Waterfront revitalisation ▪ Taman Negara ▪ Endau – Rompin National Park ▪ Tasik Chini Biosphere Reserve ▪ Cherating coastal tourism development ▪ Sungai Lembing mining heritage
Agriculture	<ul style="list-style-type: none"> ▪ Cattle Research and Innovation Centre in Muadzam Shah ▪ Kuantan Fish Processing Park in Tanah Putih ▪ Rompin Integrated Pineapple Plantation ▪ Herbal Integrated Cluster Development in Chegar Perah ▪ Marine Fish Hatchery and Fish Seed Marketing Centre in Merchong
Human capital development	<ul style="list-style-type: none"> ▪ Agropolitan ▪ Empower ECER ▪ Entrepreneur ECER ▪ ECER Talent Enhancement Programme ▪ Suri@HOME ▪ TERAJU@ECER
ECER Special Economic Zone	<ul style="list-style-type: none"> ▪ Kuantan Port expansion ▪ Water treatment plant ▪ Water reservoirs ▪ Kuantan Port City road link ▪ Pahang Technology Park

Source: ECER Development Council

Through the identification of the East Coast Corridor and the Central Corridor and several local corridors that are subsets of these two (2) main corridors, the ECER Master Plan has identified a number of projects that are to act as economic enablers in delivering growth within the economic clusters. These key enabler projects include improving access via upgrades to existing road networks, airports and sea ports, mitigating floods and coastal erosion, improving utilities and sewerage, real estate development, and conservation of the environment.

Infrastructure and services that enhance connectivity and access are key factors to the success of these industrial corridors as they enable industries to tap into the local workforce. Public transportation will play a defining role in the development of the state of Pahang as it continues its upward trajectory of economic growth. Stage bus services will be crucial to developing towns such as Temerloh, providing mobility and connectivity for skilled and unskilled labour to growth corridors such as Greater Kuantan.

5. INDUSTRY OVERVIEW (Cont'd)



Regional development creates an avenue for growth across Terengganu resulting in demand for public transportation within the region

Over the course of 11MP between 2016 and 2020, the Federal Government projects the Terengganu economy to grow by 4.2% underpinned by growth in the services, agricultural and construction sectors that are expected to grow by 5.8%, 4.3% and 3.8% respectively over the period.

The establishment of the Perbadanan Memajukan Iktisad Negeri Terengganu ("PMINT") through the Terengganu State Economic Development Corporation Enactment 1965 is intended to achieve a set of development objectives to spur economic growth and socio-economic progress. The current objectives outlined by PMINT include poverty eradication within the state of Terengganu, economic growth, development of manpower, accelerating urban and rural development, and to develop an entrepreneurial class of Bumiputra citizenry. These objectives are pursued through its subsidiaries as well as through strategic plans laid out by PMINT such as the PMINT Strategic Plan 2012 – 2016 which outlines several strategic thrusts that serve as guidance towards a more developed Terengganu.

The Kuala Terengganu City Centre ("KTCC") is a development that spans 8,000 hectares within the Kuala Terengganu district. The development aims to leverage on the growing urban population in Terengganu and to transform Kuala Terengganu into a key tourism hub within the region. The KTCC development proposes to promote tourism, education, and healthcare as its core offering as it aims to catalyse growth within the state through infrastructure development which will improve connectivity and the attractiveness of the state of Terengganu from an investment perspective. The ECER Master Plan identifies KTCC as part of a key development node which is part of the KTCC-Kenyir-Dungun Triangle within which it outlines several commercial and tourism initiatives to spur growth within the region.

Public bus transportation services market in the East Coast region – ECER development initiatives in Terengganu

Cluster	Initiatives
Manufacturing	<ul style="list-style-type: none"> ▪ Kemaman Heavy Industry Park
Oil, gas and petrochemicals	<ul style="list-style-type: none"> ▪ Kerteh Integrated Petrochemical Complex ▪ Kerteh Biopolymer Park
Tourism	<ul style="list-style-type: none"> ▪ KTCC ▪ Dungun Town Coastal Tourism Development
Agriculture	<ul style="list-style-type: none"> ▪ Sheep Breeding and Innovation Centre in Kuala Berang ▪ Multiplier and Commercial Goat Farm in Telaga Papan ▪ Herbal Integrated Cluster Development in Pasir Raja
Human capital development	<ul style="list-style-type: none"> ▪ Agropolitan ▪ Empower ECER ▪ Entrepreneur ECER ▪ ECER Talent Enhancement Programme ▪ Suri@HOME ▪ TERAJU@ECER

Source: ECER Development Council

Kemaman is a district of Terengganu that is located to the south of Kerteh and lies in the southern region of Terengganu that borders the state of Pahang. It lies within the Kerteh-Chukai/Kemaman-Cherating local corridor under the ECER which has been earmarked to be a growth centre for the tourism and oil, gas and petrochemical industries. Kemaman also falls within the larger ECER Special Economic Zone which stretches from Greater Kuantan in Pahang to the district of Kerteh in Terengganu.

Given the strategic location of Kemaman between the growth nodes of Kuantan in Pahang and Kuala Terengganu in Terengganu within the ECER, Kemaman is ideally placed to benefit from economic growth

5. **INDUSTRY OVERVIEW (Cont'd)**

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in both of these growth nodes. As development in both regions spillover through the corridor, increased trade and demand for manpower will spur the local economy and generate demand for public transportation services throughout the region, as increased economic activity spurs population mobility.

Please refer to **Chapter 5 – Analysis of the Public Bus Transportation Services Market in Malaysia – Key Demand Conditions and Dependencies** for further information on the growth potential of the public bus transportation services industry in Malaysia which are also applicable to the East Coast region and Pahang.

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8 ANALYSIS OF THE RETAIL MARKET IN MALAYSIA

Introduction

This chapter provides an analysis of the retail market in Malaysia, as Perak Transit Berhad leases out commercial space at Terminal AmanJaya to retail tenants. The outlook and prospects of the retail market will serve as an indicator to the rental prospects of commercial space within Terminal AmanJaya.

Definition and Segmentation

The retail sector in Malaysia is an integral component of the nation's economy and the fourth largest contributor to GDP after oil and gas, agriculture and manufacturing. The retail landscape in Malaysia has transformed in the last decade with modern retail formats increasing in dominance over small family-owned and operated shops. The launch of large shopping malls has increased the lifestyle elements of shopping in Malaysia, with retail concepts carefully chosen to target specific consumer groups. Globalisation has also brought foreign players, franchises and new retail concepts into the retail market in Malaysia. In the Asia Pacific region, Malaysia has the largest share of foreign grocery retailers on its shores, with retailers such as Tesco and Aeon Big (formerly known as Carrefour), being the mainstays of the sector following the positive effects of liberalised business policies implemented in 1995.

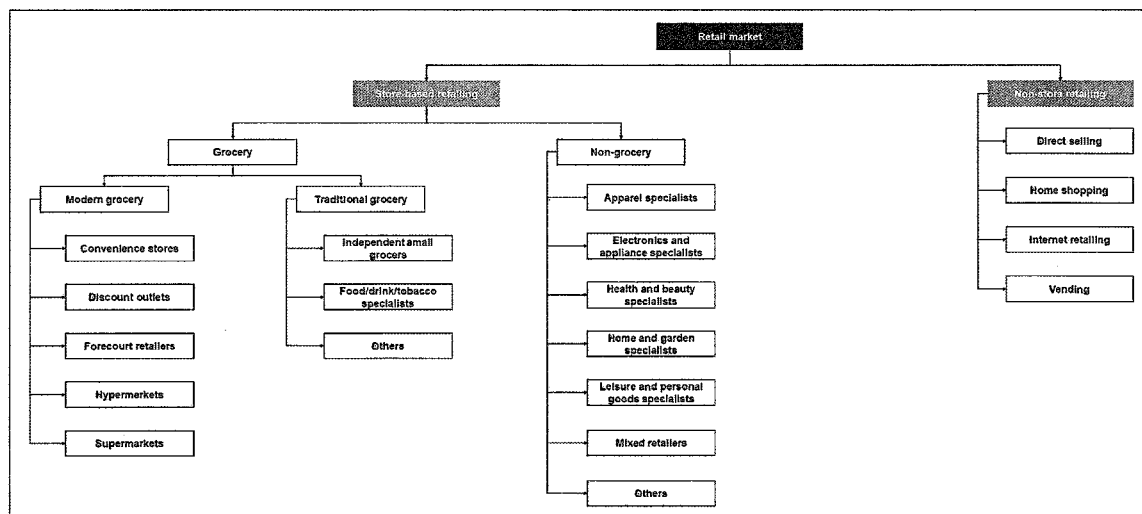
The retail sector in Malaysia is led by large chains of hypermarkets and supermarkets, who are typically grocery retailers, which collectively contribute to approximately 15.0% of total retail earnings. The grocery retail segment also includes traditional retailers such as independent small grocers, and food, beverage and tobacco specialists. Major non-grocery retailers include mixed retailers and specialists providing apparel, health and beauty, home and garden, electronics and appliances and leisure and personal goods. Today, there are over 120 hypermarkets, 110 superstores and 110 departmental stores owned by local and foreign companies located nationwide in Malaysia.

Technology has also been a key factor affecting retail sales and has broadened distribution channels, with internet-savvy youths and young adults contributing to growth in online retail transactions through various electronic commerce ("e-commerce") platforms. Internet retailing is appearing as a significant retail channel for non-grocery products and there are a large number of internet retailers that carry out business transactions via social media channels such as Facebook. Several large and established retailers are also responding to the growth of e-commerce by adding internet retailing as a distribution channel. By 2020, approximately 54.0% of Malaysia's population will be below the age 30, alluding to the fact that a large percentage of the population would have been raised in an environment where online transaction is the norm.

Despite the developments and transformation of the retail sector, retail spending per capita in Malaysia is still at a low RM3,154 (USD964) compared to South Korea (USD2,995), Taiwan (USD3,115) and Singapore (USD3,423), indicating its significant growth potential. While this disparity is partially due to differing income levels, it also indicates a need to encourage higher levels of spending by meeting rising consumer expectations, through modernisation, innovation and application of international retail best practices.

5. INDUSTRY OVERVIEW (Cont'd)

Retail market in Malaysia – market segmentation



Market Performance, Outlook and Prospects

The retail market in Malaysia, measured by the value of retail sales, grew from RM142.4 billion in 2009 to RM177.1 billion in 2014 at a CAGR of 4.5%. Store-based retailers comprised 94.6% of total retail sales in 2014, having recorded a growth from RM135.2 billion to RM167.6 billion between 2009 and 2014 at a CAGR of 4.4%. Non-store retailing comprised a smaller 5.4% of total retail sales and grew at a rate of 5.7% between the same period of 2009 and 2014. Retail sales in Malaysia is expected to grow from RM177.1 billion in 2014 to RM192.8 billion in 2017 at a CAGR of 2.9% with store-based retailing continuing to remain a key component of retail sales.

Retail sales in Malaysia have been growing cautiously since the global financial crisis in 2008/09 as economic recovery boosted retail expenditure albeit at a slower pace with the majority of consumers exercising more prudence on non-essential household expenditure. Consumers are seen to be more price sensitive with regards to non-grocery items and purchasing decisions for these products are largely stimulated by sales and promotional activities organised by retailers. Thus, grocery-retailers in Malaysia have witnessed stronger retail sales growth despite economic fluctuations owing to the nature of grocery products being necessities.

Internet retail continues to witness strong growth as the number of consumers gaining access to the internet via various service providers has risen. Several large retailers have added internet sales as a distribution channel in an effort to reach time-pressed and internet-savvy consumers, changing the landscape of traditional retail sales in the country. Internet sales are still very much limited to non-grocery products which are non-perishable. Internet sales benefit consumers and retailers alike, allowing consumers to compare prices and widens purchasing options, while also allowing retailers to compete in product and channel categories in which they have not been traditionally involved in. While the outlook for internet retailing will continue to be positive over the forecast period, internet retailing will not overtake the dominance of store-based retail sales, rather remaining as a supplementary channel for retailers to secure sales.

5. INDUSTRY OVERVIEW (Cont'd)

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The Government continues to intervene in the retail sector through various programmes aimed at aiding retailers and addressing consumer concerns regarding the rising cost of living. The Small Retailer Transformation Programme (“TUKAR”) was initiated by the Government in 2011 under the ETP to aid small grocery retailers to increase competitiveness through the adoption of modern technology and efficient business processes. Under this initiative, large and major retailers such as Mydin, Tesco and Aeon Big have been drafted to share expertise and knowledge with participating “mom and pop” sundry shops nationwide. TUKAR aims to upgrade 5,000 small retailers by 2020. According to the Performance Management and Delivery Unit (“PEMANDU”), an agency under the Prime Minister’s Department, 305 sundry shops were transformed nationwide in 2014, bringing the total of number of stores transformed by the TUKAR programme to 1,914 since it was launched in 2011.

In addressing consumer concerns regarding the rising cost of living, the Government has established the Kedai Rakyat 1Malaysia (“KR1M”) under the 1Malaysia Initiative to assist the lower and middle income population. KR1M are operated as mini markets and offer over 250 basic necessity grocery items at discounted prices. KR1M serves the same consumer segment as hypermarkets and acts as a conduit for the Government to control prices and reduce the monopoly of products traditionally dominated by multinational manufacturers. Most of the items retailing in KR1M are packed in smaller pack sizes, thus ensuring its affordability among the lower and middle income consumers. KR1M also focuses on products manufactured by SMEs, and acts as a platform for the Government to support, enhance and expand SME profile in retail. There are presently over 80 KR1M outlets nationwide, largely concentrated in the west coast of Peninsular Malaysia.

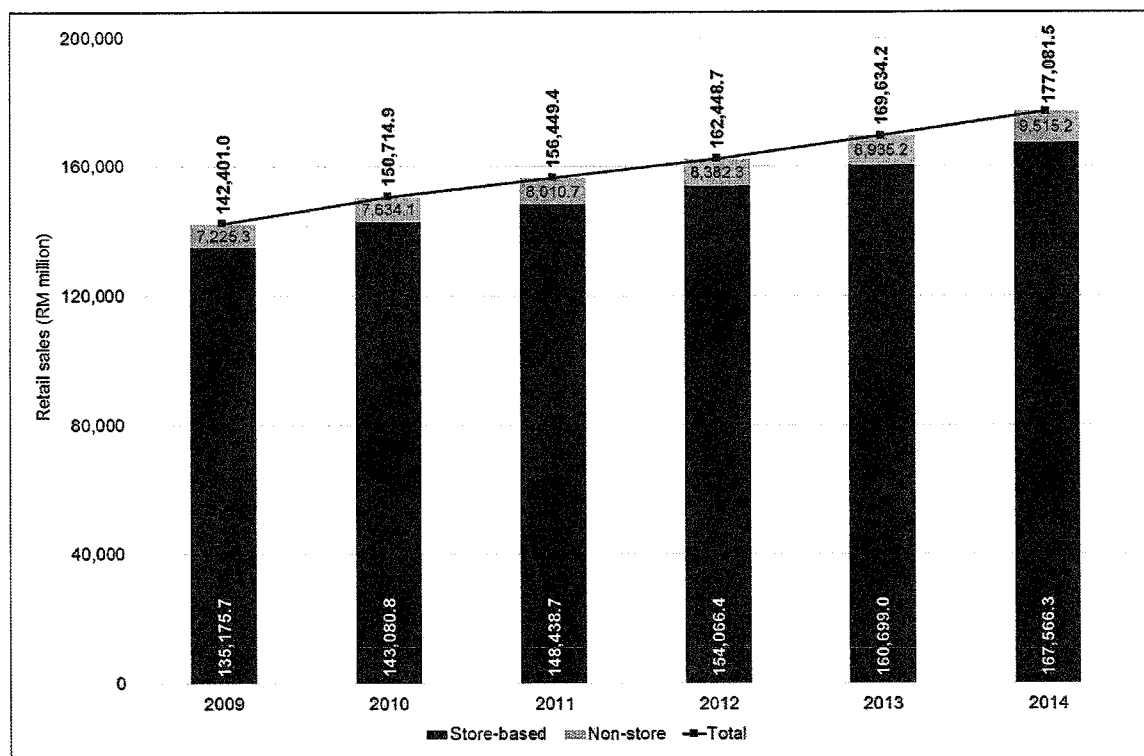
The rising cost of living is driving more consumers to be cost conscious and thrifty spenders. As a result, private labels have emerged as a growing segment nationwide for grocery and non-grocery products. Private label products are largely available in major grocery retailers, where hypermarkets and supermarkets have the largest range of private labels that offer consumers economically priced products. Non-grocery retailers such as department stores are also expanding their brand options to include private labels to target consumers with different needs. The perception and acceptance level among consumers with regards to private labels is gradually shifting as many no longer perceive private labels to be inferior and cheap compared to the more well-known and popular multinational brands. The growing demand for private labels impacts pricing strategies for manufacturers of branded goods, driving down the prices of these goods as these branded goods manufacturers strive to remain competitive and appeal to a larger consumer segment.

The retail market in Malaysia is traditionally fragmented, with retail sales in rural areas largely taking place in traditional retail channels such as independent grocery outlets while modern retail channels such as hypermarkets and supermarkets are more dominant in urban areas. However, this is gradually changing as a result of urbanisation, with retailers opening larger format outlets on the fringes of city centres in a bid to widen reach and respond to the increased demand for convenience by consumers. The broader Klang Valley region is anticipated to register significant growth in retail space with 40 new malls anticipated to come onstream by 2020. Of this 40 new malls, 12 of them will have an estimated 1.0 million square feet and above of net lettable area.

5. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

Retail market in Malaysia – growth in retail sales ^a



^a Latest available statistics as at 30 August 2016

Key Demand Drivers

Increasing disposable income of the population signifies growth potential for retail sales

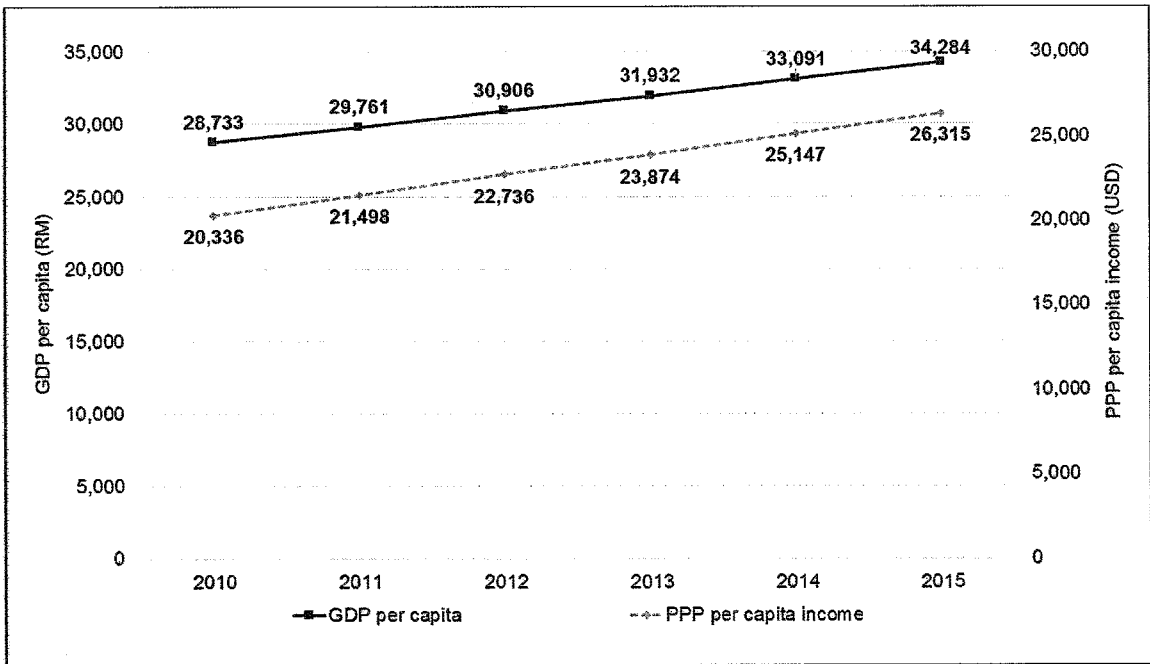
Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. GDP per capita increased by 19.3% from approximately RM28,733 in 2010 to RM34,284 in 2015 while PPP per capita income increased by 29.4% from approximately USD20,336 to USD26,315 during the same period. This increase in disposable income is leading to a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products.

The ETP (2011 – 2020) was launched in an effort to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth. The implementation of the ETP will allow Malaysia to be closer to achieving its goal of raising the per capita disposable income of the population to approximately RM48,000 (USD15,000) by 2020. Malaysia's economy registered a 6.0% growth in 2014 supported by resilient domestic demand and augmented by a recovery in exports. Private investment, in particular, surged 13.0% to RM78.7 billion during the first half of 2014 with its share to total investment increasing to 68.9%. In order to achieve a per capita income of RM48,000, the Government intends to attract RM1.4 trillion in investments which is expected to create 3.3 million jobs, of which 60.0% are expected to be in high value sectors under the 12 economic focus areas under the ETP.

5. INDUSTRY OVERVIEW (Cont'd)

The Government is keenly aware of the challenges faced especially by the middle income population, and has set forth initiatives and policies in favour of this group. Apart from tax cuts announced under Budget 2014, concrete efforts have been taken through the implementation and increases in real property gains tax to curb speculation in the property sector which has historically pushed prices to unaffordable levels, and the launching of affordable housing schemes. These concrete efforts are significant in the move to increase incomes and reduce living costs, both of which are goals of the Government and the ETP. The increasing disposable income of the population has the potential to contribute to higher retail sales in the country.

Retail market in Malaysia – growth in disposable income



Source: International Monetary Fund

Higher tourist arrivals coupled with tourism receipts boost retail sales

Malaysia has a reputation as a leading tourism destination globally and tourism is the nation’s fifth largest industry after oil, gas and energy, financial services, wholesale and retail and palm oil. Tourist arrivals increased from 24.6 million arrivals in 2010 to 25.7 million arrivals in 2015 at a CAGR of 0.9%, while tourism receipts have witnessed growth over the same period, increasing from RM56.5 billion to RM69.1 billion, registering a CAGR of 4.1%. The Government targets to grow tourist arrivals and tourism receipts to 36.0 million and RM168.0 billion respectively by 2020 under the Malaysia Tourism Transformation Plan 2020.

Malaysia is in a prime position to boost its tourism sector which is large and fast growing with a strong global competitive position. Malaysia’s tourism growth has historically been predominantly reliant on growth in the number of tourist arrivals as opposed to yield per tourist. The yield per tourist in Malaysia of approximately RM2,260 is currently lower than its neighbouring countries, whereby Singapore registered RM3,106 and Thailand registered RM3,785. This is largely attributed to the lower average stay of tourists and lower spend per day in Malaysia, and Malaysia’s dependence on arrivals from short-haul markets who

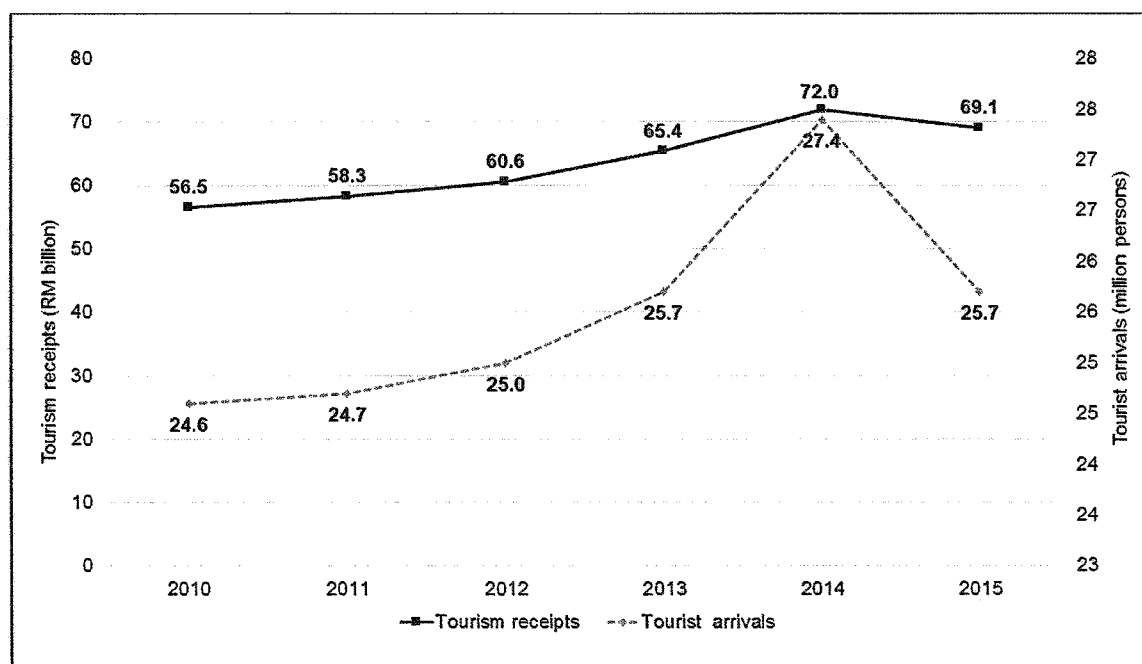
5. INDUSTRY OVERVIEW (Cont'd)

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ultimately spend less in the country. In this respect, the Government targets to increase yield per tourist to RM4,675 by 2020. In addition to targeting tourists from affluent countries, several other methods have been identified under the ETP to boost tourism growth potential. These efforts, among others, include positioning Malaysia as a duty-free shopping destination for tourist goods; establishing new premium outlets in Malaysia; establishing dedicated entertainment zones; expanding sports tourism offerings beyond event hosting; enhancing connectivity to priority medium-haul markets; improving rates, mix and quality of hotels; and establishing Malaysia as a leading business tourism destination.

The Government's efforts to boost tourism are bearing positive results as yields are gradually improving from the RM1,891 registered in 2004 to RM2,359 in 2011, the first year of ETP implementation, and RM2,544 in 2013. Greater growth in tourism arrivals and particularly tourism receipts will significantly and positively impact the retail market in Malaysia as retail sales are expected to increase on account of greater spending by tourists visiting Malaysia.

Retail market in Malaysia – growth in tourist arrivals and tourism receipts



Source: Malaysia Tourism Promotion Board ("Tourism Malaysia")

Greater Government-driven initiatives to propel the retail market in Malaysia and boost retail expenditure

The retail and wholesale sector is a major contributor to Malaysia's GNI and thus has been identified as one (1) of the 12 key economic focus areas under the ETP. The ETP (2011 – 2020) was launched in 2010 with the goal of promoting Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth. The retail sector is a key driver of domestic consumption and plays a significant role in promoting economic growth.

5. INDUSTRY OVERVIEW (Cont'd)

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Despite recent developments in the retail market, retail expenditure in Malaysia (RM3,154 or USD964) is lower compared to that in countries such as South Korea (USD2,995), Taiwan (USD3,115) and Singapore (USD3,423). While this disparity can be partially attributed to differing income levels, the Government of Malaysia intends to drive retail spending in achieving the targets under ETP. In achieving the GNI targets for the retail sector, the Government intends to improve access to finance, liberalise the retail sector through the opening up of restricted markets, streamlining set-up and expansion requirements, upgrading transportation infrastructure, and growing human capital. SMITH ZANDER views positively initiatives taken by the Government of Malaysia via various economic plans and policies to boost the retail market in Malaysia.

Retail market in Malaysia – selected retail sector projects identified under ETP

Project	Target(s)	Highlight(s)
Increasing the number of large format stores	<ul style="list-style-type: none"> To increase available floor space by 50% from the current base of 1.4 million square metres, to establish 61 hypermarkets (5,000 square metres or more) and 163 superstores (3,000 to 4,999 square metres) within the next ten (10) years. Target GNI by 2020: RM8,514.2 million 	<ul style="list-style-type: none"> In 2014, five (5) new hypermarkets and six (6) superstores were set up nationwide by domestic and foreign players, meeting the yearly target.
Facilitating local businesses to acquire stakes in foreign retail businesses	<ul style="list-style-type: none"> To develop the retail sector further by facilitating the acquisition of stakes in foreign businesses. This will allow local retailers to retain a portion of the profits from foreign brands in Malaysia, as well as expand into international markets. Target GNI by 2020: RM1,031 million 	<ul style="list-style-type: none"> Two (2) foreign brands have been acquired since December 2010, with Bonia Corporation Bhd acquiring a 70% interest in JECO Pte Ltd, a licensee of Pierre Cardin leather goods in Singapore and a master licensee for Renoma in Singapore, Indonesia and Malaysia.
Making Malaysia duty-free	<ul style="list-style-type: none"> To become Asia's premier shopping hub and attract more foreign visitors, the Government is working towards removing import duties on goods that have high-elasticity and pent-up demand. This will capitalise on the growth potential for average tourist spend, as well as provide more retail choices to both tourists and locals. Target GNI by 2020: RM3,258.3 million 	<ul style="list-style-type: none"> Since the launch of ETP in 2010, the import duty on 328 goods, including apparel, shoes, jewellery, handbags and perfumes was abolished in 2011. The value of cost, insurance and freight on 328 goods reached RM6.972 billion as at December 2014, driven mainly by the strength of domestic consumption.
Organising unified Malaysia sales	<ul style="list-style-type: none"> To bring together more sectors of the economy – from retailers to food and beverage, hotels and travel providers – through the annual 1Malaysia Unified Sale to benefit consumers and the retail sector. Target GNI by 2020: RM1,776.9 million 	<ul style="list-style-type: none"> The 2014 1Malaysia Unified Sale featured 60 sub-sectors comprising 942 companies and 8,702 outlets and was held in conjunction with the mid-year Malaysian Mega Sales.

Source: ETP, PEMANDU

Budget 2015 aimed to emphasise a balance between the capital economy and the people's economy. The services sector will continue to be the key driver of growth under the 11MP where growth in the sector is expected to increase significantly by 6.9% per annum, increasing its share of the GDP from 53.8% in 2015

5. INDUSTRY OVERVIEW (Cont'd)

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to 56.5% in 2020. The sector is expected to record broad-based growth across all subsectors. The wholesale and retail subsector will continue to be the main contributor, expanding by 5.8% per annum, supported by strategies to modernise the subsector as well as enhance the efficiency and effectiveness of the supply chain.

Retail market in Malaysia – measures under Budget 2015, specific to the retail market

Measure	Description
Implementing Goods and Services Tax ("GST")	<ul style="list-style-type: none"> ▪ The Government agrees to widen the scope of items that will not be subjected to GST as follows: <ul style="list-style-type: none"> • All types of fruits whether local or imported; • White bread and wholemeal bread; • Coffee powder, tea dust and cocoa powder; • Yellow mee, kuey teow, laksa and meehoon; • The National Essential Medicine covering almost 2,900 medicine brands. These medicines are used to treat 30 types of diseases including heart failure, diabetes, hypertension, cancer and fertility treatment; • Reading materials such as children's colouring books, exercise and reference books, text books, dictionaries and religious books; and • Newspapers. ▪ The Government has also agreed that the retail sale of RON95 petrol, diesel and liquefied petroleum gas ("LPG") be given relief from payment of GST. Through this measure, consumers and targeted groups will not have to pay GST on the purchase of RON95 petrol, diesel and LPG. ▪ With the implementation of GST, the Government will be able to reduce the tax burden of the <i>rakyat</i> as follows: <ul style="list-style-type: none"> • For year of assessment 2015, individual income tax rates will be reduced by one (1) to three (3) percentage points. With this measure, 300,000 individual taxpayers will no longer pay tax liability; • Tax payers with family income of RM4,000 per month will not have tax liability for year of assessment 2015; • For year of assessment 2015, individual income tax will be restructured whereby the chargeable income subject to the maximum rate will be increased from exceeding RM100,000 to exceeding RM400,000. The current maximum tax rate at 26% will be reduced to 24%, 24.5% and 25%. This will result in the existing taxpayer enjoying a tax saving of at least 5.3%; • For year of assessment 2015, cooperative income tax rate will also be reduced by one (1) to two (2) percentage points. In addition, secretarial fees and tax filing fees are allowed as deduction; • For year of assessment 2016, corporate income tax rate will be reduced by one (1) percentage point from 25% to 24%; and • For year of assessment 2016, income tax rate for SMEs will also be reduced by one (1) percentage point from 20% to 19%.
Price uniformity and KR1M	<ul style="list-style-type: none"> ▪ The Government is committed to implementing various initiatives including price uniformity scheme, transport subsidy and establishing more KR1M. Among the measures that will be implemented by the Ministry of Domestic Trade, Co-operatives and Consumerism include: <ul style="list-style-type: none"> • Establish another 20 KR1M in Peninsular Malaysia; • Set up price watch team comprising consumer associations; and • Strengthen GST Enforcement Unit with 2,270 personnel, Price Monitoring Unit with 1,300 personnel and Consumer Squads with 202,800 volunteers as well as involve 579 mukim and village heads.

Source: Ministry of Finance Malaysia

5. INDUSTRY OVERVIEW (Cont'd)



Budget 2016 further expanded those measures previously introduced under ETP and Budget 2015, such as further improvements to the GST with the aim of prospering the people.

Retail market in Malaysia – measures under Budget 2016, specific to the retail market

Measure	Description
Improving the GST	<ul style="list-style-type: none"> ▪ The Government agrees to widen the scope of items that will not be subjected to GST as follows: <ul style="list-style-type: none"> • Soybean and organic-based infant and children milk formula; • Chickpeas, mung beans and white beans; • Lotus root and water chestnut; • Mustard beans; • Brown sugar; • Dry mee kolok. • Annual sales turnover threshold for registration of Flat Rate Scheme under GST for small-scale farmers is reduced to RM50,000 from RM100,000 where small-scale farmers can impose an additional 2% on sales value; • Maintenance, repair and overhaul companies allowed to participate in the Approved Trader Scheme and exempted from paying GST on imported goods; • GST relief for reimportation of goods that were exported temporarily for the purpose of promotion, research and exhibition; • GST relief for oil and gas industries on reimportation of equipment that was temporarily exported for the purpose of rental and lease such as oil platform equipment and floating platforms; • GST relief for procurement of teaching materials and equipment by skills and vocational training providers under the National Skills Development Act 2006; and • Rebates equivalent to the amount of GST paid on prepaid mobile phone cards will be credited directly to consumers effective from 1 January 2016 to 31 December 2016.
TUKAR	<ul style="list-style-type: none"> • The expansion of TUKAR.

Source: Ministry of Finance Malaysia

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9 PROSPECTS AND OUTLOOK FOR PERAK TRANSIT BERHAD

Malaysia

As Malaysia moves towards its goal of becoming an inclusive and sustainable high-income country by the year 2020, the demand for public transportation services is expected to increase. With a greater proportion of the population living in cities today than ever before, urban areas are expanding to include the fringes of city centres. Sustainable connectivity and ease of access are important considerations as these areas grow in size and can best be addressed with the implementation of a holistic public transportation infrastructure and services.

Public transportation and infrastructure such as buses, mass rapid transit systems, roads, railways, ports and utilities are key pillars as the country strives towards developed nation status by 2020. Additionally, certain urban areas have been identified for large scale development and public transportation systems upgrades indicating further growth potential for public transportation infrastructure and services. The most widely accessible modes of public transportation in Malaysia are stage bus and express bus services that serve municipal, regional and inter-state boundaries.

Total registered buses and passenger ridership serve as indicators of the extent of the development of the regional public bus transportation market in Malaysia, and also serve as indicators to support the growth in public bus terminal operations services, where:

- In 2014, the highest new registration for buses was witnessed in the express bus and stage bus categories with 433 new registrations and 404 new registrations respectively; and
- The annual ridership of stage buses in capital cities increased from 208.8 million passengers in 2012 to 224.7 million passengers in 2014 at a CAGR of 3.7%.

Key drivers that have influenced the growth in new registrations for express bus and stage bus services are the growth in passenger movement arising from increased economic and travel/leisure activities, greater urbanisation in small towns as well as Government initiatives to develop and regulate the public bus transportation system in Malaysia.

The demand and outlook for public bus transportation and public bus terminal services in Malaysia are positive, where key factors that influence growth prospects include socio-economic growth that creates demand for a robust and holistic public transportation system; growth prospects of the manufacturing and service industries that drive demand for public transportation systems and infrastructure; economic growth corridors that enhances the need for comprehensive public transportation systems and infrastructure development; increase in investments driving overall economic growth, and subsequently, demand for public transportation systems to increase mobility and accessibility; and Government initiatives to develop a holistic public transportation system in Malaysia.

The development of integrated transportation terminals which are equipped with various supporting infrastructure such as ticketing and public transport information, park and ride facilities as well as other public amenities and ancillary services are intended to provide comfort, safety, access to improved travel information and notification, as well as enhanced transportation network for passengers. Further, revenue from retail tenancies occupying integrated transportation terminals provides an additional revenue stream to terminal operators, supplementing income from the transportation business. The retail market in Malaysia, measured by the value of retail sales, grew from RM142.4 billion in 2009 to RM177.1 billion in 2014 at a CAGR of 4.5%. Store-based retailers comprised 94.6% of total retail sales in 2014, having recorded a growth from RM135.2 billion to RM167.6 billion between 2009 and 2014 at a CAGR of 4.4%.

5. INDUSTRY OVERVIEW (*Cont'd*)

Retail sales in Malaysia is expected to grow from RM177.1 billion in 2014 to RM192.8 billion in 2017 at a CAGR of 2.9% with store-based retailing continuing to remain a key component of retail sales.

Under the 10MP, the Federal Government through SPAD, identified four (4) strategies that focused on strengthening the regulatory framework surrounding public transportation in Malaysia. These strategies included increasing transport capacity, promoting seamless connectivity and establishing a robust monitoring and enforcement mechanism. The National Land Public Transport Master Plan (2012 – 2030) was formulated to drive regulatory and industry reform. This masterplan sets a 20-year timeline which targets to increase public transport modal share for urban areas from 16.4% in 2011 to 40.0% in 2030 and to improve public transport access to rural areas. The 11MP lends support, focus and commitment to the National Land Public Transport Master Plan (2012 – 2030) which underlines the importance of its implementation in tandem with economic growth.

The SBST Programme was introduced under the National Land Public Transport Master Plan (2012 – 2030) with a focus on improving operator viability and expanding bus route coverage by migrating from the fare-box revenue collection model to the gross-cost service delivery model. The latter is a business model whereby stage bus operations would be supported by contractual income to be received from the Government based on agreed service level performance. As at August 2016, the SBST Programme has been rolled out in Seremban, Kangar and Ipoh.

Northern Region

Connectivity and access between cities and areas of economic importance is important for moving human traffic between them as these areas grow in size and importance. Public transportation plays a vital role in creating competitive economies, and liveable, inclusive communities. Connectivity and access to these industrial corridors are important for moving human traffic to and from these places as these areas grow in size and importance. The most widely accessible modes of public transportation in Perak are stage and express bus services.

The state economy is projected to achieve a growth rate of 5.9% between 2016 and 2020 as outlined by the 11MP. In line with these projections, the State Government of Perak has highlighted its commitment to the development of public transportation as a key growth pillar in the Perak AmanJaya Plan and the Perak Industrial Development Action Plan. The Perak AmanJaya Plan identifies integrated public transportation services as a sub-key result area and suggests an approach that improves integration, access, reliability and comfort to increase its relevance in the public space. This plan recommends the implementation of a public-private joint initiative under the private finance initiative arrangement to ensure high quality services are delivered.

Total registered buses and passenger ridership serve as indicators of the extent of the development of the public bus transportation market in the Northern region, and also serve as indicators to support the growth in public bus terminal operations services in this region, whereby:

- Total registered buses in the Northern region increased from 12,243 buses in 2013 to 12,722 buses in 2014 at a CAGR of 3.9%; and
- Total annual passenger ridership of stage buses in capital cities in the Northern region grew from 21.2 million in 2012 to 26.5 million in 2014 at a CAGR of 11.7%.

In Perak, growth is being driven by socio-economic development in Perak that creates demand for a robust public transportation system which creates upside for bus transportation services in the state. As the State Government pursues growth in the various areas of industry, infrastructure development has been identified

5. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

as one (1) of the key areas for improvement within the state. Logistics and transportation services in particular are critical facets of economic growth.

The state of Perak is central to the operations of Perak Transit Berhad, as their stage bus operations are based in Kidd Road Bus Station and express bus services are based in Terminal AmanJaya, an integrated transportation terminal in Ipoh. Perak Transit Berhad's stage bus services extend to a catchment area that spans across the Kinta district of Perak, while its express bus services serve Cameron Highlands, Pahang, and Taiping, Perak. SMITH ZANDER notes that:

- Perak Transit Berhad operates its stage bus services in Ipoh from Kidd Road Bus Station. Perak Transit Berhad operates 27 bus routes that begin and terminate at Kidd Road Bus Station with service frequency varying between routes and times;
- In 2014, Perak Transit Berhad recorded an annual passenger ridership of 6,367,932 passengers for its stage bus services in Ipoh, based on figures submitted to SPAD for subsidies under the ISBSF. When compared to the total annual stage bus passenger ridership in Ipoh of 6,509,000 passengers as recorded by SPAD, Perak Transit Berhad achieved a stage bus passenger ridership market share of 97.8% in Ipoh, Perak;
- Terminal AmanJaya has been gazetted by the Ipoh City Council as a station for public services vehicles (bus and taxi services) with effect from 31 July 2012;
- In 2014, SPAD released "*Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Ekspres di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya*". This Circular was released as part of SPAD's goal of transforming land transportation and further improving the delivery of public transportation services to the public. By centralising express bus operations in Terminal AmanJaya, it is anticipated that passengers will be able to benefit in terms of comfort, safety, have access to improved travel information and notification as well as enhanced public transportation network;
- Terminal operations at Terminal AmanJaya began in September 2012, with the recording of passenger data commencing in March 2013. The total number of passengers recorded at Terminal AmanJaya, based on the number of ticket-purchasing passengers, was 573,022 passengers from March to December 2013. During the same period of March to December 2015, the total number of passengers at Terminal AmanJaya increased to 709,411 passengers at a CAGR of 11.3%; and
- Perak Transit Berhad's segmental revenue for its integrated terminal complex operations has also demonstrated significant growth, rising from RM13.5 million in the FYE 31 December 2013 to RM29.5 million in the FYE 31 December 2015, at a CAGR of 47.7%.

Given the distribution and potential expansion of its services, socio-economic development in the state of Perak impacts the growth potential of Perak Transit Berhad. Projected growth in the Northern region is set to generate a multiplier effect that will benefit the Perak economy and will provide the bedrock for development across industries and sectors within the state. This projected growth trajectory will require supporting infrastructure and services developments such as public transportation services as an enabler for growth.

5. INDUSTRY OVERVIEW (Cont'd)

East Coast Region

Total registered buses and passenger ridership serve as indicators of the extent of the development of the public bus transportation market in the East Coast region, and also serve as indicators to support the growth in public bus terminal operations services in this region, whereby:

- Between 2013 and 2014, total registered buses in the East Coast region increased from 4,898 buses to 4,975 buses at a CAGR of 1.6%; and
- Total annual passenger ridership of stage buses in capital cities in the East Coast region grew from 2.8 million in 2012 to 7.9 million in 2014 at a CAGR of 68.1%.

These annual passenger ridership growth figures reflect the increasing economic activity in the East Coast region and highlights the growth potential for public transportation services to meet the rapid growth in demand for such services in the region. The economic growth witnessed in Pahang and Terengganu and the promise of economic expansion moving forward makes these states promising markets for public bus transportation services. Through the establishment of the ECER, efforts have been put in place to lay the foundation upon which these two (2) states can leverage to realise their growth potential.

Buses serving the East Coast region ply routes within and between the states of Kelantan, Terengganu and Pahang that have seen investment in its infrastructure in recent years to supplement its importance as an oil and gas hub. In Pahang, diversification of economic activity in the state has also created demand for a holistic public transportation to support economic growth, which creates upside for bus transportation services in the state.

Through the 10MP period of 2010 to 2015, the Pahang economy is expected to grow by 5.4%. Over the course of 11MP between 2016 and 2020, the Federal Government projects the Pahang economy will grow by a further 5.7%, underpinned by growth in the services, manufacturing and agricultural sectors that are expected to grow by 6.6%, 5.9% and 4.2% respectively over the period. In accordance with these targets, the Pahang State Government have in place a state-level framework to carry out state development programmes to ensure that these targets are on track to being achieved to complement the regional development strategies driven by the Federal Government. The state of Pahang is a beneficiary of development efforts within the ECER with Kuantan being an important part of the ECER Special Economic Zone, which is a stretch along the East Coast region between Greater Kuantan in Pahang and the district of Kerteh in Terengganu.

Over the course of 11MP between 2016 and 2020, the Federal Government projects the Terengganu economy to grow by 4.2%, underpinned by growth in the services, agricultural and construction sectors that are expected to grow by 5.8%, 4.3% and 3.8% respectively over the period. Kemaman is a district of Terengganu that is located south of Kerteh and lies in the southern region of Terengganu that borders the state of Pahang. It lies within the Kerteh-Chukai/Kemaman-Cherating local corridor under the ECER which has been earmarked to be a growth centre for the tourism and oil, gas and petrochemical industries. Kemaman also falls within the larger ECER Special Economic Zone which stretches from Greater Kuantan in Pahang to the district of Kerteh in Terengganu.

Given the strategic location of Kemaman between the growth nodes of Kuantan in Pahang and Kuala Terengganu in Terengganu within the ECER, Kemaman is ideally placed to benefit from economic growth in both of these growth nodes. As development in both regions spill over through the corridor, increased trade and demand for manpower will spur the local economy and generate demand for public transportation services throughout the region, as increased economic activity spurs population mobility.

Infrastructure and services that enhance connectivity and access are going to be key factors to the success of these industrial corridors as they will enable these industries to tap into the local workforce. Public

5. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

transportation will play a defining role in the development of the states of Pahang and Terengganu as these states continue their upward trajectory of economic growth. Stage bus services will be crucial to developing towns and urban areas as these developmental initiatives will attract manpower from surrounding areas to the growth corridors.

Summary

In light of these factors and the economic growth potential, the public transportation sector is expected to benefit and SMITH ZANDER believes that Perak Transit Berhad is well positioned to capitalise on these opportunities, particularly considering Perak Transit Berhad's strong presence in the public transportation market in Ipoh, Perak, where:

- Terminal AmanJaya has been gazetted by the Ipoh City Council as a station for public services vehicles (bus and taxi services). SPAD has further released the *"Pekeliling Suruhanjaya Pengangkutan Awam Darat Bil. 02 Tahun 2014: Operasi Perkhidmatan Bas Ekspres di Bandaraya Ipoh – Mengambil dan Menurunkan Penumpang Di Terminal AmanJaya"* which identifies Terminal AmanJaya as the location where all express bus services operating in Ipoh are mandated to pickup and drop off passengers, except in selected circumstances with written consent from SPAD;
- The total number of passengers recorded at Terminal AmanJaya, based on the number of ticket-purchasing passengers, was 573,022 passengers from March to December 2013. During the same period of March to December 2015, the total number of passengers at Terminal AmanJaya increased to 709,411 passengers at a CAGR of 11.3%;
- Perak Transit Berhad's segmental revenue for its integrated terminal complex operations has also demonstrated significant growth, rising from RM13.5 million in the FYE 31 December 2013 to RM29.5 million in the FYE 31 December 2015, at a CAGR of 47.7%; and
- In 2014, Perak Transit Berhad recorded an annual passenger ridership of 6,367,932 passengers for its stage bus services in Ipoh, based on figures it submitted to SPAD for subsidies under the ISBSF. When compared to the total annual stage bus passenger ridership in Ipoh of 6,509,000 passengers as recorded by SPAD, Perak Transit Berhad achieved a stage bus passenger ridership market share of 97.8% in Ipoh.

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6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

6.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

6.1.1 Particulars and shareholdings

The details of our Promoters and substantial shareholders in our Company before and after our IPO are as follows:

Promoters and substantial shareholders	Nationality/ Place of incorporation	Before our IPO		After our IPO ⁽¹⁾					
		Direct	Indirect	Direct	Indirect				
		No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽⁵⁾	No. of Shares ('000)	% ⁽⁵⁾
CBS Link	Malaysia	190,000	21.16	-	-	190,000	16.62	-	-
Dato' Sri Cheong Kong Fitt	Malaysian	178,263	19.85	264,658 ⁽³⁾	29.47 ⁽³⁾	178,263	15.60	264,658 ⁽³⁾	23.16 ⁽³⁾
Dato' Cheong Peak Sooi	Malaysian	18,551	2.07	-	-	18,551	1.62	-	-
Datin Sri Lim Sow Keng	Malaysian	74,658	8.31	368,263 ⁽⁴⁾	41.01 ⁽⁴⁾	74,658	6.53	368,263 ⁽⁴⁾	32.22 ⁽⁴⁾
Gemas Perunding	Malaysia	55,481	6.18	-	-	55,481	4.85	-	-
Muamalat Venture	Malaysia	190,476	21.21	-	-	190,476	16.67	-	-
MID Capital	Malaysia	100,000	11.14	-	-	100,000	8.75	-	-
Senandung Asas	Malaysia	52,593	5.86	-	-	52,593	4.60	-	-

Notes:

- (1) Assuming after the Public Issue.
- (2) Computed based on our enlarged issued and paid-up share capital of 897,948,000 Shares after the New Share Issuance as stated in Section 4.1.3 of the Prospectus and before our IPO.
- (3) Deemed interested pursuant to his interest held in CBS Link via CKS Maju pursuant to Section 6A of the Act and the direct interest of his spouse, Datin Sri Lim Sow Keng.
- (4) Deemed interested pursuant to her interest held in CBS Link via CKS Maju pursuant to Section 6A of the Act and the direct interest of her spouse, Dato' Sri Cheong Kong Fitt.
- (5) Computed based on our enlarged issued and paid-up share capital of 1,142,948,000 Shares after our IPO.

Save as disclosed above, our Company is not aware of any other persons who directly or indirectly, jointly or severally, control our Company.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

6.1.2 Profiles of our Promoters and substantial shareholders

- (i) **CBS Link** is a private limited company incorporated under the Act on 7 December 2009 having its registered office at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak. The principal activity of the company is that of investment holding. As at the LPD, its authorised capital is RM500,000 whereby 500,000 ordinary shares of RM1.00 each has been issued and credited as fully paid-up.

The shareholders of CBS Link and its shareholdings in CBS Link are as follows:

	No. of shares (^{'000})	%
CKS Maju ⁽¹⁾	275	55.0
Ipoh Omnibus ⁽²⁾	75	15.0
General Omnibus ⁽³⁾	75	15.0
Kinta Omnibus ⁽⁴⁾	75	15.0
Dato' Cheong Peak Sooi	*	*

Notes:

* Negligible.

- (1) *CKS Maju is a private limited company incorporated under the Act on 19 February 2003 having its registered office at D-3-7, Greentown Square, Jalan Dato' Seri Ahmad Said, 30450 Ipoh, Perak. The principal activity of the company is that of investment holding. As at the LPD, its authorised capital is RM5,000,000 whereby 3,500,000 ordinary shares of RM1.00 each were issued and credited as fully paid-up.*

The shareholders of CKS Maju and its shareholdings in CKS Maju are as follows:

	No. of shares (^{'000})	%
Dato' Sri Cheong Kong Fitt	1,750	50.0
Datin Sri Lim Sow Keng	1,750	50.0
Dato' Cheong Peak Sooi	*	*

* Negligible.

As at LPD, the directors of CKS Maju are as the following:

- (a) Dato' Sri Cheong Kong Fitt
 (b) Datin Sri Lim Sow Keng
 (c) Dato' Cheong Peak Sooi
- (2) *Ipoh Omnibus is a private limited company incorporated under the Act on 24 July 1978 having its registered office at No. 88A, Jalan Sultan Idris Shah, 30300, Ipoh, Perak. The principal activities of the company are bus operations and taxi operations. As at the LPD, its authorised capital is RM2,000,000 whereby 2,000,000 ordinary shares of RM1.00 each were issued and credited as fully paid-up.*
- (3) *General Omnibus is a private limited company incorporated under the Act on 13 November 1937 having its registered office at No. 88A, Jalan Sultan Idris Shah, 30300 Ipoh, Perak. The principal activities of the company are bus operations and investment holding. As at the LPD, its authorised capital is RM2,000,000 whereby 1,478,375 ordinary shares of RM1.00 each were issued and credited as fully paid-up.*

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- (4) *Kinta Omnibus is a private limited company incorporated under the Act on 13 November 1937 having its registered office at No. 88A, Jalan Sultan Idris Shah, 30300 Ipoh, Perak. The principal activities of the company are bus operations and investment holding. As at the LPD, its authorised capital is RM2,000,000 whereby 1,141,658 ordinary shares of RM1.00 each were issued and credited as fully paid-up.*

As at the LPD, the directors of CBS Link are the following:

- (a) Dato' Sri Cheong Kong Fitt;
- (b) Dato' Cheong Peak Sooi;
- (c) Yeoh Choo Hoon;
- (d) Marc Louis Pang Leng Koo Sin Lin;
- (e) Mohd Daud Bin Dato' Hj Mohd Taib;
- (f) Adam Bin Dato' Hj Mohd Taib; and
- (g) Ong Luck Yik @ Ong Lek Chuan.

Kindly refer to Section 4.1 of this Prospectus for further details on General Omnibus, Kinta Omnibus and Ipoh Omnibus.

- (ii) **Dato' Sri Cheong Kong Fitt**, aged 56, Malaysian, is the Managing Director of our Group. He was appointed to our Board in 2008 and is responsible for our Group's day-to-day management as well as setting our corporate vision and direction, including planning and implementing strategic business plans for the Group. He graduated with a Diploma in Business from the School of Marketing, Ipoh, obtained in 1986 and is currently pursuing a Masters of Art in International Business in York St John University, England. He has approximately 20 years of working experience in the public bus terminal operations.

Dato' Sri Cheong Kong Fitt commenced his career as a supervisor in Choong Sam Tin Mine in 1980 where his duties involved recording attendance, calculating and preparing payroll, and managing delivered spare parts for the company's tin mining operations. In 1985, he left Choong Sam Tin Mine to join Swee Keong Construction Pte Ltd, Singapore as a supervisor where he was tasked with logistics planning. He subsequently left Swee Keong Construction Pte Ltd, Singapore in 1992 and in the same year he joined The Combined Bus Services (Partnership), operator of Stesen Bas, Jalan Kidd as supervisor where he was principally responsible for managing public bus terminal operations. He eventually left The Combined Bus Services (Partnership) in 2013.

In 2006, Dato' Sri Cheong Kong Fitt together with other business partners had a view to combine the operations of public bus services operating at the Stesen Bas, Jalan Kidd in Ipoh, in an effort to upgrade the standards of public bus services in Ipoh and its surrounding areas, as well as reduce operating costs through greater economies of scale. During the period from 2006 to 2009, our Managing Director was instrumental in leading the initiative to merge the bus services operations of General Omnibus, Ipoh Omnibus and Kinta Omnibus, owing to his knowledge and experience in managing terminal and bus operations. In 2008, he founded our Company which in 2010 was converted into a public company. Under his management, our Group successfully built and commenced operations of Terminal AmanJaya in 2012.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- (iii) **Dato' Cheong Peak Sooi**, aged 49, Malaysian, is the Executive Director of our Group. He was appointed to our Board in 2010. He holds a Certificate in Business Management from MDIS Business School, Singapore, obtained in 1988.

Dato' Cheong Peak Sooi commenced his career in 1992 as a site manager for G&C Civil Engineering Pte Ltd in Singapore, where he was responsible for overseeing the company's daily construction work up to year 2000. Subsequently in 2001, he took a position as a field service representative in a multinational company in Singapore, namely Ameron Pte. Ltd. that manufactures and markets oil and gas engineered products and materials. During his eight (8) years tenure with Ameron Pte. Ltd., his responsibilities were to liaise with clients and prepare proposals for clients, supervise and monitor the installation of piping, as well as quality check and handover the completed installation work to clients. In 2008, he joined Star Kensington as a director where he was responsible for the operation of the company's petrol station operations and subsequently resigned in 2011. In the same year, he was appointed as the director of The Combined Bus and was responsible to supervise and monitor the construction, and subsequently day-to-day operations of Terminal AmanJaya.

- (iv) **Datin Sri Lim Sow Keng**, aged 53, Malaysian, is the promoter and substantial shareholder of our Group. She was appointed as a director of CKS Labur and Star Kensington in 2008. Datin Sri Lim Sow Keng is the spouse of Dato' Sri Cheong Kong Fitt. She holds a Diploma in Business from School of Marketing, Ipoh in 1985.

Datin Sri Lim Sow Keng commenced her career as an account clerk/teller in OCBC Bank Malaysia in 1982 for seven (7) years. Subsequently, she was not in employment from 1989 to 1991. In 1992, she joined SOA (M) Sdn Bhd as accounts supervisor and was responsible for the company's financial matters including billings, payments, receivables, invoicing and inventory up to year 1995. After which, she was pursuing a management accounting course on part time basis from year 1995 up to year 2003.

She was then appointed as a director of CKS Maju, the holding company of CBS Link, in 2003 where she was involved in the day-to-day management and decision-making of the company.

- (v) **Muamalat Venture** is a registered venture capital management corporation undertaking private equity activity and registered with the Securities Commission Malaysia and incorporated under the Act on 20 October 2006 having its registered office at 20th Floor, Menara Bumiputra, Jalan Melaka, Kuala Lumpur. The principal activity of the company is that of Islamic venture capital business. As at the LPD, its authorised share capital is RM5,000,000 whereby 100,002 ordinary shares of RM1.00 each has been issued and credited as fully paid-up. Muamalat Venture is wholly-owned by Bank Muamalat Malaysia Berhad. The directors of Muamalat Venture are Dato' Haji Mohd Redza Shah Bin Abdul Wahid, Peermohamed Bin Ibramsha and Syed Alwi Bin Mohamed Sultan.

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6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

As at LPD, the shareholders of Bank Muamalat Malaysia Berhad and its shareholdings in Bank Muamalat Malaysia Berhad are as follows:

	No. of shares ('000)	%
Khazanah Nasional Berhad	358,500	30.00
DRB-Hicom Berhad	836,500	70.00

Notes:

- (1) *Khazanah Nasional Berhad was incorporated under the Act on 3 September 1993 as a public limited company and having its registered address at Level 33, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur. Khazanah Nasional Berhad is the strategic investment fund of the Government of Malaysia. They are entrusted to hold and manage the commercial assets of the Government, and to undertake strategic investments on behalf of the nation. Further details of Khazanah Nasional Berhad can be obtained from [http://www.khazanah.com.my/].*
- (2) *DRB-Hicom Berhad was incorporated under the Act on 28 August 1990 and having its registered office at Level 5, Wisma DRB-Hicom, No. 2, Jalan Usahawan U1/8, Seksyen U1, Shah Alam, 40150 Selangor. The company is an investment holding company with investments in the automotive (including defence and composite manufacturing), services (including integrated logistics, banking and postal businesses), property and assets (i.e. real estate) management and construction segments. The substantial shareholders of DRB-Hicom Berhad are Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor (who has an indirect equity interest of 55.9% via Erika Strategi Sdn. Bhd.) and Employees Provident Fund Board (equity interest of 8.1%). The company is listed on the Main Market of Bursa Securities with a stock code of 1619. Further details can be obtained from [http://www.bursamalaysia.com/market/listed-companies/list-of-companies/plc-profile.html?stock_code=1619]*

Save as disclosed below, there are no other significant changes in shareholders of Bank Muamalat Malaysia Berhad and its shareholdings in Bank Muamalat Malaysia Berhad for the past three (3) years up to the LPD:

	As at		As at		As at		As at LPD of this Prospectus	
	1 September 2013		1 September 2014		1 September 2015		As at LPD of this Prospectus	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
No. of shares held ('000)	No. of shares held ('000)	No. of shares held ('000)	No. of shares held ('000)	No. of shares held ('000)	No. of shares held ('000)	No. of shares held ('000)	No. of shares held ('000)	No. of shares held ('000)
%	%	%	%	%	%	%	%	%
Khazanah Nasional Berhad	300,000	-	358,500	-	358,500	-	358,500	-
DRB-Hicom Berhad	700,000	-	836,500	-	836,500	-	836,500	-
	30.00	-	30.00	-	30.00	-	30.00	-
	70.00	-	70.00	-	70.00	-	70.00	-

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- (vi) **MTD Capital** is a public limited company incorporated under the Act on 13 January 1993 having its registered office at No. 1, Jalan Batu Caves, Batu Caves, 68100 Selangor. The company was previously listed on the Main Board of Bursa Securities until it was taken private and subsequently de-listed from the Main Board of Bursa Securities on 10 May 2011, following the completion of the take-over offer of MTD Capital's shares by Nikvest Sdn Bhd, Alloy Consolidated Sdn Bhd, Alloy Concrete Engineering Sdn Bhd and Alloy Capital Sdn Bhd. The principal activities of the company are that of investment holding and provision of project management services. As at LPD, its authorised share capital is RM500,000,000 whereby 275,000,000 ordinary shares of RM1.00 each were issued and credited as fully paid-up.

As at LPD, the directors of MTD Capital and their shareholdings held in the company are as follows:

Name	Direct		Indirect	
	No. of shares ('000)	%	No. of shares ('000)	% [^]
Tan Sri Dr. Nik Hussain Bin Abdul Rahman	-	-	247,505 ⁽¹⁾	100.0
Dato' Dr Azmil Khalili Bin Dato' Khalid	-	-	191,060 ⁽²⁾	77.19
Datin Nik Fuziah Binti Tan Sri Nik Hussein	-	-	191,060 ⁽³⁾	77.19
Nik Fauzi Bin Tan Sri Nik Hussein	-	-	56,445 ⁽⁴⁾	22.81
Lee Leong Yow	-	-	-	-
Shaik Mohamed Bin Mohd Sahed	-	-	-	-
Nik Din Bin Nik Sulaiman	-	-	-	-
Nik Faizul Bin Tan Sri Nik Hussain	-	-	56,445 ⁽⁴⁾	22.81
Dato' Ir. Nik Mohammed Bin Nik Abdullah	-	-	-	-

Notes:

[^] Computed based on 247,504,668 MTD Capital Shares, net of 27,495,332 treasury shares held.

(1) Deemed interested by virtue of his children's shares held in Alloy Consolidated Sdn Bhd and Nikvest Sdn Bhd;

(2) Deemed interested by virtue of his spouse's substantial interest in Alloy Consolidated Sdn Bhd.

(3) Deemed interested by virtue of her substantial interest in Alloy Consolidated Sdn Bhd; and

(4) Deemed interested by virtue of his substantial interest in Nikvest Sdn Bhd.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

As at LPD, the direct and indirect shareholders of MTD Capital and its shareholdings in MTD Capital are as follows:

	Direct		Indirect	
	No. of Shares (‘000) ⁽¹⁾	% [^]	No. of Shares (‘000) ⁽¹⁾	% [^]
Direct shareholders				
<i>Nikvest Sdn Bhd</i>	56,445	22.81	-	-
<i>Alloy Concrete Engineering Sdn Bhd</i>	8,406	3.40	-	-
<i>Alloy Capital Sdn Bhd</i>	118,272	47.78	-	-
<i>Alloy Consolidated Sdn Bhd</i>	64,381	26.01	126,678 ⁽²⁾	51.18
Indirect shareholders				
<i>Tan Sri Dr. Nik Hussain Bin Abdul Rahman</i>	-	-	247,505 ⁽³⁾	100.0
<i>Dato’ Dr Azmil Khalili Bin Dato’ Khalid</i>	-	-	191,060 ⁽⁴⁾	77.19
<i>Datin Nik Fuziah Binti Tan Sri Nik Hussein</i>	-	-	191,060 ⁽⁵⁾	77.19
<i>Nik Fauzi Bin Tan Sri Nik Hussein</i>	-	-	56,445 ⁽⁶⁾	22.81
<i>Nik Fadzrina Binti Tan Sri Nik Hussain</i>	-	-	56,445 ⁽⁷⁾	22.81
<i>Nik Fadzlin Binti Tan Sri Nik Hussain</i>	-	-	56,445 ⁽⁷⁾	22.81
<i>Nik Faizul Bin Tan Sri Nik Hussain</i>	-	-	56,445 ⁽⁸⁾	22.81
<i>Nik Fauzan Bin Nik Faizul Ruslan Bin Sulaiman</i>	-	-	56,445 ⁽⁸⁾	22.81
			191,060 ⁽⁹⁾	77.19

Notes:

[^] Computed based on 247,504,668 MTD Capital Shares, net of 27,495,332 treasury shares held.

(1) Being ordinary shares of RM1.00 each in MTD Capital.

(2) Alloy Consolidated Sdn Bhd’s deemed interest by virtue of its’ shareholdings held in Alloy Concrete Engineering Sdn Bhd and Alloy Capital Sdn Bhd (both wholly-owned subsidiaries of Alloy Consolidated Sdn Bhd), pursuant to Section 6A of the Act.

(3) Deemed interested by virtue of his children’s shares held in Alloy Consolidated Sdn Bhd and Nikvest Sdn Bhd, pursuant to Section 6A of the Act.

(4) Deemed interested by virtue of his spouse’s substantial interest in Alloy Consolidated Sdn Bhd, pursuant to Section 6A of the Act.

(5) Deemed interested by virtue of her substantial interest in Alloy Consolidated Sdn Bhd, pursuant to Section 6A of the Act.

(6) Deemed interested by virtue of his shareholdings held in Warisan Utuh Sdn Bhd (a shareholder of Nikvest Sdn Bhd), pursuant to Section 6A of the Act.

(7) Deemed interested by virtue of her shareholdings held in Mirath Al Ihsan (a shareholder of Nikvest Sdn Bhd), pursuant to Section 6A of the Act.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

(8) Deemed interested by virtue of his shareholdings held in *Wawasan Fasih* (a shareholder of *Nikvest Sdn Bhd*), pursuant to Section 6A of the Act.

(9) Deemed interested by virtue of his substantial interest in *Alloy Consolidated Sdn Bhd*, pursuant to Section 6A of the Act.

Save as disclosed below, there are no other significant changes in direct shareholders of MTD Capital and its shareholdings in MTD Capital for the past three (3) years up to the LPD:

	As at 1 September 2013		As at 1 September 2014		As at 1 September 2015		As at LPD of this Prospectus	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of shares held ('000)	% [^]	No. of shares held ('000)	% [^]	No. of shares held ('000)	% [^]	No. of shares held ('000)	% [^]
<i>Nikvest Sdn Bhd</i>	56,445 ⁽¹⁾	22.81	56,445 ⁽¹⁾	22.81	56,445 ⁽¹⁾	22.81	56,445 ⁽¹⁾	22.81
<i>Alloy Concrete Engineering Sdn Bhd</i>	8,406 ⁽²⁾	3.4	8,406 ⁽²⁾	3.4	8,406 ⁽²⁾	3.4	8,406 ⁽²⁾	3.4
<i>Alloy Capital Sdn Bhd</i>	118,272 ⁽³⁾	47.78	118,272 ⁽³⁾	47.78	118,272 ⁽³⁾	47.78	118,272 ⁽³⁾	47.78
<i>Alloy Consolidated Sdn Bhd</i>	64,381 ⁽⁴⁾	26.01	64,381 ⁽⁴⁾	26.01	64,381 ⁽⁴⁾	26.01	64,381 ⁽⁴⁾	26.01
					126,678 ⁽⁵⁾	51.18	126,678 ⁽⁵⁾	51.18
							126,678 ⁽⁵⁾	51.18

Notes:

[^] Computed based on 247,504,668 MTD Capital ordinary shares, net of 27,495,332 treasury shares held.

- (1) 50,331,364 MTD Capital ordinary shares were held under *Maybank Securities Nominees (Tempatan)*.
- (2) 8,406,066 MTD Capital ordinary shares were held under *Maybank Securities Nominees (Tempatan)*.
- (3) 118,272,298 MTD Capital ordinary shares were held under *Maybank Securities Nominees (Tempatan)*.
- (4) 46,331,364 MTD Capital ordinary shares were held under *Maybank Nominees (Tempatan)* and 18,050,000 MTD Capital ordinary shares were held under *Maybank Securities Nominees (Tempatan)*.
- (5) *Alloy Consolidated Sdn Bhd*'s deemed interest by virtue of its' shareholdings held in *Alloy Concrete Engineering Sdn Bhd* and *Alloy Capital Sdn Bhd* (both wholly-owned subsidiaries of *Alloy Consolidated Sdn Bhd*).

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Save as disclosed below, there are no other significant changes in indirect shareholders of MTD Capital and its shareholdings in MTD Capital for the past three (3) years up to the LPD:

	As at 1 September 2013		As at 1 September 2014		1 September 2015		As at LPD of this Prospectus		
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
	No. of shares held ('000)	No. of shares held ('000)	No. of shares held ('000)	% [^]	No. of shares held ('000)	% [^]	No. of shares held ('000)	% [^]	
Tan Sri Dr. Nik Hussain Bin Abdul Rahman ⁽¹⁾	-	247,505	-	100.0	-	100.0	-	247,505	100.0
Dato' Dr Azmil Khalili Bin Dato' Khalid ⁽²⁾	-	191,060	-	77.19	-	77.19	-	191,060	77.19
Datin Nik Fuziah Binti Tan Sri Nik Hussein ⁽³⁾	-	191,060	-	77.19	-	77.19	-	191,060	77.19
Nik Fauzi Bin Tan Sri Nik Hussein ⁽⁴⁾	-	56,445	-	22.81	-	22.81	-	56,445	22.81
Nik Fadzrina Binti Tan Sri Nik Hussein ⁽⁵⁾	-	56,445	-	22.81	-	22.81	-	56,445	22.81
Nik Fadzlin Binti Tan Sri Nik Hussein ⁽⁵⁾	-	56,445	-	22.81	-	22.81	-	56,445	22.81
Nik Faizul Bin Tan Sri Nik Hussein ⁽⁶⁾	-	56,445	-	22.81	-	22.81	-	56,445	22.81
Nik Fauzan Bin Nik Faizul ⁽⁶⁾	-	56,445	-	22.81	-	22.81	-	56,445	22.81
Ruslan Sulaiman ⁽⁷⁾	-	191,060	-	77.19	-	77.19	-	191,060	77.19

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Notes:

- ^ Computed based on 247,504,668 MTD Capital Shares, net of 27,495,332 treasury shares held.
- (1) Deemed interested by virtue of his children's shares held in Alloy Consolidated Sdn Bhd and Nikvest Sdn Bhd, pursuant to Section 6A of the Act.
 - (2) Deemed interested by virtue of his spouse's substantial interest in Alloy Consolidated Sdn Bhd, pursuant to Section 6A of the Act.
 - (3) Deemed interested by virtue of her substantial interest in Alloy Consolidated Sdn Bhd, pursuant to Section 6A of the Act.
 - (4) Deemed interested by virtue of his shareholdings in Warisan Utuh Sdn Bhd (a shareholder of Nikvest Sdn Bhd), pursuant to Section 6A of the Act.
 - (5) Deemed interested by virtue of her shareholdings held in Mirath Al Ihsan Sdn Bhd (a shareholder of Nikvest Sdn Bhd), pursuant to Section 6A of the Act.
 - (6) Deemed interested by virtue of his shareholdings held in Wawasan Fasih Sdn Bhd (a shareholder of Nikvest Sdn Bhd), pursuant to Section 6A of the Act.
 - (7) Deemed interested by virtue of his substantial interest in Alloy Consolidated Sdn Bhd, pursuant to Section 6A of the Act.

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6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- (vii) **Senandung Asas** is a private limited company incorporated under the Act on 12 June 2013 having its registered office at No. 81 (2nd Floor), Jalan Market, 30000 Ipoh, Perak. The principal activity of the company is that of investment holding. As at the LPD, its authorised capital is RM100,000 all of which were issued and credited as fully paid-up.

The shareholders of Senandung Asas and its shareholdings in the company are as follows:

	No. of shares (‘000)	%
Khairol Najmi Bin Roslan	70	70.0
Mohammad Nizam Bin Masari	30	30.0

As at the LPD, the directors of Senandung Asas are Lai Khun Wah, Mohammad Nizam Bin Masari and Khairol Najmi Bin Roslan.

- (viii) **Gemas Perunding** is a private limited company incorporated under the Act on 9 May 2012 having its registered office at No. 81 (2nd Floor), Jalan Market, 30000 Ipoh, Perak. The company is principally involved in investment holdings and contract works. As at the LPD, its authorised capital is RM500,000 all of which were issued and credited as fully paid-up.

The shareholders of Gemas Perunding and its shareholdings in the company are as follows:

	No. of shares (‘000)	%
Zulkifly Amir Bin Hashim	478	95.50
Abdul Rahman Bin Rehan	22	4.50

As at the LPD, the directors of Gemas Perunding are Abdul Rahman Bin Rehan, Zulkifly Amir Bin Hashim and Lee Kam Phooi.

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6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Notes:

- * The capitalisation of Muamalat Venture's Investment into 190,476,000 Shares pursuant to the Investment Agreement which was completed on 15 July 2016, as stated in Section 4.1.3 (iii) of this Prospectus.
- (1) Computed based on our enlarged issued and paid-up share capital of 897,948,000 Shares after the New Share Issuance as stated in Section 4.1.3 of this Prospectus before our IPO.
- (2) Deemed interested pursuant to his interest held in CBS Link via CKS Maju pursuant to Section 6A of the Act and the direct interest of his spouse, Datin Sri Lim Sow Keng.
- (3) Deemed interested pursuant to her interest held in CBS Link via CKS Maju pursuant to Section 6A of the Act and the direct interest of her spouse, Dato' Sri Cheong Kong Fitt.

Save as disclosed below, there are no other significant changes in our Promoters' and substantial shareholders' RCPS holdings in our Company for the past three (3) years up to the LPD:

Promoters and substantial shareholders	As at 1 September 2013 ⁽¹⁾		As at 1 September 2014 ⁽¹⁾		As at 1 September 2015 ⁽¹⁾		As at LPD of this Prospectus	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of RCPS held ('000)	No. of RCPS held ('000)	No. of RCPS held ('000)	No. of RCPS held ('000)	No. of RCPS held ('000)	No. of RCPS held ('000)	No. of RCPS held ('000)	No. of RCPS held ('000)
	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾
Dato' Sri Cheong Kong Fitt	20,000	50,000 ⁽²⁾	20,000	50,000 ⁽²⁾	-	-	-	-
Dato' Cheong Peak Sook	500	-	500	-	-	-	-	-
Datin Sri Lim Sow Keng	50,000	20,000 ⁽³⁾	50,000	20,000 ⁽³⁾	-	-	-	-
	11.63	29.07 ⁽²⁾	11.63	29.07 ⁽²⁾	-	-	-	-
	0.29	-	0.29	-	-	-	-	-
	29.07	11.63 ⁽³⁾	29.07	11.63 ⁽³⁾	-	-	-	-

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Notes:

- (1) Computed based on our issued and paid-up share capital of 172,000,000 RCPS.
- (2) Deemed interested pursuant to the direct interest of his spouse, Datin Sri Lim Sow Keng.
- (3) Deemed interested pursuant to the direct interest of her spouse, Dato' Sri Cheong Kong Fitt.

Prior to the conversion of RCPS (as mentioned in Section 4.1.3(i)), the RCPS holders' holdings, is as follows:

Name	No. of RCPS ('000)
Dato' Sri Cheong Kong Fitt	20,000 [^]
Datin Sri Lim Sow Keng	50,000 [^]
Dato' Cheong Peak Sook	500 [^]
Hoe Loo Poi @ Ho Loo Fai	500
Ong Luck Yik @ Ong Lek Chuan	500
Yeoh Choo Hoon	500
Lim Chee Chin	50,000
Yoong Kum Yong	50,000
Total	172,000

Notes:

- [^] As disclosed in the table on movement of the Promoters and Substantial Shareholders' shareholdings above, the respective holders of the RCPS have converted their RCPS into Perak Transit Shares.

It is to be noted that the conversion of the balance of 101,500,000 RCPS were not reflected in the above table on movement of the Promoters and substantial shareholders' shareholdings since:

- (i) Dato' Sri Cheong Kong Fitt had acquired 100,000,000 Perak Transit Shares from both Lim Chee Chin and Yoong Kum Yong immediately after they had converted their RCPS into Perak Transit Shares; and
- (ii) Dato' Cheong Peak Sook had acquired 1,500,000 Perak Transit Shares from Hoe Loo Poi @ Ho Loo Fai, Ong Luck Yik @ Ong Lek Chuan and Yeoh Choo Hoon immediately after they had converted their RCPS into Perak Transit Shares.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

6.2 BOARD OF DIRECTORS

6.2.1 Particulars and shareholdings

The details of our Directors and their shareholdings in our Company before and after our IPO are as follows:

Directors	Designation	Before our IPO ⁽¹⁾				After our IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares ('000)	% ⁽³⁾	No. of Shares ('000)	% ⁽³⁾	No. of Shares ('000)	% ⁽⁴⁾	No. of Shares ('000)	% ⁽⁴⁾
Tan Sri Dato' Chang Ko Yout	Independent Non-Executive Chairman	-	-	-	-	-	-	-	-
Dato' Sri Cheong Kong Fitt	Managing Director	178,263	19.85	264,658 ⁽⁵⁾	29.47 ⁽⁵⁾	178,263	15.60	264,658 ⁽⁵⁾	23.16 ⁽⁵⁾
Dato' Chcong Peak Sooi	Executive Director	18,551	2.07	-	-	18,551	1.62	-	-
Dato' Wan Asmadi Bin Wan Ahmad	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-
Mohd Annas Bin Md Isa	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-
Ng Wai Luen	Independent Non-Executive Director	-	-	-	-	-	-	-	-

Notes:

- (1) After our New Share Issuance as stated in Section 4.1.3 of this Prospectus.
- (2) Assuming after the Public Issue.
- (3) Computed based on our enlarged issued and paid-up share capital of 897,948,000 Shares after the New Shares Issuance as stated in Section 4.1.3 of the Prospectus and before our IPO.
- (4) Computed based on our enlarged issued and paid-up share capital of 1,142,948,000 Shares after our IPO.
- (5) Deemed interested pursuant to his interest held in CBS Link via CKS Maju pursuant to Section 6A of the Act and the direct interest of his spouse, Datin Sri Lim Sow Keng.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

6.2.2 Profiles of our Directors

Save for the profiles of Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi which are set out in Section 6.1.2, the profiles of our Directors are set out below:

- (i) **Tan Sri Dato' Chang Ko Youn**, aged 59, was appointed to our Board on 25 August 2015 as an Independent Non-Executive Chairman. He graduated with a Bachelor of Laws (Honours) from the University of Hull, England in 1981. In 1982, he was called to the English Bar as a Barrister-At-Law of Lincoln's Inn, London and was subsequently called to the Malayan Bar in 1983.

Tan Sri Dato' Chang Ko Youn began his career as a lawyer in Ipoh in 1983 until 1995 where he was attached to Chang Ko Youn & Co. He mainly handled commercial and land matters during his tenure in this firm. In 1987, he was appointed as Councillor of the Kuala Kangsar District Council until 1995. In 1987, he also assumed the political position of Perak Gerakan Youth Chairman until 1996, and his current position of Committee Member of the Perak State. In 1987, he was also elected as the Chairman of Sungai Siput Division, a position which he held until 2008. Subsequently, in 1991, he became the Vice-Chairman of the Gerakan Youth National Committee until 1996. In 1996, he assumed three (3) political positions as the National Youth Chairman, Vice-Chairman of the Perak State and Committee Member of the Central Committee until the years 1999, 2002 and 2013 respectively. In 1995, he held the position as Member of the Perak State Executive Council until 2008. As a Member of the Perak State Executive Council, his duties involved overseeing the urbanisation development; services and facilities; municipal and district councils; cleanliness, landscape and beautification; local government administration; consumer affairs and inflation control; and the public transportation system.

He also held two (2) important political positions in 1999, as Deputy Secretary-General of the Central Committee and Head of its Legal Bureau until the years 2005 and 2008 respectively. In 2002, he assumed the position of Secretary of the Perak Parti Gerakan until 2005. In 2005, he assumed two (2) political positions as Vice-President of Parti Gerakan National Committee and Chairman of the Perak State until the year 2008 and 2013 respectively. Subsequently, in 2008, he was elected as Deputy-President of Parti Gerakan until 2013. In addition, he has held onto his current position of Chairman of Beruas Division since 2008. In 2009, he was appointed as the Advisor of the Chief Minister of Perak State Government until 2013. From June 2013, he held the position of Acting President of the Parti Gerakan for a few months and upon relinquishing the same post, he has been appointed to his current position as its National Advisor. Since 2014, he has resumed his legal practice at Toh Theam Hock & Co in Ipoh, specialising in banking, commercial and conveyancing matters and appointed as the Chairman of Yayasan Penjaja Dan Peniaga Kecil 1 Malaysia (YPPKM), a body handling micro-credit for petty traders sponsored by the MoF.

- (ii) **Dato' Wan Asmadi Bin Wan Ahmad**, aged 50, was appointed to our Board on 25 August 2015 as a Non-Independent Non-Executive Director, representing the interest of MTD Capital. He graduated with a Bachelor degree in Business Administration with a major in Accounting from Temple University, Philadelphia, United States of America in 1989. Subsequently, in 1996, he graduated with a Masters of Business Administration specialising in Finance from the same university.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Dato' Wan Asmadi Bin Wan Ahmad began his career as an assistant for tax and audit works with Pricewaterhouse Tax Services (M) Sdn Bhd in 1989. In 1990, he entered the oil and gas industry, and joined Mobil Oil (M) Sdn Bhd as a Financial Executive where his role involved products pricing and management accounting. In 1991, he joined Petronas Carigali Sdn Bhd as the Unit Head of Budget and Management Accounting of the Peninsular Malaysia Operations to gain exposure in the upstream sector of the oil and gas industry. As the Unit Head of Budget and Management Accounting of the Peninsular Malaysia Operations, his duties involved mainly the annual budget and planning preparations and monitoring. He left Petronas Carigali Sdn Bhd in August 1994. From late August 1994 to 1996, he was pursuing postgraduate education at Temple University, United States, as stated above.

Subsequently in 1996, Dato' Wan Asmadi Bin Wan Ahmad entered the investment banking industry and joined Maybank Investment Bank Berhad as a Deputy Manager of the Corporate Finance Department. As Deputy Manager, he was responsible for the execution works of corporate exercises including listing, funds raising and restructuring of companies. In 2000, he left Maybank Investment Bank Berhad and joined Affin Investment Bank Berhad as an Assistant General Manager, where his role involved solicitation of assignments and heading execution teams in Corporate Finance. He left Affin Investment Bank Berhad in 2002. He subsequently joined Malaysian International Merchant Bankers Berhad from 2002 to 2004 as a General Manager in the area of Corporate Finance, Privatisation and Project Advisory where his duties involved marketing and supervision of corporate finance works. In 2004, he returned to Maybank Investment Bank Berhad as the head of the newly setup Equities Market Division, where he was responsible for underwriting and distribution of equity and equity-linked papers. Upon successful completions of major equity placement exercises, he was promoted to become the Director of Dealing in Maybank Securities Sdn Bhd, the stockbroking arm of Maybank Group, where his duties involved providing oversight and leadership on the businesses of the stockbroking. In 2007, Dato' Wan Asmadi Bin Wan Ahmad was assigned to set-up and head the Islamic Capital Market, a division independent from the conventional Debt Market Division.

This led to his appointment as the Chief Operating Officer of Anfaal Capital in 2009, where he was responsible for the setting-up of the company. Anfaal Capital is providing investment banking services in the Kingdom of Saudi Arabia. The company's shareholders are Maybank Investment Bank Berhad, the Islamic Cooperation for the Development of the Private Sector and three (3) other Middle-Eastern investors.

Dato' Wan Asmadi Bin Wan Ahmad subsequently left Anfaal Capital in 2012 and assumed his current position as the Managing Principal, Director and Co-Founder of DWA Advisory Sdn Bhd, a boutique financial advisory firm licensed by the Securities Commission Malaysia in 2013 to provide corporate finance advisory. Further, in 2015, Dato' Wan Asmadi founded DWA Private Equity Sdn Bhd and has been serving as the non-Executive Chairman of the company which is registered with the Securities Commission Malaysia as a Private Equity Management Corporation. He is also currently a member of the Market Participants Committee of Bursa Malaysia.

- (iii) **Mohd Annas Bin Md Isa**, aged 39, was appointed to our Board on 2 April 2015 as a Non-Independent Non-Executive Director, since he was nominated by Bank Muamalat Malaysia Berhad in our Company. He graduated with a Bachelor of Finance (Honours) from Universiti Teknologi MARA, Malaysia, in 2000.

Mohd Annas Bin Md Isa began his career as a dealer representative with OSK Securities Berhad in 2000, where his role involved institutional dealing and dealing in securities for high-net worth individual. In 2004, he left OSK Securities Berhad and joined Aseambankers Malaysia Berhad as a Senior Executive, where his duties involved in equity capital market activity and placement of equity and equity linked product. In 2006, he resigned from Aseambankers Malaysia Berhad and joined K&N Kenanga Berhad

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

(now known as Kenanga Investment Bank Berhad), where he was appointed as Acting Head of Equity Capital Market in Kenanga Investment Bank Berhad, specializing in placement of new issuance of securities, warrants and secondary market placement. He was responsible in the setting up of Equity Capital Market department. He left Kenanga Investment Bank Berhad in August 2008 and subsequently took leave up to 2009.

In 2009, he joined AmlInvestment Bank Berhad as a Manager in the Equity Capital Market division, where his duties involved placement and distribution of equity and equity linked product. He left AmlInvestment Bank Berhad in August 2011. Thereafter, he took a break from his career from 2011 to 2013. Subsequently in 2013, he joined Bank Muamalat Malaysia Berhad as the Head of Equity Capital Market/Private Equity in the Investment Banking division of Bank Muamalat Malaysia Berhad. As Head of Equity Capital Market/Private Equity, he is currently responsible for all investments under the private equity portfolio, the monitoring and engagement of all investments under the private equity portfolio, and leading value creation plans and related transactions.

Mohd Annas Bin Md Isa has more than 15 years of experience in various capacities in the equity capital market division and investment banking, which he is still presently involved in.

- (iv) **Ng Wai Luen**, aged 47, was appointed to our Board on 25 August 2015 as an Independent Non-Executive Director. He graduated with a Bachelor of Business (Accounting) with distinction from RMIT University, Australia, in 1992. In 1994, he completed the Certified Public Accountant Australia (“CPA Australia”) examinations. Subsequently, in 1995, he completed The Malaysian Institute of Certified Public Accountant (“MICPA”) examinations. He is a member of CPA Australia, MICPA and a Chartered Accountant registered with the Malaysian Institute of Accountants.

Ng Wai Luen began his career with KPMG Malaysia in 1993 where he was responsible for statutory audits. His role involved the audit of public listed companies, due diligence reviews for corporate exercises and special audits for mergers and acquisitions. He was leading a team of audit staff for statutory audits. Subsequently, in 1996, Ng Wai Luen joined OKA Corporation Berhad as a Finance Manager. In 1997, he was appointed as joint company secretary. In 1998, he led a team to achieve ISO 9002 accreditation for the company. Subsequently, in 2002, he was promoted to General Manager and Chief Financial Officer, where he was responsible for the restructuring and the listing of OKA Corporation Berhad on the Second Board of the Kuala Lumpur Stock Exchange in 2002[^]. Subsequently, he was appointed as head of the risk management committee from 2003 to 2011, head of the strategic business management team, member of a remunerations committee and member of the Employee Share Option Scheme (“ESOS”) committee from 2004 to 2011 in OKA Corporation Berhad. He left OKA Corporation Berhad in November 2011.

In 2012, Ng Wai Luen joined Starken AAC Sdn Bhd and G-Cast Concrete Sdn Bhd, direct and indirect subsidiaries of Chin Hin Group Berhad as an executive director* to head the business activities, where he is responsible for the operations of both companies including the initiation of the planning and setting up of the respective companies’ factories. Subsequently in 2016, he was appointed to the board of directors of Starken AAC Sdn Bhd and G-Cast Concrete Sdn Bhd as the Executive Director.

[^] *OKA Corporation Berhad was subsequently transferred to the Main Board of Kuala Lumpur Stock Exchange in 2003.*

* *In his Starken AAC Sdn Bhd employment letter, he was employed as an “executive director” who reports to the group managing director and shall carry on duties and responsibilities as directed by the group managing director. However, whilst his position is stated to be an “executive director” in his employment letter, he is not a company director of either Starken AAC Sdn Bhd and G-Cast Concrete Sdn Bhd.*

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

6.2.3 Principal business activities performed outside our Group for the past five (5) years

Save as disclosed below, none of our Directors have any directorships or performed any principal business activities outside our Group for the past five (5) years up to the LPD:

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Tan Sri Dato' Chang Ko Youn	Yayasan Penjaja Dan Peniaga Kecil 1 Malaysia (YPPKM)	Micro financing scheme (RM30 million) to hawkers and, petty traders, mutual aid Program sponsored by MoF	03.03.2015	-	Chairman
	Toh Theam Hoek & Co	Legal practice	22.08.2014	-	Lawyer
Dato' Sri Cheong Kong Fitt	Maksima Amanjaya Mining Sdn Bhd	Tin mining activities	18.10.2013	-	Director
	Maksima Amanjaya Development Sdn Bhd	Property development; dealing in sand mines and quarries	13.03.2013	01.10.2013	Director and Shareholder (shareholding prior to disposal on 30 April 2015 was 0.001%)
	Maksima Amanjaya Industries Sdn Bhd	Investment holding <i>(Previous activity: None)</i> <i>(Intended activity: Share investment)</i>	13.03.2013	30.07.2013	Director and Shareholder (shareholding prior to disposal on 5 August 2013 was 0.001%)
	Maksima Timur	Operators, agents and contractors of transportation business, property development and investment holding	18.01.2011	15.08.2013	Director and Shareholder (shareholding prior to disposal on 6 May 2011 was 50.0%)
	Faktor Semarak Sdn Bhd	Karaoke entertainment centre and snooker centre	07.05.2012	08.06.2012	Director and Shareholder (shareholding prior to disposal on 11 June 2012 was 50.0%)

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Dato' Sri Cheong Kong Fitt (cont'd)	Faktor Sentosa Sdn Bhd	Dormant <i>(Previous activity: None)</i> <i>(Intended activity: Property investment)</i>	13.09.2012 30.01.2013	04.10.2012 02.04.2015	Director and Shareholder <i>(shareholding prior to disposal on 3 April 2015 was 66.67%)</i>
	Faktor Azam Sdn Bhd	Properties development and investment holding	13.09.2012	-	Director and Shareholder <i>(shareholding of 50.0%)</i>
	CBS Edar Sdn Bhd	Dormant <i>(Previous activity: None)</i> <i>(Intended activity: Property investment)</i>	25.04.2012 31.05.2013	19.02.2013 18.06.2015	Director and Shareholder <i>(shareholding prior to disposal on 15 June 2012 was 50.0%)</i>
	Sutera Gigih Sdn Bhd	Investment holding <i>(Previous activity: None)</i> <i>(Intended activity: Property investment)</i>	31.07.2013	-	Director and Shareholder <i>(shareholding of 35.0%)</i>
	Sutera Gigih Transportation Sdn Bhd	To provide limousine services	29.08.2013	11.09.2015	Director and Shareholder <i>(shareholding of 0.00025%)</i>
	CKS Khidmat Sdn Bhd	Wholesale of industrial diesel and investment holding	09.06.2003	08.09.2015	Director and Shareholder <i>(shareholding prior to disposal on 5 February 2016 was 29.0%)</i>
	CKS Maju	Investment holding <i>(Previous activity: None)</i> <i>(Intended activity: Share investment)</i>	19.02.2003	-	Director and Shareholder <i>(shareholding of 50.0%)</i>

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Dato' Sri Cheong Kong Fitt (cont'd)	CBS Link	Investment holding <i>(Previous activity: None)</i> <i>(Intended activity: Share investment)</i>	07.12.2009	-	Director
	Tiara Moden Sdn Bhd	Art and telecommunication	27.12.2010	05.12.2014	Director
	Borneo Transit Synergy Sdn Bhd	Transportation, distribution and supply of gaseous fuels	26.06.2013	30.09.2014	Director and Shareholder <i>(shareholding prior to disposal on 2 October 2014 was 50.0%)</i>
	Gegas Nirwana Sdn Bhd	Dormant <i>(Previous activity: None)</i> <i>(Intended activity: Lorry transportation)</i>	12.07.2010	29.10.2012	Director
	CKS Agency Sdn Bhd	Trading in petroleum product	15.08.2003 31.07.2007	31.10.2005 21.09.2012	Director
	Liberal Region (M) Sdn Bhd	Commission agent of petroleum products	26.03.2007	15.09.2011	Director
	CKS Kerja Sdn Bhd	Trading in petroleum product	18.09.2003	12.01.2012	Director
	The Combined Bus Terminal Sdn Bhd	Dormant <i>(Previous activity: None)</i> <i>(Intended activity: Property investment)</i>	19.03.2012 20.07.2012	04.06.2012 01.06.2015	Director and Shareholder <i>(shareholding prior to disposal on 5 June 2012 was 50.0%)</i>

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Dato' Sri Cheong Kong Fitt (cont'd)	Serata Jenama Sdn Bhd	Haulage and transportation services	15.07.2010	28.10.2011	Director
Dato' Cheong Peak Sooi	Auseanlink Management Services Sdn Bhd	Mining and quarry	12.07.2013	-	Director and Shareholder (shareholding of 48.99%)
	Maksima Amanjaya Mining Sdn Bhd	Tin mining activities	16.08.2013	-	Director and Shareholder (shareholding prior to disposal on 17 October 2013 was 50.0%)
	Maksima Amanjaya Development Sdn Bhd	Property development, dealing in sand mines and quarries	13.03.2013	30.04.2015	Director and Shareholder (shareholding prior to disposal on 30 April 2015 was 0.001%)
	Maksima Amanjaya Industries Sdn Bhd	Investment holding (Previous activity: None) (Intended activity: Share investment)	13.03.2013	15.05.2015	Director and Shareholder (shareholding of 68.0%)
	Maksima Timur	Operators, agents and contractors of transportation business, property development and investment holding	01.10.2012	12.12.2014	Director
	Millennium Rubber Sdn Bhd	Manufacturing, trading, imports and exports of rubber as well as trading of chemicals to process rubber	21.06.2013	18.08.2014	Director and Shareholder (shareholding prior to disposal on 19 August 2014 was 45.0%)
	Millennium Waste Management Sdn Bhd	Waste management that deals with all kinds of unwanted material	19.07.2013	25.08.2014	Director and Shareholder (shareholding prior to disposal on 25 August 2014 was 45.0%)

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Dato' Cheong Peak Sooi (cont'd)	Busana Hartia Sdn Bhd	Dormant <i>(Previous activity: None)</i> <i>(Intended activity: Share investment)</i>	24.03.2014	-	Director and Shareholder <i>(shareholding of 0.0001%)</i>
	Faktor Sentosa Sdn Bhd	Dormant <i>(Previous activity: None)</i> <i>(Intended activity: Property investment)</i>	13.09.2012 30.01.2013	04.10.2012 02.04.2015	Director and Shareholder <i>(shareholding prior to disposal on 3 April 2015 was 33.33%)</i>
	Faktor Semarak Sdn Bhd	Karaoke entertainment centre and snooker centre	07.05.2012	13.03.2015	Director and Shareholder <i>(shareholding prior to disposal on 16 March 2015 was 50.0%)</i>
	Faktor Azam Sdn Bhd	Properties development and investment holding	13.09.2012 20.05.2013	15.03.2013 -	Director and Shareholder <i>(shareholding prior to disposal on 19 March 2013 was 30.0%)</i>
	Elite Team Venture Sdn Bhd	Export and import of goods	07.10.2014	15.09.2015	Director and Shareholder <i>(shareholding of 10.0%)</i>
	Lambang Sutera Sdn Bhd	Commission agent of petroleum products	16.02.2011	29.07.2011	Director and Shareholder <i>(shareholding prior to disposal on 29 July 2011 was 50.0%)</i>
	Sutera Gigih Sdn Bhd	Investment holding <i>(Previous activity: None)</i> <i>(Intended activity: Property investment)</i>	31.07.2013	-	Director and Shareholder <i>(shareholding of 30.0%)</i>

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Dato' Cheong Peak Sooti (cont'd)	Paramount Home Holdings Sdn Bhd	Investment holding (Previous activity: None) (Intended activity: Share investment)	04.11.2011	27.08.2015	Director and Shareholder (shareholding of 51.0%)
	Sutera Gigh Transportation Sdn Bhd	To provide limousine services	29.08.2013	11.09.2015	Director and Shareholder (shareholding of 0.00025%)
	CBS Edar Sdn Bhd	Dormant (Previous activity: None) (Intended activity: Property investment)	25.04.2012 31.05.2013	19.02.2013 18.06.2015	Director and Shareholder (shareholding prior to disposal on 15 June 2012 was 50.0%)
	CKS Khidmat Sdn Bhd	Wholesale of industrial diesel and investment holding	01.10.2012	08.09.2015	Director
	CKS Maju	Investment holding (Previous activity: None) (Intended activity: Share investment)	30.11.2011 01.10.2012	23.04.2012 -	Director and Shareholder (shareholding of 0.0001%)
	CBS Lmk	Investment holding (Previous activity: None) (Intended activity: Share investment)	12.08.2010 01.10.2012	23.04.2012 -	Director and shareholder (shareholding of 0.0002%)
	Tiara Moden Sdn Bhd	Art and telecommunication	18.02.2014	05.12.2014	Director

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Dato' Cheong Peak Sooki (cont'd)	Senandung Asas	Investment holding <i>(Previous activity: None)</i> <i>(Intended activity: Share investment)</i>	26.08.2013	27.01.2014	Director and Shareholder <i>(shareholding prior to disposal on 27 January 2014 was 50.0%)</i>
	Bumi Trek Sdn Bhd	Commission agent of petroleum products	02.08.2010	08.08.2011	Director and Shareholder <i>(shareholding prior to disposal on 8 August 2011 was 42.0%)</i>
	Serata Jenama Sdn Bhd	Haulage and transportation services	15.07.2010	28.10.2011	Director
	Gegas Nirwana Sdn Bhd	Dormant <i>(Previous activity: None)</i> <i>(Intended activity: Lorry transportation)</i>	12.07.2010	29.10.2012	Director
	The Combined Bus Terminal Sdn Bhd	Dormant	19.03.2012	04.06.2012	Director and Shareholder <i>(shareholding prior to disposal on 5 June 2012 was 50.0%)</i>
		<i>(Previous activity: None)</i> <i>(Intended activity: Property investment)</i>	20.07.2012	18.02.2014	
	Wu Yee Trading	Transportation agent	02.03.2006*	24.06.2015*	Principal (sole proprietor)

Note:

* In view that sole proprietorship does not have directorship, the disclosure is made on their entry and withdrawal dates.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Dato' Wan Asmadi Bin Wan Ahmad	DWA Private Equity Sdn Bhd	Yet to commence operations (Previous activity: None) (Intended activity: Undertake investment in private entities)	10.04.2015	-	Director and Shareholder (shareholding of 99.0%)
	DWA Advisory Sdn Bhd	Corporate finance and advisory services	18.01.2013	-	Director and Shareholder (shareholding of 99.0%)
Mohd Annas Bin Md Isa	DWA IR Events Training and Travels Sdn Bhd	Provision of investor relations, event management, training and corporate travel services	08.12.2015	-	Director and Shareholder (shareholding of 99.0%)
	Tadbir Evolusi Sdn Bhd	Investment in property and all equity linked investment	17.01.2011	-	Director and Shareholder (shareholding of 50.0%)
	Lanchetta Sdn Bhd	Ceased business operation (Previous activity: Bakery)	01.10.2009	-	Director
	Meridian Bcam Sdn Bhd	General trading, land and property investment and investment holding (This company was struck off on 19.02.2016)	21.12.2011	-	Director
	Iremco Sdn Bhd	Marine equipment supplier	01.09.2009	08.10.2013	Director
	Ghiyan Systems Solutions Sdn Bhd (formerly known as Noxel Asia Sdn Bhd)	Home and building automation	01.10.2009	07.02.2014	Director

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Company	Principal activity	Date appointed	Date resigned	Position held
	Malaysia Microelectronic Solutions Sdn Bhd	Design, development and marketing of smartcard integrated circuit and custom integrated circuit devices	01.07.2016	-	Director
	Infocity Ventures Sdn Bhd	Investment holding company	01.07.2016	-	Director
Ng Wai Luen	Mentari Bayu Development Sdn Bhd	Rcal property and housing development	26.11.2007	-	Director and Shareholder (shareholding of 30.0%)
	Flatech Corporation Sdn Bhd	Dormant <i>(Previous activity: None)</i> <i>(Intended activity: Manufacturing)</i>	14.11.2008	-	Director and Shareholder (shareholding of 35.0%)
	Starken AAC Sdn Bhd	Manufacturing of AAC (autoclaved aerated concrete) blocks	01.05.2016	-	Director
	G-Cast Concrete Sdn Bhd	Manufacturing of pre-cast concrete	01.05.2016	-	Director

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6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

6.2.4 Directors' remuneration and material benefits-in-kind

The aggregate remuneration, fees and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid to our Directors for services rendered in all capacities to our Group for the FYE 2015 and proposed for FYE 2016 are as follows:

Name	Remuneration band	
	FYE 2015 (Actual)	FYE 2016 (Proposed)
	RM'000	RM'000
Tan Sri Dato' Chang Ko Youn	6	36 - 100
Dato' Sri Cheong Kong Fitt	330	350 - 380
Dato' Cheong Peak Sooi	273	280 - 330
Dato' Wan Asmadi Bin Wan Ahmad	-	36 - 100
Mohd Annas Bin Md Isa	-	36 - 100
Ng Wai Luen	-	36 - 100

The remuneration of our Directors must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Any change in our Directors' fees, as set out in our Company's Articles of Association, must be approved by our Shareholders pursuant to a resolution in a general meeting where notice of any proposed increase shall be given. Kindly refer to Section 13.2 of this Prospectus for further information on our Articles of Association.

6.3 BOARD PRACTICES

6.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which our Directors has served in that office are as follows:

Name	Length of service in our Group	Length of service as Director of our Company as at the LPD	Date of expiration of the current term of office
Tan Sri Dato' Chang Ko Youn	< 1 year	< 1 year	The annual general meeting in 2018 in accordance with Article 99 of our Articles of Association
Dato' Sri Cheong Kong Fitt	10 years	8 years	The annual general meeting in 2017 in accordance with Article 99 of our Articles of Association
Dato' Cheong Peak Sooi	7 years	6 years	The annual general meeting in 2017 in accordance with Article 99 of our Articles of Association
Dato' Wan Asmadi Bin Wan Ahmad	< 1 year	< 1 year	The annual general meeting in 2019 in accordance with Article 99 of our Articles of Association
Mohd Annas Bin Md Isa	1 year	1 year	The annual general meeting in 2018 in accordance with Article 99 of our Articles of Association
Ng Wai Luen	< 1 year	< 1 year	The annual general meeting in 2019 in accordance with Article 99 of our Articles of Association

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

In accordance with our Articles of Association, one-third (1/3) of our Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation from office and shall be eligible for re-election at each annual general meeting and that each of our Director shall retire from office at least once in every three (3) years and shall be eligible for re-election. Any Director appointed within the year shall hold office only until the next annual general meeting and shall then be eligible for re-election. None of our Directors has been appointed for a fixed term.

6.3.2 Audit committee

Our Audit Committee provides our Board with assurance of quality and reliability of financial information used by our Board and of the financial information issued publicly by our Company. It provides an additional and more specialised oversight of the financial reporting process by facilitating the discharge of our Board's responsibility in respect of timely preparation and issuance of financial statements.

The main function of our Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plan with our external auditor; the review of the external auditor's audit report and evaluation of our system of internal controls with the external auditors; review of the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; review of the assistance given by our employees to the external auditor; review of the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; review of financial statements; review of related-party transactions and conflict of interest situations; review of any resignation letter and reasons for non-suitability of re-appointment of our external auditors; and review and recommend the nomination of external auditors.

Our Audit Committee, established on 23 September 2015, was appointed by our Board and comprises the following members:

Name	Designation	Directorship
Ng Wai Luen	Chairman	Independent Non-Executive Director
Tan Sri Dato' Chang Ko Youn	Member	Independent Non-Executive Chairman
Dato' Wan Asmadi Bin Wan Ahmad	Member	Non-Independent Non-Executive Director

6.3.3 Remuneration Committee

Our Remuneration Committee is primarily responsible for, amongst others, recommending to our Board the policy and framework for our Directors' remuneration including remuneration and terms of service of our Executive Directors in all its forms, drawing from external advice, if necessary.

The determination of remuneration of our Executive and Non-Executive Directors shall be a matter to be determined by our Board as a whole after taking into consideration our Remuneration Committee's recommendations.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Our Remuneration Committee, established on 23 September 2015, was appointed by our Board and comprises the following members:

Name	Designation	Directorship
Dato' Wan Asmadi Bin Wan Ahmad	Chairman	Non-Independent Non-Executive Director
Mohd Annas Bin Md Isa	Member	Non-Independent Non-Executive Director
Dato' Cheong Peak Sooi	Member	Executive Director

6.3.4 Nomination Committee

Our Nomination Committee is primarily responsible for, amongst others, proposing new nominees for our Board as well as our Directors to fill the seats on board committees, and assessing our Directors on an ongoing basis.

In particular, our Board through our Nomination Committee would review on an annual basis, the required mix of skills and experience and other core qualities, including core competencies, which our Non-Executive Directors should bring to our Board.

Our Nomination Committee, established on 23 September 2015, was appointed by our Board and comprises the following members:

Name	Designation	Directorship
Tan Sri Dato' Chang Ko Youn	Chairman	Independent Non-Executive Chairman
Mohd Annas Bin Md Isa	Member	Non-Independent Non-Executive Director
Ng Wai Luen	Member	Independent Non-Executive Director

6.4 KEY MANAGEMENT PERSONNEL

6.4.1 Particulars and shareholdings

Save for Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi, whose shareholdings are disclosed in Sections 6.1.1 and 6.2.1 above, none of our key management have any shareholding whether direct or indirect in our Company.

6.4.2 Profiles of our key management personnel

Perak Transit has a team of Executive Directors and key management that understand the public transportation industry. Our Managing Director and Executive Directors have been with our Group for more than five (5) years and will continue to be loyal and committed to our Company's growth.

Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi both understand the market which our Group operates in and have been the key driving force of our Group's recent success todate. Our Group is also supported by a group of Directors and key management with diverse background (i.e. legal, accounting and finance, marketing as well as being experienced in the public transportation sector), which will continue to drive our Group's growth in the future.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

The profiles of Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi are set out in Section 6.1.2 of this Prospectus. The profiles of our other key management personnel are as follows:

- (i) **Loh Kwang Yean**, aged 40, is the Chief Financial Officer of our Group. He graduated with a Bachelor of Accounting with honours from Universiti Utara Malaysia in 1999. In 2002, he became a member of the Malaysian Institute of Accountants.

Loh Kwang Yean began his career as an Audit Assistant with Deloitte KassimChan in 1999. In 2000, he was promoted to Audit Senior II, and subsequently, to Audit Senior I in 2001, where his role involved in assurance and statutory assignments for various clients in various industries. In 2002, he left Deloitte KassimChan and joined P.I.E. Industrial Berhad as a Project Officer in the Corporate Finance department, where his duties involved preparing consolidation reports and compliance with the Listing Requirements of Bursa Securities reporting, post-IPO compliances, detailing corporate finance strategies, and developing an Investor Relationship Programme for the company. Subsequently in 2004, Loh Kwang Yean left P.I.E. Industrial Berhad and joined Dufu Technology Corp. Berhad as a Group Accountant.

During his tenure in Dufu Technology Corp. Berhad, he assisted the company in its listing exercise and was also responsible to participate in due diligence meetings, as well as assisting in the company's road shows. In 2008, he was promoted to Finance Manager, where his role involved detailing corporate finance strategies and managing the accounting, corporate finance, treasury, and bank relations functions. In addition, in 2008, he had also headed the due diligence team in a cross-border acquisition of a manufacturing plant in China which has a holding company in Hong Kong, namely Futron Technology Limited.

In 2011, Loh Kwang Yean left Dufu Technology Corp. Berhad and founded Northern Bridge Advisory Sdn Bhd, an independent advisory company providing advisory services in the area of finance and accounting services. Further, in 2012, he joined LNG Resources Berhad as an Executive Director where he is involved in the management of corporate finance strategy and outlining management policies. He left LNG Resources Berhad in February 2014 and was involved in Northern Bridge Advisory Sdn Bhd until he joined our Group in April 2015. Loh Kwang Yean joined our Group as Chief Financial Officer on 1 April 2015 and subsequently he had resigned as Director in Northern Bridge Advisory Sdn Bhd on 1 October 2015.

As Chief Financial Officer, Loh Kwang Yean is responsible for all aspects of our Group's finance, accounting and reporting functions.

- (ii) **Jennifer Chin Yi Teng**, aged 28, is the Administration and Finance Manager of our Group. She graduated with a Bachelor of Science (Hons) in Applied Accounting from Oxford Brookes University, United Kingdom, in 2011. She is currently pursuing a professional qualification with the Association of Chartered Certified Accountants ("ACCA"). Jennifer Chin Yi Teng began her career as an Account Executive with Kin Kun Group Sdn Bhd in April 2010, while studying ACCA on a part time basis. Her responsibilities included the preparation of monthly financial statements, budget review as well as schedules for year-end audit exercises for Kin Kun Group Sdn Bhd and its subsidiaries.

Subsequently in September 2012, she left Kin Kun Group Sdn Bhd and joined our Group as an Account Executive and undertook the preparations of annual and monthly financial statements, as well as budget reviews. She was also responsible for liaising with our Group's external auditors and tax agents. In July 2014, she was promoted to Administration and Finance Manager, and her responsibilities include performing financial analysis, reporting and management activities, reviewing financial forecasts and projections, managing cash flow and investments, as well as employee welfare.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

- (iii) **Nur Liana Binti Ahmad Tarmizi**, aged 27, is the terminal manager of our Group. She obtained a Bachelor of Civil Engineering with honours from Universiti Tenaga Nasional, Malaysia in 2012, and a Master Degree in Management from University of Bath, United Kingdom in 2014.

Nur Liana Binti Ahmad Tarmizi graduated from Universiti Tenaga Nasional before she began her career as a manager with Impian Atah Enterprise in 2012 and left in 2013, where her duties involved managing the daily operations of the company, including managing the cash flow and inventory, scheduling fuel deliveries, forecasting, supervising staff and enhancing performances to meet the daily, weekly and monthly targets. Subsequently, she studied her Master Degree course at University of Bath in 2013 and graduated in 2014.

Nur Liana Binti Ahmad Tarmizi joined our Group as terminal manager in March 2015. As the terminal manager of our Group, she is responsible for the whole terminal operation that covers four main departments, namely, administration, terminal operation activity, recruitment, business development and maintenance of the terminal.

- (iv) **Chen Lee Keen**, aged 52, is the Bus Operations Administrator of our Group. She graduated with a Sijil Pelajaran Malaysia from SMJK Ave Maria Convent, Ipoh, Perak, in year 1982. Chen Lee Keen has around 24 years working experience in the public transportation industry.

She has only started her career in 1984 with Homegym Pte. Ltd., a Kuala Lumpur based gym equipment wholesales as a sales personnel. She was responsible for handling enquiries and collecting orders from potential customers. Subsequently, she left Homegym Pte Ltd in 1985.

In 1986, she started working as a shipping executive with CDF Chimie Pte Ltd, a Singapore company based in Petaling Jaya, Selangor. She was responsible for shipment arrival and departure, cargo coordinating and schedule of shipments. In 1991, she left CDF Chimie Pte Ltd and joined Ipoh Omnibus as a chief clerk and was in-charge of daily bus operations. In 1998, she was subsequently promoted as personal assistant of the Director, where her duties involved assisting the director in the management of the company which included liaising with employees and managing and updating all permits and licenses. She was also liaising with government bodies such as Jabatan Pengangkutan Jalan, Puspakom and other relevant departments.

As a Bus Operations Administrator in our Group, Chen Lee Keen is responsible for the application and renewal of all bus route permits and licenses and ensuring that our Group's bus operations are conducted in compliance with the relevant legislation, policies and procedures.

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6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

6.4.3 Other principal directorships and principal business activities

The involvement of our Directors in other business activities are set out in Section 6.2.3 of this Prospectus. Save as disclosed below, none of our key management personnel has directorships or performed any principal business activities outside our Group for the past five (5) years up to the LPD:

Name	Company	Principal activity	Date appointed	Date resigned	Position held
Loh Kwang Yean	Northern Bridge Advisory Sdn Bhd [^]	Providing management and consultancy services	26.05.2009	01.10.2015	Director and Shareholder
	RTE Advisory Sdn Bhd	Providing management and consultancy services	-	-	Shareholder

Note:

[^] Upon accepting the employment from Perak Transit on 1 April 2015, save for the director and/or shareholder, he was not involved in the day-to-day operations in other private companies. Subsequently, he has resigned as a director in Northern Bridge Advisory Sdn Bhd on 1 October 2015. Hence, there is no potential conflict-of-interest situation.

6.5 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at the LPD, none of our Promoters, Directors and key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceedings or is a named subject of a pending criminal proceeding;
- (iv) any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) subject to any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

6.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, as at the LPD, there are no other family relationships and/or associations between/amongst our Promoters, substantial shareholders, Directors and key management personnel:

- (i) Dato' Sri Cheong Kong Fitt is the sibling of Dato' Cheong Peak Sooi; and
- (ii) Datin Sri Lim Sow Keng is the spouse of Dato' Sri Cheong Kong Fitt.

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

6.7 SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements between our Directors and key management personnel with our Group.

6.8 EMPLOYEES

The total number of employees for the past three (3) FYE 2013 to FYE 2015, FPE 2016, and as at the LPD is as follows:

Types of employees	Total number of employees					Average year(s) of service in our Group as at the LPD		
	FYE 2013	FYE 2014	FYE 2015	FPE 2016	As at the LPD	< 1 year	1-5 years	>5 years
Directors	15	14	12	12	12 ⁽¹⁾	3	4	5
Managers	6	6	6	8	6	2	3	1
Executives	35	27	23	20	19	4	11	4
Supervisors	4	3	4	3	2	-	2	-
General staff ⁽²⁾	139	134	102	105	115	44	55	16
Bus drivers	105	98	98	105	108	36	56	16
TOTAL	304	282	245	253	262	89	131	42

Notes:

(1) The 12 Directors of our Company and subsidiary companies (as at LPD) comprises:

<i>Perak Transit</i>	(1) Tan Sri Dato' Chang Ko Youn (2) Dato' Sri Cheong Kong Fitt; (3) Dato' Cheong Peak Sooi; (4) Dato' Wan Asmadi Bin Wan Ahmad; (5) Mohd Annas Bin Md Isa; and (6) Ng Wai Luen.
<i>Subsidiary companies</i>	(1) Dato' Abu Bakar Bin Haji Said (2) Datin Sri Lim Sow Keng; (3) Rozilawati Binti Mohamad; (4) Rasid Bin Kaman; (5) Ong Luck Yik @ Ong Lek Chuan; and (6) Poon Hee Lai

The directors of the subsidiary companies are non-executive in nature and are not involved in the day-to-day operations of the Group or its' subsidiary companies.

(2) The general staff comprises cashier, checker, IT technician, security officer, station master, receptionist, tyre man, foreman, bus controller, conductor, stock keeper and traffic controller.

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6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

During FYE 2014, the Group's employees reduced to 282 from 304 in FYE 2013 mainly due to the decrease of executives, general staff and bus drivers. Our headcount for administrative and accounts staff reduced mainly due to the centralisation of their functions into the head office of Perak Transit. Furthermore, the reduction of the number of general staff in FYE 2014 was mainly due to the reduction in the number of bus conductors in FYE 2014 as our Group commenced operating the new bus fleet under the 'One Man Operator system' where the bus driver is in charge of the fare collection, thus, reducing the need of bus conductors.

The Group's headcount further reduced to 245 in FYE 2015 mainly due to higher efficiency in bus operations, terminal operations and the centralisation of administrative function in Perak Transit's head office. The number of directors reduced from 14 directors in FYE 2014 to 12 directors in FYE 2015 due to changes in the Group's board of directors' composition pursuant to our Listing exercise. The number of general staff reduced significantly from 134 in FYE 2014 to 102 in FYE 2015 mainly due to the outsourcing of security services to external parties. In addition, the bus operations also witness a reduction in bus conductors due to increasing new bus fleets operate under the 'One Man Operator system'. Our number of employees has increased to 253 as at FPE 2016, mainly due to the increase in the number of bus drivers for our bus operations. Our number of employees has further increased to 262 as at LPD, mainly due to the increase in the number of cashiers, checkers and station masters to cater for the commencement of the bus operations of six (6) routes under SBST Programme since 1 June 2016.

Our Management views our employees as key assets that play a pivotal role in our continuous growth, and view sound human resource management as one of our critical success factors. We believe that a well-trained, well-motivated and well-managed workforce is essential for efficient operations and the success of our business. As such, our Management proactively cultivates a positive working culture by having good working relationships with our employees, promotes bonding amongst employees by organising dinners and periodic recreational events such as outdoor activities, and places great emphasis on a clean and comfortable working environment for our employees.

As at the LPD, none of our employees belong to any union, and we have not been involved in any material industrial disputes with any of our employees.

Training and development

Our employees are our main assets in driving our business growth. In line with this, we believe in investing in training and development in order to improve our productivity and increase the functional knowledge of our employees. Our training policies are aimed at creating a competent and dynamic workforce and to nurture our younger staff members to be the future leaders of our Group.

For the past three (3) FYE 2013 to FYE 2015, FPE 2016 and up to the LPD, our Group conducted training programmes for our employees, which aim to enhance the requisite skills of our employees for performing specific functions. The list of training programmes attended by our employees is tabulated as below:

Date	Training programme	Training provider
04.09.2013 – 05.09.2013	Health, Safety, Security and Environment Training On Barriers to Emergency Situation, Emergency Response, Practical Fire Fighting, First Aid Training	Malaysia Corporate Social Responsibility
10.09.2013	Health, Safety, Security and Environment Training On Occupational First Aid Training	Malaysia Corporate Social Responsibility
11.09.2013	Health, Safety, Security and Environment Training On Barriers to Emergency Situation, Emergency Response, Practical Fire Fighting	Malaysia Corporate Social Responsibility

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Date	Training programme	Training provider
25.09.2013	People Make The Difference Real 2 Training Authenticity In Delighting Customers	Big Achievers
Quarter 1, 2014	People Make The Difference Real 2 Back To Basics	Big Achievers
24.04.2014	GST (Intermediate level): Peace of Mind for Goods and Services Tax - Registration and Compliance	Asia e University
27.06.2014	Site Operations Workshop	Retail Academy Malaysia
27.10.2014	KPMG Tax Summit 2014	KPMG Tax Services Sdn Bhd
28.10.2014	Seminar Percukaian Kebangsaan 2014	Lembaga Hasil Dalam Negeri Malaysia
13.11.2014	Deloitte TaxMax	Deloitte Tax Services Sdn Bhd
18.11.2014	Health, Safety, Security and Environment Training On Occupational First Aid Training	Malaysia Corporate Social Responsibility
19.11.2014	Health, Safety, Security and Environment Training On Barriers to Emergency Situation, Emergency Response, Practical Fire Fighting	Malaysia Corporate Social Responsibility
25.02.2015	Malaysian GST Implementation Seminar	Deloitte Tax Services Sdn Bhd
10.05.2015	Standards of Retail Operations for Petroleum	Boustead Petroleum Marketing Sdn Bhd
06.07.2015	Health, Safety, Security and Environment Workshop 2015	Shell Malaysia
21.08.2015	The Employer's Mandate and GST Compliance Workshop with Worked Case Studies	Deloitte Tax Services Sdn Bhd
13.11.2015	Deloitte TaxMax Growing in Strength and Sustainability	Deloitte Tax Services Sdn Bhd
18.11.2015	SPAD Land Public Transport Symposium 2015	SPAD
07.03.2016	Kursus Pengenalan Pertolongan Cemas Dan Resusitasi Kardio – Pulmonari	Bulan Sabit Merah Malaysia
30.04.2016	Taklimat Timbalan Ketua Pengarah Kastam Malaysia (Perkastaman/GST) – 'Latest Update on GST'	Jabatan Kastam Diraja Malaysia
03.05.2016 – 04.05.2016	Global Site System Training Program	Shell Malaysia
18.07.2016	Transfer Pricing: Return Filing Compliance and Audit	Deloitte Tax Services Sdn Bhd

6. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Date	Training programme	Training provider
18.07.2016 – 22.07.2016	Site Operator Induction Training	Petron Malaysia

Management succession planning

We seek to ensure continuity in our management team, in order to ensure continuity and maintain our competitiveness. It is our policy to groom our employees for more job responsibilities and supervisory roles, and groom our middle-management staff to gradually assume the responsibilities of senior management.

Our Group takes proactive approach towards addressing talent management to ensure that we have talent readily available from a capability perspective to undertake leadership positions throughout our Group. Our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to assume senior management positions.

Our Group has a management succession plan which include the following consideration:

- (i) Recruitment and selection process;
- (ii) Remuneration and employee benefits;
- (iii) Career planning and development; and
- (iv) Education and training.

As part of the management succession plan, our Group has identified management personnel in the Group to assist the heads of departments in order to facilitate skill transfer as to ensure continuity of the operations of Perak Transit Group. We will also provide necessary training to all the staff in order to enhance their management and technical skills for their career advancement with our Group. In addition, our Group will continue to identify talents to join the management team to increase qualified personnel with expertise and knowledge of the Group's business and operations.

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7. APPROVALS AND CONDITIONS

7.1 APPROVALS AND CONDITIONS

(i) Bursa Securities

The Bursa Securities had vide its letter dated 10 June 2016 approved our Company's admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital on the ACE Market of Bursa Securities, subject to compliance with the following conditions:

Conditions imposed by the Bursa Securities	Status of compliance
1. Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to the listing of the Company	Complied
2. With regard to the trade receivables, Perak Transit is required to: <ul style="list-style-type: none"> <li data-bbox="480 752 1110 931">(i) Make full provision for all overdue trade receivables (if any), which are in dispute or under legal action. The directors of Perak Transit to confirm to Bursa Securities that this condition has been complied prior to the listing of Perak Transit; and <li data-bbox="480 931 1110 1099">(ii) The directors of Perak Transit to submit a declaration to Bursa Securities that debts exceeding the credit period which have not been provided for as doubtful debts, excluding those under paragraph (i) above, are recoverable. 	Complied
3. Submit the following information in respect of the moratorium on the shareholdings of promoters to Bursa Depository: <ul style="list-style-type: none"> <li data-bbox="480 1245 791 1267">(i) Name of shareholders; <li data-bbox="480 1267 791 1290">(ii) Number of Shares; and <li data-bbox="480 1290 1110 1368">(iii) Date of expiry of the moratorium for each block of Shares. 	To be complied
4. Approvals from other relevant authorities have been obtained for implementation of the listing proposals	Complied
5. Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements	To be complied
6. Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued and paid-up share capital of Perak Transit on the first day of listing	To be complied

7. APPROVALS AND CONDITIONS *(Cont'd)*

(iii) MITI

The MITI had, vide its letters dated 3 June 2016 and 13 June 2016:

- (a) recognised Gemas Perunding, Senandung Asas and Maksima Amanjaya Development, collectively holding 146,000,000 Shares in Perak Transit as Bumiputera investors; and
- (b) has taken note and has no objection to our IPO. The condition imposed by MITI and status of compliance is set out below:

Conditions imposed by the MITI	Status of compliance
1. Perak Transit to notify MITI upon completion of our Listing	To be complied

7.2 MORATORIUM ON OUR SHARES

In compliance with Rule 3.19 (1A) (b) of the Listing Requirements and the approval from Bursa Securities for the admission of our Company to the Official List, vide its letter dated 10 June 2016, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company for six (6) months from the date of admission of our entire enlarged issued and paid-up share capital to the Official List of Bursa Securities ("Moratorium Period").

Upon completion of our IPO, the amount of Shares to be placed under moratorium is as follows:

Promoters/ Shareholders	Held under Moratorium for the first 6 months upon Listing	
	No. of Shares ('000)	% ⁽ⁱ⁾
CBS Link	190,000	16.62
Dato' Sri Cheong Kong Fitt	178,263	15.60
Datin Sri Lim Sow Keng	74,658	6.53
Dato' Cheong Peak Sooi	18,551	1.62
Muamalat Venture ⁽ⁱⁱ⁾	190,476	16.67
MTD Capital	100,000	8.75
Gemas Perunding	55,481	4.85
Senandung Asas	52,593	4.60
Maksima Amanjaya Development	37,926	3.32
Total	897,948	78.56

Notes:

- (i) Based on our enlarged issued and paid-up share capital of 1,142,948,000 Shares after the IPO.
- (ii) Muamalat Venture is a corporation undertaking private equity activity and registered with the SC pursuant to the SC Guidelines on the Registration of Venture Capital and Private Equity Corporations and Management Corporations. The moratorium on Muamalat Venture on the sale, transfer or assignment of our Shares will be for a period of six (6) months from the Listing.

In addition to our Promoters, Muamalat Venture, MTD Capital have voluntarily furnished an undertaking letter that they will not sell, transfer or assign their shareholdings in our Company during the Moratorium Period. Further thereto, our shareholders, namely Gemas Perunding, Senandung Asas and Maksima Amanjaya Development have also voluntarily furnished an undertaking letter that they will not sell, transfer or assign their shareholdings in our Company during the Moratorium Period.

7. APPROVALS AND CONDITIONS (Cont'd)

Our Promoters/ shareholders have provided written undertaking that they will not sell, transfer or assign their shareholdings under the moratorium during the Moratorium Period. The moratorium condition is also applicable to the shareholders and/or beneficial shareholders of the following Promoters/shareholders:

- (i) CBS Link, namely CKS Maju, Dato' Sri Cheong Kong Fitt, Datin Sri Lim Sow Keng, Dato' Cheong Peak Sooi, General Omnibus, Ipoh Omnibus and Kinta Omnibus, who have provided written undertakings that they shall not sell, transfer or assign their respective shareholdings in CBS Link during the Moratorium Period;
- (ii) Gemas Perunding, namely Abdul Rahman bin Rehan and Zulkifly Amir bin Hashim, who have provided voluntary written undertakings that they shall not sell, transfer or assign their respective shareholdings in Gemas Perunding during the Moratorium Period;
- (iii) Senandung Asas, namely Khairol Najmi bin Roslan and Mohammad Nizam bin Masari, who have provided voluntary written undertakings that they shall not sell, transfer or assign their respective shareholdings in Senandung Asas during the Moratorium Period; and
- (iv) Maksima Amanjaya Development, namely Mohd Faiez bin Ghazali and Ahmad Termidzi bin Abdullah, who have provided voluntary written undertakings that they shall not sell, transfer or assign their respective shareholdings in Maksima Amanjaya Development during the Moratorium Period.

The moratorium, which has been fully accepted by our Promoters, is specifically endorsed on the share certificate representing our Promoters' shareholdings which are under moratorium to ensure that our Company's share registrar does not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrar's instructions in the prescribed forms, ensure that trading of these Shares are not permitted during the Moratorium Period.

The endorsement which will be affixed on these share certificates are as follows:

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by Bursa Securities ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of Bursa Securities during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

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8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS

8.1 RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiaries, which involves the interests, direct or indirect, of a related party. A “related party” is:

- (i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder having an interest or interests in one or more voting shares in a corporation and the nominal amount of those shares, or the aggregate of the nominal amounts of those shares, is:
 - 10% or more of the aggregate of the nominal amounts of all voting shares in the corporation; or
 - 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation,
- (iii) a person connected with such director or major shareholder.

8.1.1 Non-recurrent related party transactions

Save as disclosed below, our Group has not entered into and is not involved in any related party transactions or presently proposed related party transactions during the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 as well as from 1 May 2016 up to the LPD:

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value				
				FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	1 May 2016 to the LPD RM'000
I.	Dato' Sri Cheong Kong Fitt	CKS Bumi / Disposal of one (1) unit of motor vehicle to Dato' Sri Cheong Kong Fitt	Dato' Sri Cheong Kong Fitt is a Promoter and Substantial Shareholder of Perak Transit.	-	60	-	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value				
				FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	1 May 2016 to the LPD RM'000
2.	Datin Sri Lim Sow Keng	CKS Bumi / Disposal of one (1) unit of motor vehicle to Datin Sri Lim Sow Keng	Datin Sri Lim Sow Keng is a Promoter and Substantial Shareholder of Perak Transit.	-	591	-	-	-
3.	Gemas Perunding	CKS Bumi / Disposal of one (1) unit of motor vehicle to Gemas Perunding	Gemas Perunding is a shareholder of Perak Transit.	-	219	-	-	-
4.	Wu Yee Trading	The Combined Bus/ Wu Yee Trading was appointed to undertake certain renovation and drainage works for Terminal AmanJaya	Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit. Dato' Cheong Peak Sooi is the owner of Wu Yee Trading.	223	-	-	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value				
				FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	1 May 2016 to the LPD RM'000
5.	Wuyi Trading	The Combined Bus/ Wuyi Trading was appointed to undertake drainage works for Terminal AmanJaya	Dato' Sri Cheong Kong Fitt is a Promoter and Substantial Shareholder of Perak Transit.	175	250	-	-	-
6.	Wuyi Trading	CKS Bumi/ Management fee paid to Wuyi Trading as it was appointed by CKS Bumi to assist in management of ADO incentive programme. Kindly refer to Section 4.3.3 of this Prospectus for further details.	Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit. Datin Sri Lim Sow Keng is a Promoter and Substantial Shareholder of Perak Transit. Cheong Kon Meow is the owner of Wuyi Trading. He is also the brother of both Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi and the brother- in-law of Datin Sri Lim Sow Keng.	-	127	-	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors are of the opinion that the above transactions, which involve the interests of certain of our Directors, substantial shareholders and shareholder were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and not detrimental to our minority shareholders. Moving forward, the Group will minimize and reduce its related party transactions.

Upon Listing, our Audit Committee will supervise the terms of related party transactions, and our Board will report related party transactions, if any, annually in our Company's annual report. In the event there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director shall disclose his interest and all matters in relation to the proposed related party transactions that he is aware of or should reasonably be aware of (which is not in our best interest) to our Board. The interested Director shall also abstain from any Board deliberation and voting on the relevant resolution in respect of the proposed related party transactions.

Moving forward, our Directors do not foresee any other related party transactions, including the above mentioned transactions entered into by our Group. In the event there are any related party transactions (recurrent inclusive, if any) subsequent to the Listing, our Group and our Board will seek the necessary approvals as set out in the Listing Requirements.

In the event there are any proposed related party transactions that require prior approval of our Shareholders, our Directors, major shareholders and/or persons connected with them, which have any interest, direct or indirect, in the proposed related party transactions will abstain from voting on relevant resolution in respect of the proposed related party transactions. Where a person connected with our Directors and/or major shareholders has interest, direct or indirect, in any proposed related party transactions, the Directors and/or major shareholders concerned will also abstain from voting on such resolution. Such interested Directors and/or major shareholders will also undertake to ensure that the persons connected with him will abstain from voting on such resolution at the general meeting.

8.1.2 Recurrent related party transactions

Related party transactions can be deemed as recurrent, if they are entered into at least once every three (3) years, in the ordinary course of business and are of a revenue or trading nature necessary for the day-to-day operations of our Company.

After the Listing, our Company will be required to seek our Shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our Shareholders to enter into these transactions without having to seek separate Shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occur within a 12-month period, are entered into with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous to each other.

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

Save as disclosed below, our Group does not have any other existing and/or proposed related party transactions entered into by our Group which involved the interest, direct or indirect, of our Promoters, substantial shareholders, Directors, and/or key management and/or persons connected to them as defined under Section 122A of the Act for FYE 2013 to FYE 2015 and the FPE 2016, as well as from 1 May 2016 to the LPD. Our Directors are of the opinion that the following transactions were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and not detrimental to our minority shareholders. In the event our Group, in the ordinary course of our business, enter into recurrent related party transactions upon our Listing, we will seek the necessary approvals pursuant to the Listing Requirements.

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value				
				FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	1 May 2016 to the LPD RM'000
1.	CBS Link, Bumi Trek Sdn Bhd, Liberal Region (M) Sdn Bhd	The Combined Bus/ Incentive paid to the ADO Buyers pursuant to the Group's management of ADO incentive programme. Kindly refer to Section 4.3.3 of this Prospectus for further details.	CBS Link is a Promoter and Substantial Shareholder of Perak Transit. Puan Rozilawati binti Mohamad is the former director of Perak Transit, Star Kensington and The Combined Bus. She retired as director of Perak Transit on 30 April 2014. She is a director of CKS Bumi and Bumi Trek Sdn Bhd.	676	467	-	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000	1-May 2016 to the L.P.D RM'000
2.	CBS Edar Sdn Bhd ⁽¹⁾	CKS Bumi/ Previous rental a piece of vacant land owned by CKS Bumi located in Mukim Lubok Merbau (kindly refer to Section 9.1.1 for further details) initially for the duration of 20 years at the rental of RM100 per month. Subsequently, this tenancy was terminated on 31 December 2014. <i>(Note: CBS Edar was disposed off and ceased to be a subsidiary of our Group on 28 August 2014. Subsequently, our Group had terminated the tenancy on 31 December 2014 (as our</i>	Yeoh Choo Hoon is the former director of Perak Transit. She retired as director of Perak Transit on 30 April 2014. She is also a director and shareholder of Liberal Region (M) Sdn Bhd.	*	1	-	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value				
				FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000	1 May 2016 to the LFD RM'000
		Group had decided to operate the petrol station located in Lubok Merbau, Kuala Kangsar on its own). CBS Edar was dormant since its incorporation in 2013. The land held by CKS Bumi was vacant and this land has been utilised by the Group to operate its petrol station located at Lubok Merbau, Kuala Kangsar since August 2015.)						

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8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000	Transaction Value 1 May 2016 to the LPD RM'000
3.	Terminal Urus ⁽ⁱⁱ⁾	The Combined Bus/ Fixed monthly management fees paid by the Combined Bus to Terminal Urus for operation of Terminal AmanJaya. In this regard, The Combined Bus had appointed Terminal Urus to supervise and manage the daily operations of Terminal AmanJaya in 2014 including managing the staffs of Terminal AmanJaya operations (i.e. including all related cost for the hiring of employees).	Dato' Sri Cheong Kong Fitt is a Promoter and Substantial Shareholder of Perak Transit. Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit. Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi are directors of Terminal Urus and The Combined Bus.	-	620	-	-	-
		The total management fee for 2014 was RM750,000. The Combined Bus incurred management fee of RM620,000 for the period from January 2014 to August 2014 until Terminal Urus became a subsidiary of Perak Transit on 14 August 2014.						

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value				
				FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	1 May 2016 to the EPD RM'000
		The subsequent cost incurred after 14 August 2014 between The Combined Bus and Terminal Urus (both subsidiaries of the Group) were eliminated in the consolidated financial statements of the Group for FYE 2014.						
4.	Terminal Urus ^(b)	The Combined Bus/ Reimbursement by The Combined Bus for Terminal AmanJaya's operating expenses which were paid by Terminal Urus while Terminal Urus was managing Terminal AmanJaya's operations (i.e. for the upkeep of the terminal, event costs, office equipment, uniforms, and rent) <i>(Note: the reimbursement for these expenses is separate from the fixed monthly management fees as stated in item 3 of this table)</i>	Dato' Sri Cheong Kong Fitt is a Promoter and Substantial Shareholder of Perak Transit. Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit. Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi are the directors of Terminal Urus and The Combined Bus.	68				

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
				FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	1 May 2016 to the LPD RM'000
5.	Maksima Timur	The Combined Bus/ Project Facilitation Fee paid to The Combined Bus by Maksima Timur for The Combined Bus' services in relation to terminal construction and operations of a proposed integrated public transportation terminal located in Temerloh, Pahang. ^(v)	Dato' Sri Cheong Kong Fitt is a Promoter and Substantial Shareholder of Perak Transit. Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit. Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi were directors of Maksima Timur Sdn Bhd and resigned as directors on 15 August 2013 and 12 December 2014, respectively.	-	3,800	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FYE 2016 RM'000	1 May 2016 to the L-PD RM'000
6.	The Combined Bus Terminal Sdn Bhd	The Combined Bus/ Management fees paid for operation of Terminal AmanJaya, prior to the appointment of Terminal Urus (Kindly refer to items 3 and 4 of this table). The Combined Bus has appointed The Combined Bus Terminal Sdn. Bhd. to supervise and manage the daily operations of Terminal AmanJaya in 2012 and 2013 including managing the staffs of Terminal AmanJaya operations (i.e. including all related cost for hiring of employees).	Dato' Sri Cheong Kong Fitt is a Promoter and Substantial Shareholder of Perak Transit. Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit. Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi were The Combined Bus Terminal Sdn Bhd and resigned as directors on 1 June 2015 and 18 February 2014, respectively.	900	-	-	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	1 May 2016 to the LPD RM'000
7.	Bemban Jaya Sdn Bhd	The Combined Bus/ (a) Construction of Terminal AmanJaya ^(vi) ; and (b) Improvement works of Terminal AmanJaya ^(iv)	Dato' Sri Cheong Kong Fitt is a Promoter and Substantial Shareholder of Perak Transit. Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit.	-	9,805	-	-	-
8.	Bemban Jaya Sdn Bhd	CKS Bumi/ Bemban Jaya Sdn Bhd was appointed as contractor for the construction of petrol station owned by CKS Bumi at Kuala Kangsar (Kindly refer to Section 9.1.1 for details of the property)	Datin Sri Lim Sow Keng is a Promoter and Substantial Shareholder of Perak Transit. Cheong Mail Swee is a director and shareholder of Bemban Jaya Sdn Bhd. He is also the brother of both Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi and the brother-in-law of Datin Sri Lim Sow Keng.	-	800	1,071	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	1 May 2016 to the LPD RM'000
9.	CMK Construction Trading	The Combined Bus/ CMK Construction Trading was appointed to undertake improvements, renovation and additional works on certain sections of the Terminal AmanJaya (which includes supplying air additional air conditioners, plastering of works, resurfacing of tarmacs and strengthening enhancement, improvement works in Terminal AmanJaya)	Dato' Sri Cheong Kong Fitt is a Promoter and Substantial Shareholder of Perak Transit. Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit. Datin Sri Lim Sow Keng is a Promoter and Substantial Shareholder of Perak Transit. Cheong Mail Swee is the owner of CMK Construction Trading. He is also the brother of both Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi and the brother- in-law of Datin Sri Lim Sow Keng.	8,900	200	-	-	-

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting party / Nature of transactions	Interested Promoter / Director / Substantial Shareholder	FYE-2013 RM'000	FYE-2014 RM'000	FYE-2015 RM'000	FPE-2016 RM'000	1 May 2016 to the LPD RM'000
10.	Datin Cheah Yoke Kuan	Perak Transit/ Rental fees paid for the rental of two (2) double storey shop office from Datin Cheah Yoke Kuan (Kindly refer to Section 9.1.2 for details of the property)	Dato' Cheong Peak Sooi is a Promoter and shareholder of Perak Transit. Datin Cheah Yoke Kuan is the spouse of Dato' Cheong Peak Sooi.	-	-	32	16	12

Notes:

- * Represents RM200.
- (i) CBS Edar Sdn Bhd was disposed of by Perak Transit on 28 August 2014
- (ii) Transaction with Terminal Urus was transacted prior to Terminal Urus became a subsidiary of Perak Transit on 14 August 2014.
- (iii) Bemban Jaya Sdn Bhd was initially appointed as the sub-contractor for the construction work (i.e. road works, sewerage works, piling works, landscaping, water reticulation, mechanical & electrical works, earthworks, soil improvement, and drainage works) of Terminal AmanJaya. The construction of Terminal AmanJaya was completed and the certificate of completion and compliance has been issued (Kindly refer to Section 9.1.1 for further details).
- (iv) In addition to the appointment as the sub-contractor (as per note (iii) above), Bemban Jaya Sdn Bhd was appointed to undertake improvement and upgrading works for the terminal (including strengthening of roof and tarmacs, supply and installation of plumbing and sanitary works, fire-fighting systems and additional electrical systems).

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

(v)

Being the Project Facilitation Fee paid by Maksima Timur to The Combined Bus during the FYE 2014 for an aggregate sum of RM3.80 million. The Combined Bus and Maksima Timur entered into a memorandum of understanding on 1 July 2013 ("MOU") and an agreement on 12 December 2014 for The Combined Bus to provide services in relation to terminal construction and operations for a proposed integrated public transportation terminal, which shall be replicated in Temerloh, Pahang ("Temerloh Project"). The proposed Temerloh Project was initiated by Majlis Perbandaran Temerloh and with an estimated GDC of RM152.0 million by Messrs KAS Juruukur Bahan Sdn. Bhd., an independent quantity surveyor. The Project Facilitation Fee in respect of the proposed Temerloh Project of RM3.80 million was based on 2.5% of the estimated GDC for the proposed Temerloh Project.

The services by our Group to Maksima Timur in relation to the proposed Temerloh Project includes the following:

- *Rental of Terminal AmanJaya's equipment, utilities and facilities such as meeting and conference room, exhibition hall, all electronics and equipment in the terminal (for example, projector, tele-conferencing facilities, printer, facsimile, photocopier and office equipment), as well as internet access;*
- *Preparing of preliminary concept paper for the proposed Temerloh Project;*
- *Discussion and sharing of knowledge in terminal design, planning and construction (which include the costing) for the proposed Temerloh Project; and*
- *Attending all meetings organized by Maksima Timur with SPAD and other relevant governmental departments to facilitate the terminal construction and operations.*

Maksima Timur is a private limited company incorporated under the Act on 10 December 2010 having its registered office at C-3-11, 3rd Floor, 2, Persiaran Greentown 3, Greentown Business Centre, 30450 Ipoh, Perak. The principal activity of the company is that of operators of transportation business, property development and investment holding. Property development activity includes acting as Project Manager and facilitation work for infrastructure business activities. As at the LPD, the authorised capital is RM500,000 whereby 300,000 ordinary shares of RM1.00 each has been issued and credited as fully paid-up. The directors of Maksima Timur are Cheah Teen Fah, Rashid Bin Haron and Than Poo Ling. The shareholders of Maksima Timur are Cheah Teen Fah and Rashid Bin Haron.

Maksima Timur acts as a project manager (for the construction of the new integrated land transportation terminal complexes) to prospective parties, which facilitate the development of new integrated land transport terminal complexes.

The end customers of Maksima Timur comprises Majlis Perbandaran Temerloh, Majlis Perbandaran Kemaman and Perbadanan Menteri Besar Kelantan, in respect of the Temerloh Sentral, Terminal Kemaman, Terengganu and Terminal Kota Bharu, Kelantan, respectively. The end-customer of Maksima Timur for the proposed Terminal Kampar project during the origination stage was Majlis Daerah Kampar. Subsequently, the planning approvals for the proposed Terminal Kampar project was granted to The Combined Bus, which The Combined Bus will be developing the Terminal Kampar (kindly refer to Section 4.21 (i) of this Prospectus for further details).

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

8.1.3 Loans made/received by us or any of our subsidiaries to or for the benefit of related parties

Our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) made/received by our Company or any of our subsidiaries to or for the benefit of any related party, for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 as well as from 1 May 2016 to the LPD.

8.1.4 Transactions entered into that are unusual in their nature or conditions

Save as disclosed in Section 8.1.1 of this Prospectus, our Directors have confirmed that there are no transactions unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which our Group was a party during the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 as well as from 1 May 2016 to the LPD.

8.2 INTERESTS IN SIMILAR AND OTHER BUSINESSES

As at the LPD, having made all reasonable enquiries and to the best knowledge and belief of our Directors and substantial shareholders, none of our Directors and/or substantial shareholders are interested, directly or indirectly in any other businesses and/or corporations carrying on a similar trade as our Group or in any other businesses and/or corporations which are the customers or suppliers of our Group.

8.3 CONTRACTS OR ARRANGEMENTS IN WHICH OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO OUR BUSINESS

Save as disclosed in Section 8.1 of this Prospectus, for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 as well as from 1 May 2016 to the LPD, none of our Directors and/or substantial shareholders has interest in any contracts or arrangements which are significant in relation to our business.

8.4 DECLARATIONS BY ADVISERS ON CONFLICT OF INTEREST

- (i) TA Securities confirms that there is no existing or potential conflict of interest in respect of its role as the Principal Adviser, Sponsor, Managing Underwriter and Placement Agent for our IPO;
- (ii) Messrs. Deloitte confirms that there is no existing and potential conflict of interest in respect of its role as the Reporting Accountants and Auditors for our IPO;
- (iii) Messrs. Teh & Lee confirms that there is no existing and potential conflict of interest in respect of its role as the Due Diligence Solicitors for our IPO and on Malaysian law;
- (iv) Smith Zander International Sdn Bhd confirms that there is no existing and potential conflict of interest in respect of its role as the independent market research consultants for our IPO;

8. CONFLICT OF INTERESTS / RELATED PARTY TRANSACTIONS (Cont'd)

- (v) RHB Investment Bank Berhad confirms that there is no existing and potential conflict of interest in role as the Joint Underwriter for our IPO; and
- (vi) As at the LPD, Bank Muamalat Malaysia Berhad has extended credit facilities to our Company and Muamalat Venture, a wholly owned subsidiary of Bank Muamalat Malaysia Berhad, holds Shares in our Company.

In addition, Mohd Annas Bin Md Isa, is an employee of Bank Muamalat Malaysia Berhad and a Non-Independent Non-Executive Director of our Company.

Bank Muamalat Malaysia Berhad is of the view that the abovementioned do not result in a conflict of interest in respect of its role as the joint underwriter for our IPO due to the following:

- (a) Bank Muamalat Malaysia Berhad is a licensed Islamic bank and the extension of the credit facilities to our Company arose in the ordinary course of business of Bank Muamalat Malaysia Berhad;
- (b) Muamalat Venture is a registered venture capital management corporation undertaking private equity and the investment in our Company arose in the ordinary course of business of Muamalat Venture, being nominee for Bank Muamalat Malaysia Berhad;
- (c) The conduct of Bank Muamalat Malaysia Berhad in its banking business is strictly regulated by the Islamic Financial Services Act, 2013 and Bank Muamalat Malaysia Berhad's own internal checks and controls; and
- (d) The total credit facilities granted by Bank Muamalat Malaysia Berhad to our Group of approximately RM23.60 million and the total investment by Muamalat Venture in our Company of RM20.0 million (which has been fully converted and capitalised into 190,476,000 Perak Transit Shares) are not material when compared to the consolidated audited net assets of Bank Muamalat Malaysia Berhad as at 31 March 2016 of RM2.0 billion.

Bank Muamalat Malaysia Berhad confirms that there is no existing and potential conflict of interest in role as the joint underwriter for our IPO.

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9. OTHER INFORMATION CONCERNING OUR GROUP

9.1 INFORMATION ON PPE

9.1.1 Own Properties

A summary of the land and buildings owned by our Group is as follows:

Registered owner	Location / postal address	Date of issuance of CF	Description and existing use	Tenure	Land area (sq m)	Gross built-up area (sq m)	Audited NBV as at 30 April 2016 (RM'000)	Encumbrances/ restriction in interest
The Combined Bus	Lot 506802 PN 354609 Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / No. 1, Persiaran Meru Raya 5, Meru Raya, 30020 Ipoh, Perak	13 August 2012	Commercial land with building (Terminal Aman/aya) and petrol station comprising: a three (3)-storey integrated public transportation terminal including a basement car park^ Petrol station with building comprising a petrol kiosk cum office with six (6) fuel islands and six (6) underground fuel storage tanks	Leasehold for 99 years, expiring in 2109	33,740	19,398	166,673	Conditions: Building only -- commercial and bus terminal Encumbrances: (i) No. Pers: 12651/2013 Private caveat registered on 4 September 2013 by Bank Islam Malaysia Berhad (ii) No. Pers: 52479/2013 Charge registered on 19 November 2013 by Bank Islam Malaysia Berhad (iii) No. Pers: 52480/2013 Charge registered on 19 November 2013 by Bank Islam Malaysia Berhad (iv) No. Pers: 52481/2013 Charge registered on 19 November 2013 by Bank Islam Malaysia Berhad (v) No. Pers: 45626/2015 Charge registered on 16 October 2015 by Bank Islam Malaysia Berhad

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Note:

^ In relation to this, there is a structure (measuring 1,260 sq ft and the dimension of 21' x 60') in Terminal AmanJaya which is rented out to an operator and utilised as a car wash service ("Structure"). As confirmed by our independent consultant architect, the Structure is a temporary structure which does not require approval (i.e. building plan approval) from the relevant authorities.

Registered owner	Location / postal address	Date of issuance of CF	Description and existing use	Tenure	Land area (sq.m)	Gross built up area (sq.m)	Audited NBY as at 30 April 2016 (RM'000)	Encumbrances / restriction of interest
CKS Bumi	Lot 3590, PN 341612, Mukim Lubok Merbau, Kuala Kangsar, Perak Darul Ridzuan / Lot 3590, Jalan Industrial Satu, Kawasan Perindustrian Miel, Lubok Merbau, 33010 Kuala Kangsar, Perak	22 June 2015	Petrol station with building comprising a petrol kiosk cum office with four (4) fuel islands and five (5) underground fuel storage tanks	Leasehold for 99 years, expiring in 2101	4,092	926	4,906	Encumbrances: Building only – petrol station lot Encumbrance: (i) No. Pers: 11613/2016 Charge registered on 31 March 2016 by Bank Muamalat Malaysia Berhad
	Lot 207436, PN 115497 Mukim Hulu Kinta, Tempah Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207436, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak.	Not applicable	Vacant industrial land. Intended to be used as head quarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	21,690	-	823	Conditions: Commercial use Encumbrance: (i) No. Pers: 10652/2014 Charge registered on 18 March 2014 by Public Bank Berhad

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner	Location / postal address	Date of issuance of CF	Description and existing use	Tenure	Land area (sq.m)	Gross built-up area (sq.m)	Audited NBV as at 30 April 2016 (RM'000)	Encumbrances/ restriction in interest
CKS Bumi (cont'd)	Lot 207437, PN 115498 Mukim Hulu Kinta, Tempatan Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207437, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak.	Not applicable	Vacant industrial land. Intended to be used for headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	12,338	-	468	Conditions: Commercial use Encumbrance: (i) No. Pers: 10652/2014 Charge registered on 18 March 2014 by Public Bank Berhad
	Lot 207438, PN 115499 Mukim Hulu Kinta, Tempatan Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207438, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak.	Not applicable	Vacant industrial land. Intended to be used for headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	9,187	-	348	Conditions: Commercial use Encumbrance: (i) No. Pers: 10652/2014 Charge registered on 18 March 2014 by Public Bank Berhad

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner	Location	Date of issuance of CF	Description and existing use	Tenure	Land area (sq.m)	Built up area (sq.m)	Audited NBV as at 30 April 2016 (RM'000)	Encumbrances/ restriction in interest
CKS Labur	Lot 397936, PN 346083, Mukim Ulu Kinta, Daerah Kinta, Perak Darul Ridzuan / PT 234516, Mukim Hulu Kinta, Lebuhraya Ipoh, Lumut, 31500 Lahat, Perak	15 July 2010	Petrol station with building comprising a petrol kiosk cum office with five (5) fuel islands and five (5) underground fuel storage tanks	Leasehold for 99 years, expiring in 2109	4,064	908	4,893	Encumbrances: Building only – petrol station Encumbrance: (i) No. Pers: 42533/2010 Charge registered on 30 August 2010 by Public Bank Berhad
IpohLink	Lot 213097, PN 214575, Mukim Sungai Raya, Daerah Kinta, Perak Darul Ridzuan / Lot PT 3100, Jalan Industri 2/2, Gopeng Industrial Park, 31600 Gopeng, Perak	22 March 2001	Industrial land with building comprising: a single (1)-storey workshop factory with a double (2)-storey office	Leasehold for 60 years, expiring in 2055	8,124	1,368	1,932	Conditions: Commercial use Encumbrances: (i) No. Pers: 6472/2012 Private caveat registered on 4 May 2012 by Public Bank Berhad (ii) No. Pers: 29272/2012 Charge registered on 20 June 2012 by Public Bank Berhad

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner	Location	Date of issuance of CF	Description and existing use	Tenure	Land area (sq m)	Built up area (sq m)	Audited NBV as at 30 April 2016 (RM'000)	Encumbrances/ restriction in interest
Star Kensington	Lot 227884 PN 210177 Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / PT 136632, Jalan Tambun, Taman Tanjung Mewah, 31250 Tanjung Rambutan, Perak	31 May 2009	Petrol station with building comprising a petrol kiosk cum office with five (5) fuel islands and five (5) underground fuel storage tanks	Leasehold for 60 years, expiring in 2056	2,244	652	2,336	Encumbrances/ restriction in interest Conditions: Commercial use – petrol station Encumbrance: (i) No. Pers: 32977/2009 Charge registered on 27 July 2009 by Public Bank Berhad
Total NBV							182,379	

Our Group is not in breach of any regulatory requirement which includes land rules and building requirements or environmental issue which may materially affect our operations and the utilisation of our Group's assets.

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.1.2 Leased Properties

As at the LPD, save as disclosed below, we do not lease or rent any property for our operations.

Location	Landlord	Description and existing use	Approximate land/built-up area (sq.m)	Rental period	Monthly rental (RM)
No. 19, 19A, 21 & 21A, Lebuhraya Bercham Selatan, Taman Cahaya Tasek, 31400 Ipoh, Perak Darul Ridzuan.	Datin Cheah Yoke Kuan	Two (2) double storey shop office/ Business	246/492	1 May 2016 – 30 April 2017	4,000
Stesen Bas, Jalan Kidd, 30200 Ipoh, Perak	The Combined Bus Services (Partnership)	Bus station ⁽¹⁾	9,197/2,911	N/A*	15,000

Note:

(1) The rental of Stesen Bas, Jalan Kidd is only in respect of four (4) units of office space, three (3) units of station master counters, thirteen (13) bus bays for stage buses to pick up and drop off passengers and areas for bus to park and common waiting areas.

* Our Group wishes to maintain flexibility of renting the Stesen Bas, Jalan Kidd premise because this is an old premise with limited facilities. Therefore, our Group believes that by not having a fixed tenure of tenancy will facilitate a quick termination of the agreement should the Perak State Government instruct Perak Transit to relocate.

Our Group is not in breach of any regulatory requirement which includes land rules and building requirements or environmental issue which may materially affect our operations and the utilisation of our Group's leased assets.

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.1.3 Information of assets

A summary of the assets owned by our Group is as follows:

(a) Land and building

Key asset	Description	No. of units	Audited NBV, as at 30 April 2016 (RM'000)
Terminal Amanlaya	Integrated public transportation terminal and petrol station (land and building)	1	166,673
Petrol stations	Petrol filling stations and kiosk cum office	3	12,135
Workshop factory	Factory and double storey office	1	1,932
Vacant lands	Vacant industrial land	3	1,639
	Total		182,379

(b) Commercial Vehicles

Key asset	Description	No. of units	Audited NBV, as at 30 April 2016 (RM'000)
Buses*	Stage buses and express buses for public transportation	146	40,002

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Notes:

* Statistics of our Group's buses are as follows:

(a) FYE 2013

Types	Age of buses			Remaining useful lives			Acquired during the year		Disposed/written-off during the year	
	Age	Nos.	NBY RM'000	Age	Nos.	NBY RM'000	Nos.	NBY RM'000	Nos.	NBY RM'000
Stage buses	0-5 years	52	13,788	0-5 years	63	242				
	6-10 years	10	122	6-10 years	-	-	8	2,367	15	40
	11-15 years	6	24	11-15 years	52	13,788				
	> 15 years	47	96							
Sub-total		115	14,030		115	14,030	8	2,367	15	40
Express buses	0-5 years	5	1,850	0-5 years	2	20				
	6-10 years	2	20	6-10 years	5	1,850	3	1,236	-	-
	11-15 years	-	-	11-15 years	-	-				
	> 15 years	-	-							
Sub-total		7	1,870		7	1,870	3	1,236	-	-
Total		122	15,900		122	15,900	11	3,603	15	40

(b) FYE 2014

Types	Age of buses			Remaining useful lives			Acquired during the year		Disposed/written-off during the year	
	Age	Nos.	NBY RM'000	Age	Nos.	NBY RM'000	Nos.	NBY RM'000	Nos.	NBY RM'000
Stage buses	0-5 years	116	32,204	0-5 years	13	-				
	6-10 years	9	-	6-10 years	10	3,045	64	19,551	50	102
	11-15 years	3	-	11-15 years	106	29,159				
	> 15 years	1	-							
Sub-total		129	32,204		129	32,204	64	19,551	50	102
Express buses	0-5 years	5	1,644	0-5 years	2	-				
	6-10 years	2	-	6-10 years	5	1,644	-	-	-	-
	11-15 years	-	-	11-15 years	-	-				
	> 15 years	-	-							
Sub-total		7	1,644		7	1,644	-	-	-	-
Total		136	33,848		136	33,848	64	19,551	50	102

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

(c) FYE 2015

Types	Age of buses		Remaining useful lives		Acquired during the year		Disposed/ written-off during the year	
	Age	Nos.	Age	Nos.	Nos.	NBY RM'000	Nos.	NBY RM'000
Stage buses	0-5 years	106	0-5 years	5	-	-	-	-
	6-10 years	15	6-10 years	23	5,312	-	8	-(1)
	11-15 years	-	11-15 years	93	24,412	-	-	-
	> 15 years	-						
Sub-total		121		121	29,724	-	8	-
Express buses	0-5 years	11	0-5 years	-	-	-	-	-
	6-10 years	-	6-10 years	11	3,743	2,305	2	-(2)
	11-15 years	-	11-15 years	-	-	-	-	-
	> 15 years	-						
Sub-total		11		11	3,743	2,305	2	-
Total		132		132	33,467	2,305	10	-

Notes:

- (1) Written-off amounted to RM8, which is immaterial; and
- (2) Written-off amounted to RM2, which is immaterial

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

(d) FPE 2016

Types	Age of buses		Remaining useful lives		Acquired during the financial period		Disposed/written-off during the financial period	
	Age	Nos.	Age	Nos.	Nos.	NBV RM'000	Nos.	NBV RM'000
Stage buses	0-5 years	93	0-5 years	3	-	-	-	-
	6-10 years	26	6-10 years	38	7,725	-	2	(1)
	11-15 years	-	11-15 years	78	21,173	-	-	-
	> 15 years	-						
Sub-total		119		119	28,898	-	2	-
Express buses	0-5 years	27	0-5 years	2	438	-	-	-
	6-10 years	-	6-10 years	25	10,666	16	-	-
	11-15 years	-	11-15 years	-	-	-	-	-
	> 15 years	-						
Sub-total		27		27	11,104	16	7,507	-
Total		146		146	40,002	16	7,507	-

(e) LPD

Types	Age of buses		Remaining useful lives		Acquired during the financial period		Disposed/written-off during the financial period	
	Age	Nos.	Age	Nos.	Nos.	NBV RM'000	Nos.	NBV RM'000
Stage buses	0-5 years	93	0-5 years	3	-	-	-	-
	6-10 years	26	6-10 years	38	7,480	-	2	(1)
	11-15 years	-	11-15 years	78	21,072	-	-	-
	> 15 years	-						
Sub-total		119		119	28,552	-	2	-
Express buses	0-5 years	27	0-5 years	2	415	-	-	-
	6-10 years	-	6-10 years	25	10,335	16	-	-
	11-15 years	-	11-15 years	-	-	-	-	-
	> 15 years	-						
Sub-total		27		27	10,750	16	7,283	-
Total		146		146	39,302	16	7,283	-

Note:

(1) Written-off amounted to RM2, which is immaterial.

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.2 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES

9.2.1 Material capital expenditure and divestitures for the last three (3) FYE 2013 to FYE 2015 and the FPE 2016 and up to the LPD

Save as disclosed below, our Group had not incurred any material capital expenditure and divestitures in the past three (3) FYE 2013 to FYE 2015 and for the FPE 2016 and up to the LPD.

Description	Transaction value				As at the LPD (RM'000)
	FYE 2013 (RM'000)	FYE 2014 (RM'000)	FYE 2015 (RM'000)	FPE 2016 (RM'000)	
Investments (at cost)					
Purchase of PPE comprising:					
- Leasehold land ⁽ⁱ⁾	1,683	-	-	-	-
- Integrated public transportation terminal (i.e. Terminal Amanjaya)	38,733	11,486	5,302	2,850	4,653
- Building (i.e. IpohLink workshop)	-	-	2,307	-	-
- Plant, machinery and equipment (i.e. skid tank, computer and computer software, office equipment and CCTV)	163	282	1,129	363	403
- Capital work-in-progress (i.e. Petrol station building cost and/or renovation works of terminal)	-	1,878	11,444	150	5,189
- Commercial Vehicles	3,825	20,160	2,354	7,656	8,034
- Motor vehicles	718	-	-	20	20
Total	45,122	33,806	22,536	11,039	18,299
Divestments (at net book value)					
PPE written off / disposal comprising:					
- Plant, machinery and equipment (e.g. skid tank, computer and computer software, office equipment and CCTV)	-	64	-	-	-
- Commercial Vehicles	40	102	- ⁽ⁱⁱ⁾	- ⁽ⁱⁱⁱ⁾	- ⁽ⁱⁱⁱ⁾
- Motor vehicles	-	1,090	63	-	-
Total	40	1,256	63	-	-

Notes:

- (i) Being long-term leasehold land located at IpohLink workshop.
(ii) Being divestment of RM10.
(iii) Being divestment of RM2.

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.2.2 Material plans to construct, expand or improve facilities

As at the LPD, our Group has no immediate plans to construct, expand or improve on existing facilities, save for the following:

Description	Estimated amount (RM'000)	Amount paid as at the LPD (RM'000)	Method of financing	Commencement/ completion date
Construction of Terminal Kampar	128,330	12,032	Internal funds, utilisation of IPO proceeds and bank borrowings.	2 nd half of 2016 / 1 st half of 2018*

Note:

- * On 24 November 2015, SPAD issued a letter of no objection for the development of Terminal Kampar. Further thereto, on 18 December 2015, UPEN gave its approval to our Group to obtain the requisite planning permission prior to the construction of the Terminal Kampar and accordingly our Group submitted its application to obtain the planning approval for the construction Terminal Kampar from the Majlis Daerah Kampar on 1 February 2016. On 31 March 2016, our Group had received conditional planning approvals from Majlis Daerah Kampar. Prior to the submission for planning approval, on 13 January 2016, our Group entered into a conditional sale and purchase agreement to purchase the land where the new integrated public transportation terminal would be developed. Kindly refer to Section 13.4 for further details on the conditional sale and purchase agreement. On 20 May 2016, our Group had received the planning approvals from Majlis Daerah Kampar.

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