

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade payables as at 30 September 2020 is as follows:

| | Trade payables as at 30 September 2020 | | Amount paid subsequent from 1 October 2020 up to LPD | | Trade payables net of subsequent payment | |
|-------------------------------------|---|---|---|-------------------------------|---|---|
| | RM'000 (a) | Percentage of trade payables (a)/total of (a) | RM'000 (b) | Percentage paid (b)/(a) | RM'000 (c) = (a)-(b) | Percentage of trade payables net of subsequent payments (c)/total of (c) |
| Neither past due nor impaired | 17,307 | 54.3 | 16,965 | 98.0 | 342 | 2.3 |
| Past due but not impaired: | | | | | | |
| • 1 to 30 days | 152 | 0.5 | - | - | 152 | 1.0 |
| • 31 to 120 days | 14 | * | 14 | 100.0 | - | - |
| • More than 120 days | 85 | 0.3 | - | - | 85 | 0.6 |
| | 251 | 0.8 | 14 | 5.6 | 237 | 1.6 |
| Retention sum ⁽¹⁾ | 14,281 | 44.9 | - | - | 14,281 | 96.1 |
| Total | 31,839 | 100.0 | 16,979 | 53.3 | 14,860 | 100.0 |

Note:

* Less than 0.1%

⁽¹⁾ Held for various projects and is due between years 2020 to 2023.

Our trade payables turnover increased from 57 days in FPE 2019 to 93 days in FPE 2020 mainly due to slower processing of payments by the housing development account holding bank in relation to Taman Desa Bertam (Phase 1C) during the MCO period. We had deposited the requisite amounts due for payment in these accounts, but the release of these amounts to our creditors was not timely processed by the banks handling these accounts. Nonetheless, as at 30 September 2020, 0.8% of our outstanding trade payables exceeded the credit period given by our suppliers. Save as disclosed in the table above, there are no outstanding trade payables which exceed their credit period. These outstanding trade payables are all due to consultants or contractors. They were overdue as overall payment processing was slow in general due to processing delays and/or ensuring that documentation from consultants/contractors is in order prior to payment. There are no disputes in respect of any trade payables and no legal action has been initiated by our suppliers to demand for payment. Nonetheless, the Group shall monitor its payment processes more closely to avoid future delays in payment.

12. FINANCIAL INFORMATION (Cont'd)**12.8.3 Current ratio**

Our current ratio throughout the financial years/period under review is as follows:

| | Audited | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2017 | FYE 2018 | FYE 2019 | FPE 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current assets ⁽¹⁾ | 159,331 | 175,357 | 182,558 | 159,867 |
| Current liabilities | 106,438 | 99,193 | 91,888 | 62,824 |
| Net current assets | 52,893 | 76,164 | 90,670 | 97,043 |
| Current ratio (times) | 1.5 | 1.8 | 2.0 | 2.5 |

Note:

- (1) Adjusted to exclude inventories which consists of completed units, property development costs and others (being installed design packages for Atlantis Residences) as these items are not readily convertible into cash

Our current ratio maintained throughout the financial years/period under review, ranging from 1.5 to 2.5 times. This indicates that our Group is capable of meeting our current obligations as our current assets such as inventory and trade receivables, which can be readily converted to cash, together with our cash in the bank are enough to meet immediate current liabilities.

12.8.4 Gearing ratio

Our gearing ratio throughout the financial years/period under review is as follows:

| | Audited | | | |
|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | FYE 2017 | FYE 2018 | FYE 2019 | FPE 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total borrowings | 101,348 | 85,188 | 129,409 | 127,059 |
| Total equity | 282,520 | 301,019 | 344,406 | 361,708 |
| Gearing ratio (times) | 0.4 | 0.3 | 0.4 | 0.4 |

Our gearing ratio maintained between 0.3 and 0.4 times throughout the financial years/period under review. The changes in gearing ratio was mainly due to movement in term loan balances due to additional term loans drawn down to purchase land held for development or repayment of outstanding term loans.

12.8.5 Inventories ageing

Inventories held by our Group comprise land held for development, property development costs and completed units. For this analysis, we only consider the completed units. The completed units comprise various types of properties from many of our completed projects, namely double storey terrace houses, double storey semi-detached houses, double storey bungalows, double and single storey shop houses, low cost apartments, service apartments and bungalow lands.

12. FINANCIAL INFORMATION (Cont'd)

Our Group's cost of sales for development properties is recognised based on the percentage of completion for each property development project. On the other hand, completed units which are unsold remain as inventories indefinitely until sold. The value of our inventories at the end of any financial year/period may not correspond to our cost of sales as each of our property development projects have specific project costing.

Based on the above, the calculation of inventory turnover (i.e. average inventories as at year/period end over cost of sales for the year/period) may be distorted in both the numerator and denominator, and as such, the ratio may not yield a meaningful analysis.

The ageing analysis of our inventories (only completed units) as at 30 September 2020 is as follows:

| | Less than 1 year | 1 to 2 years | More than 2 years | Total |
|------------------------|-----------------------------|-------------------------|------------------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Inventories | 610 | 23,716 | 19,269 | 43,595 |
| % of total inventories | 1.4 | 54.4 | 44.2 | 100.0 |

The inventories aged less than 2 years mainly comprise service apartments (54.7%), shophouses (27.5%), double storey terrace houses (8.8%) and low cost apartments (0.2%).

The inventories aged more than 2 years mainly comprise shophouses (45.2%), service apartments (36.0%) and double storey bungalows (15.2%). Such units are generally less affordable than our other developments and hence will require longer time to sell.

We do not have a specific impairment policy on unsold units and we assess them as and when we need to. In our experience, our unsold units have not depreciated in value in the past, but generally appreciate instead. In this respect, we have flexibility to price the unsold units at a discount to market value, close to the initial selling price, without incurring losses.

Our Group may consider impairing its inventory only if it expects to sell such inventory lower than its cost. Our Group has experienced the need for downward revisions in its properties' selling price to encourage buyer interest. However, save for the disposal of irregular items such as oddly shaped bungalow land, we have never discounted to a level that is below the inventory's cost.

12.9 SIGNIFICANT FACTORS AFFECTING OUR REVENUE

Section 9 details a number of risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but are not limited to the following:

- (i) We are subject to the prevailing market conditions in the property market in Malaysia and specifically, in Melaka

As most of our property development projects are located in Melaka, we are dependent on the prevailing market conditions of the property market in Malaysia and specifically, in Melaka, for the sales performance of our properties as well as the development planning of our future projects. This includes factors beyond our control such as changes in political environment or sudden outbreak of diseases.

12. FINANCIAL INFORMATION (Cont'd)

- (ii) We are affected by the outbreak of Covid-19 and the MCO

The outbreak of the Covid-19 virus has spread to many countries around the world. As at LPD, the MCO has resulted in delays in the progress of our projects, and will continue to delay so long as the MCO persists with restrictions.

- (iii) We are exposed to unexpected interruptions or delays in completing a project caused by external factors (including natural disasters or sudden crisis such as outbreak of diseases)

The timely completion of property development projects undertaken by our Group is dependent on many external factors inherent in property development. Any prolonged interruptions or delays in completing a project may result in our property buyers imposing LAD on us which could affect our GDC, volatility in our revenue and profitability as well as cash flows.

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.2.1.

12.11 IMPACT OF INFLATION

Although our property development projects typically takes between 24 to 48 months to complete, we have entered into sale and purchase agreement with the buyers, with an agreed property price and have awarded the construction contract to the contractors, with an agreed contract sum. As such, we are not directly affected by inflation for FYE 2017 to 2019 and FPE 2020. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS**12.12.1 Impact of foreign exchange rates**

Our transactions are solely denominated in RM.

12.12.2 Impact of interest rates

Exposure to changes in interest rate risk relates primarily to the borrowings from the banks. We do not generally hedge interest rate risks.

A sensitivity analysis has been performed on our Group based on the outstanding floating rate of the bank borrowings as at 30 September 2020, the PAT for FPE 30 September 2020 would increase or decrease by about RM1.0 million, as a result of higher or lower interest rates of 100 basis points on these borrowings.

Our Group's financial results for FYE 2017 to 2019 and FPE 2020 were not materially affected by fluctuations in interest rates.

12.12.3 Impact of commodity prices

We are not directly affected by fluctuations in commodity prices for FYE 2017 to 2019 and FPE 2020.

12. FINANCIAL INFORMATION (Cont'd)

12.13 ORDER BOOK

The nature of our Group's business is property development and hence sales of properties are commonly on a one-off basis. As such, our Group does not have an order book.

12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (i) Our Group's revenue will remain sustainable notwithstanding the moderate outlook of the property development industry as set out in the IMR Report in Section 8, which is expected to experience slower demand in the near future, premised on the expected slowdown in economic activities in view of the outbreak of the Covid-19 virus in early 2020;
- (ii) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.12; and
- (iii) Our capital resources will strengthen, taking into account the amount to be raised from the IPO as well as internally generated funds. We may consider debt funding for our capital expansion should the need arises.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.15 TREND INFORMATION

Based on our track record for FYE 2017 to 2019 and FPE 2020, the following trends may continue to affect our business:

- (i) We generated our entire revenue from property development and we will continue to focus in this segment;
- (ii) Melaka has been our main focus in terms of geographical locations and we will continue to focus in this location;
- (iii) The main components of our cost of sales are payment to main contractors as we do not have any in-house construction. We do not intend to set up our own in-house construction in the future; and
- (iv) We achieved GP margins of 33.2%, 35.4%, 34.6% and 36.5% for FYE 2017, 2018, 2019 and FPE 2020 respectively. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and price our properties competitively.

As at LPD, after all reasonable enquiries, our Board confirms that, our operations have not been and are not expected to be affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 12.2, 12.9 and 12.12;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) Material commitments for capital expenditure save as disclosed in Section 12.6;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 12.2, 12.9 and 12.12;
- (iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 12.2, 12.9 and 12.12; and
- (v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 12.2, 12.9 and 12.12.

Given the moderate outlook of the property development industry in Melaka as set out in the IMR Report in Section 8, the status of our property sales which is not materially affected by the impact of the Covid-19 and MCO situation at this juncture, our Board believes that our revenue will remain sustainable for this immediate financial year. Nevertheless, with our Group's competitive advantages set out in Section 7.11 and our Group's intention to implement the business strategies as set out in Section 7.12, our Board remains optimistic about the long-term future prospects of our Group.

12.16 DIVIDEND POLICY

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

Dividends we declared and paid from FYE 2017 to 2019 and FPE 2020 were as follows:

| | FYE 2017 | FYE 2018 | FYE 2019 | FPE 2020 |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Dividends declared | 4,750 | 30,200 | - | - |
| Dividends paid | 4,750 | 4,000 | 12,500 | 13,700 |

Subsequent to FPE 2020, no dividends were declared.

Our Board intends to recommend and distribute a dividend of at least 20% of our annual audited consolidated PAT attributable to our shareholders. Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to approval of our shareholders at our annual general meeting.

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

12. FINANCIAL INFORMATION (Cont'd)

When recommending the actual dividends for approval by shareholders or when declaring any interim dividends, our Board will consider, amongst others:

- (i) our anticipated future operating conditions as well as future expansion, capital expenditures and investment plans;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our expected financial performance including return on equity and retained earnings;
- (iv) any restrictive covenants contained in our current and future financing arrangements;
- (v) the availability of adequate reserves and cash flows; and
- (vi) any material impact of tax laws and regulatory requirements.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

The rest of this page is intentionally left blank

12. FINANCIAL INFORMATION (Cont'd)**12.17 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness:

- (i) Based on the latest unaudited financial information as at 31 December 2020; and
- (ii) After adjusting for the effects of Acquisition and subsequent events, IPO and utilisation of proceeds.

| | TSG | I | II | III |
|--|---------------------------------------|--|----------------------------|---|
| | As at 31 December 2020 | After Acquisition and subsequent events | After I and IPO | After II and utilisation of proceeds |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Indebtedness⁽¹⁾ | | | | |
| Current | | | | |
| Bank overdrafts | - | 5,141 | 5,141 | 1,141 |
| Bridging loans | - | 4,353 | 4,353 | 4,353 |
| Term loans | - | 16,435 | 16,435 | 16,435 |
| Finance lease liabilities | - | 175 | 175 | 175 |
| Non-current | | | | |
| Term loans | - | 135,221 | 135,221 | 135,221 |
| Finance lease liabilities | - | 222 | 222 | 222 |
| Contingent liabilities ⁽²⁾ | - | 18,156 | 18,156 | 18,156 |
| Total indebtedness | - | 179,703 | 179,703 | 175,703 |
| Capitalisation | | | | |
| Equity | (318) | 369,675 | 446,984 | 441,784 |
| Total capitalisation | (318) | 369,675 | 446,984 | 441,784 |
| Total capitalisation and indebtedness | (318) | 548,748 | 626,687 | 617,487 |
| Gearing ratio⁽³⁾ (times) | - | 0.5 | 0.4 | 0.4 |

Notes:

-

* Less than 0.1

(1) All of our indebtedness, except for lease liabilities are secured

(2) Contingent liabilities consist of bank guarantees for deposits with the housing and local authorities as well as utilities provider

(3) Calculated based on total indebtedness divided by total capitalisation

13. ACCOUNTANTS' REPORT



RSM Malaysia (AF:0768)

Johor Branch
Suit 16-02, Level 16
Menara Landmark
No. 12 Jalan Ngee Heng
80000 Johor Bahru, Johor, Malaysia
T +607 276 2828
F +607 276 2832
www.rsmmalaysia.my

The Board of Directors
Teladan Setia Group Berhad
8 & 10, Ground Floor
Jalan Mutiara Melaka 2
Taman Mutiara Melaka
Batu Berendam
75350 Melaka

Date: 20 January 2021

Dear Sirs,

Reporting Accountants' Opinion on the combined financial statements contained in the Accountants' Report of Teladan Setia Group Berhad

We have audited the accompanying combined financial statements of Teladan Setia Group Berhad and its subsidiaries (collectively "the Group"), which comprise the combined statements of financial position of the Group as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 September 2020, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2017, 31 December 2018, 31 December 2019 and for the 9 months financial period ended 30 September 2020, and a summary of significant accounting policies as set out on pages 4 to 69.

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 September 2020, and of its financial performance and cash flows for the financial years/period ended 31 December 2017, 31 December 2018, 31 December 2019 and 30 September 2020 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

13. ACCOUNTANTS' REPORT (Cont'd)



Independence and Other Ethical Responsibilities

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

Directors' responsibilities for the Combined Financial Statements

The directors of the Company are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with MFRS and IFRS. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

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

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

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

13. ACCOUNTANTS' REPORT (Cont'd)



*Reporting Accountants' Responsibilities for the Audit of Combined Financial Statements
(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the combined financial statements of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matters

The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statement of changes in equity, combined statements of cash flows and relevant notes to the combined financial statements for the financial period ended 30 September 2019 has not been audited.

In accordance with paragraph 10.05 of Chapter 10, Part II Division 1: Equity of the Prospectus Guideline as issued by the Securities Commission Malaysia, the significant subsequent event that has come to our attention since 30 September 2020, that would require a material disclosure has been disclosed in Note 33 to the notes to the combined financial statements.

This report has been prepared solely to comply with the Prospectus Guideline – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Teladan Setia Group Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of Teladan Setia Group Berhad on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this opinion.

A handwritten signature in black ink, appearing to read 'RSM Malaysia', is written over a light grey rectangular background.

RSM Malaysia
AF : 0768
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Se Kuo Shen', is written over a light grey rectangular background.

Se Kuo Shen
02949/03/2022 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)

TELADAN SETIA GROUP BERHAD
Registration No. 201901004975 (1314302-V)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

| | Note | As at | | | 30.9.2020 Audited RM |
|--|------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 5 | 3,900,298 | 5,050,574 | 5,347,999 | 4,548,123 |
| Right-of-use assets | 6 | - | 488,677 | 407,752 | 283,158 |
| Inventories | 7 | 81,977,153 | 81,977,153 | 171,747,966 | 171,747,966 |
| Deferred tax assets | 8 | 431,000 | - | - | - |
| | | <u>86,308,451</u> | <u>87,516,404</u> | <u>177,503,717</u> | <u>176,579,247</u> |
| CURRENT ASSETS | | | | | |
| Inventories | 7 | 229,542,791 | 205,877,145 | 182,830,644 | 193,272,711 |
| Trade and other receivables | 9 | 51,827,229 | 71,494,593 | 27,742,364 | 34,309,999 |
| Contract assets | 10 | 35,163,037 | 17,225,782 | 61,051,573 | 49,161,310 |
| Current tax assets | | 2,639,995 | 1,402,370 | 1,467,446 | 830,406 |
| Cash and cash equivalents | 11 | 69,700,689 | 85,234,078 | 92,296,801 | 75,565,793 |
| | | <u>388,873,741</u> | <u>381,233,968</u> | <u>365,388,828</u> | <u>353,140,219</u> |
| TOTAL ASSETS | | <u>475,182,192</u> | <u>468,750,372</u> | <u>542,892,545</u> | <u>529,719,466</u> |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Share capital | 12 | 3,750,000 | 3,750,000 | 3,750,002 | 3,750,002 |
| Retained profits | | 278,754,905 | 297,254,543 | 340,656,255 | 357,958,323 |
| Equity attributable to owners of the Company | | 282,504,905 | 301,004,543 | 344,406,257 | 361,708,325 |
| Non-controlling interests | | 15,000 | 14,645 | - | - |
| TOTAL EQUITY | | <u>282,519,905</u> | <u>301,019,188</u> | <u>344,406,257</u> | <u>361,708,325</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Bank borrowings | 13 | 86,058,067 | 67,964,841 | 105,912,564 | 104,686,300 |
| Lease liabilities | 6 | - | 326,413 | 269,997 | 195,085 |
| Finance lease liabilities | 14 | 146,835 | 200,380 | 369,462 | 260,046 |
| Deferred tax liabilities | 8 | 19,000 | 46,000 | 46,000 | 46,000 |
| | | <u>86,223,902</u> | <u>68,537,634</u> | <u>106,598,023</u> | <u>105,187,431</u> |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 15 | 72,361,535 | 76,139,391 | 68,858,331 | 38,039,919 |
| Bank borrowings | 13 | 14,810,361 | 16,309,148 | 22,461,912 | 21,618,078 |
| Contract liabilities | 10 | 10,267,338 | - | - | - |
| Lease liabilities | 6 | - | 207,000 | 178,943 | 119,649 |
| Finance lease liabilities | 14 | 333,301 | 180,200 | 216,230 | 180,479 |
| Current tax liabilities | | 8,665,850 | 6,357,811 | 172,849 | 2,865,585 |
| | | <u>106,438,385</u> | <u>99,193,550</u> | <u>91,888,265</u> | <u>62,823,710</u> |
| TOTAL LIABILITIES | | <u>192,662,287</u> | <u>167,731,184</u> | <u>198,486,288</u> | <u>168,011,141</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>475,182,192</u> | <u>468,750,372</u> | <u>542,892,545</u> | <u>529,719,466</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

TELADAN SETIA GROUP BERHAD
Registration No. 201901004975 (1314302-V)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Financial years ended | | | 9 months financial period ended | |
|---|------|-----------------------------|-----------------------------|-----------------------------|---------------------------------|------------------------------|
| | | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM | 30.9.2019 Unaudited RM |
| Revenue | 16 | 359,510,849 | 259,141,151 | 232,988,035 | 100,028,442 | 176,456,948 |
| Cost of sales | 17 | <u>(240,240,288)</u> | <u>(167,452,241)</u> | <u>(152,451,362)</u> | <u>(63,564,344)</u> | <u>(114,323,008)</u> |
| Gross profit | | 119,270,561 | 91,688,910 | 80,536,673 | 36,464,098 | 62,133,940 |
| Other operating income | 18 | 1,722,657 | 2,613,144 | 2,469,791 | 2,318,427 | 1,659,286 |
| Other operating expenses | | (19,537,960) | (10,484,880) | (9,280,449) | (6,498,736) | (8,048,660) |
| Administrative expenses | | (18,961,681) | (16,911,390) | (17,921,255) | (8,038,627) | (9,769,554) |
| Finance costs | 19 | <u>(1,222,657)</u> | <u>(1,014,067)</u> | <u>(467,909)</u> | <u>(466,079)</u> | <u>(328,586)</u> |
| Profit before taxation | 20 | 81,270,920 | 65,891,717 | 55,336,851 | 23,779,083 | 45,646,426 |
| Taxation | 21 | <u>(18,342,144)</u> | <u>(17,066,234)</u> | <u>(11,935,139)</u> | <u>(6,477,015)</u> | <u>(11,935,238)</u> |
| Profit from continuing operations | | 62,928,776 | 48,825,483 | 43,401,712 | 17,302,068 | 33,711,188 |
| Loss from discontinued operation, net of tax | 24 | <u>(25,621)</u> | <u>(102,111)</u> | - | - | - |
| Profit/Total comprehensive income for the financial year/period | | <u>62,903,155</u> | <u>48,723,372</u> | <u>43,401,712</u> | <u>17,302,068</u> | <u>33,711,188</u> |
| Profit/Total comprehensive income/(loss) for the financial year/period attributable to: | | | | | | |
| Owners of the Company | | 62,978,895 | 48,723,727 | 43,401,712 | 17,302,068 | 33,711,188 |
| Non-controlling interests | | <u>(75,740)</u> | <u>(355)</u> | - | - | - |
| | | <u>62,903,155</u> | <u>48,723,372</u> | <u>43,401,712</u> | <u>17,302,068</u> | <u>33,711,188</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

TELADAN SETIA GROUP BERHAD
Registration No. 201901004975 (1314302-V)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Note | Share capital RM | Retained profits RM | Total attributable to owners of the Company RM | Non-controlling Interest RM | Total equity RM |
|--|------|---------------------|------------------------|---|--------------------------------|--------------------|
| Audited | | | | | | |
| Balance as at 1 January 2017 | | 3,750,000 | 220,526,010 | 224,276,010 | 571,746 | 224,847,756 |
| Ordinary shares issued to non-controlling interest of a subsidiary | | - | - | - | (481,006) | (481,006) |
| Dividends | 23 | - | (4,750,000) | (4,750,000) | - | (4,750,000) |
| Total comprehensive income/(loss) for the financial year | | - | 62,978,895 | 62,978,895 | (75,740) | 62,903,155 |
| Balance as at 31 December 2017 | | 3,750,000 | 278,754,905 | 282,504,905 | 15,000 | 282,519,905 |
| Effect of MFRS 16 Leases adoption | | - | (24,089) | (24,089) | - | (24,089) |
| Balance as at 1 January 2018 | | 3,750,000 | 278,730,816 | 282,480,816 | 15,000 | 282,495,816 |
| Dividends | 23 | - | (30,200,000) | (30,200,000) | - | (30,200,000) |
| Total comprehensive income/(loss) for the financial year | | - | 48,723,727 | 48,723,727 | (355) | 48,723,372 |
| Balance as at 31 December 2018/ 1 January 2019 | | 3,750,000 | 297,254,543 | 301,004,543 | 14,645 | 301,019,188 |
| Issuance of share capital | | 2 | - | 2 | - | 2 |
| Effect of strike off of subsidiary | | - | - | - | (14,645) | (14,645) |
| Total comprehensive income for the financial year | | - | 43,401,712 | 43,401,712 | - | 43,401,712 |
| Balance as at 31 December 2019/1 January 2020 | | 3,750,002 | 340,656,255 | 344,406,257 | - | 344,406,257 |

13. ACCOUNTANTS' REPORT (Cont'd)

TELADAN SETIA GROUP BERHAD
 Registration No. 201901004975 (1314302-V)
 (Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Note | Share capital RM | Retained profits RM | Total attributable to owners of the Company RM | Non-controlling Interest RM | Total equity RM |
|---|------|---------------------|------------------------|---|--------------------------------|--------------------|
| <u>Audited</u> | | | | | | |
| Balance as at 31 December 2019/1 January 2020 | | 3,750,002 | 340,656,255 | 344,406,257 | - | 344,406,257 |
| Total comprehensive income for the financial period | | - | 17,302,068 | 17,302,068 | - | 17,302,068 |
| Balance as at 30 September 2020 | | 3,750,002 | 357,958,323 | 361,708,325 | - | 361,708,325 |
| <u>Unaudited</u> | | | | | | |
| Balance as at 31 December 2018/ 1 January 2019 | | 3,750,000 | 297,254,543 | 301,004,543 | 14,645 | 301,019,188 |
| Issuance of share capital | | 2 | - | 2 | - | 2 |
| Effect of strike off of subsidiary | | - | - | - | (14,645) | (14,645) |
| Total comprehensive income for the financial year | | - | 33,711,188 | 33,711,188 | - | 33,711,188 |
| Balance as at 30 September 2019 | | 3,750,002 | 330,965,731 | 334,715,733 | - | 334,715,733 |

13. ACCOUNTANTS' REPORT (Cont'd)

TELADAN SETIA GROUP BERHAD
Registration No. 201901004975 (1314302-V)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

| | Financial years ended | | | 9 months financial period ended | |
|--|-----------------------------|-----------------------------|-----------------------------|---------------------------------|------------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM | 30.9.2019 Unaudited RM |
| CASH FLOWS FROM OPERATING | | | | | |
| Profit before taxation | | | | | |
| - continuing operations | 81,270,920 | 65,891,717 | 55,336,851 | 23,779,083 | 45,646,426 |
| - discontinued operations | (25,621) | (102,111) | - | - | - |
| | <u>81,245,299</u> | <u>65,789,606</u> | <u>55,336,851</u> | <u>23,779,083</u> | <u>45,646,426</u> |
| Adjustments for: | | | | | |
| Bad debt written off | - | - | 16,400 | 288 | - |
| Depreciation of: | | | | | |
| - Property, plant and equipment | 1,101,730 | 1,386,797 | 1,155,723 | 768,550 | 829,251 |
| - Right-of-use assets | - | 147,663 | 165,544 | 124,594 | 124,013 |
| Sundry deposits written off | - | 94,680 | - | - | - |
| Interest expenses | 1,222,657 | 963,082 | 418,398 | 440,085 | 293,949 |
| Interest expenses on lease liabilities | - | 50,985 | 49,511 | 25,994 | 34,637 |
| Interest income | (1,186,948) | (1,801,930) | (1,698,880) | (1,428,091) | (1,113,078) |
| Loss/(Gain) on disposal of property, plant and | 62,309 | (107,355) | (459,242) | (277,214) | (244,243) |
| Gain on disposal of a subsidiary | - | (127,732) | - | - | - |
| Property, plant and written off | <u>1,198,946</u> | <u>5,466</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Operating profit before working capital changes | 83,643,993 | 66,401,262 | 54,984,305 | 23,433,289 | 45,570,955 |
| Decrease/(Increase) in inventories | 1,703,079 | 27,798,003 | 29,980,995 | (5,480,044) | 26,511,188 |
| (Increase)/Decrease in trade other receivables | (9,788,129) | (19,796,013) | 32,217,710 | (6,567,923) | 17,239,153 |
| (Increase)/Decrease in contract assets | (21,621,836) | 17,937,255 | (43,825,791) | 11,890,263 | (8,689,658) |
| Increase/(Decrease) contract liabilities | 10,267,338 | (10,267,338) | - | - | 426,110 |
| Increase/(Decrease) in trade other payables | 16,599,529 | (21,202,073) | 5,139,591 | (17,118,412) | (4,025,532) |
| | <u>(2,840,019)</u> | <u>(5,530,166)</u> | <u>23,512,505</u> | <u>(17,276,116)</u> | <u>31,461,261</u> |
| Cash generated from operations | 80,803,974 | 60,871,096 | 78,496,810 | 6,157,173 | 77,032,216 |
| Interest received | 1,186,948 | 1,801,930 | 1,698,880 | 1,428,091 | 1,113,078 |
| Tax paid | (18,672,445) | (18,267,067) | (18,692,758) | (6,022,359) | (15,692,467) |
| Tax refunded | <u>230,876</u> | <u>1,415</u> | <u>572,285</u> | <u>2,875,120</u> | <u>80,017</u> |
| Net cash generated from operating activities | 63,549,353 | 44,407,374 | 62,075,217 | 4,438,025 | 62,532,844 |

13. ACCOUNTANTS' REPORT (Cont'd)

TELADAN SETIA GROUP BERHAD
Registration No. 201901004975 (1314302-V)
(Incorporated in Malaysia)

COMBINED STATEMENT OF CASH FLOWS (CONTINUED)

| | Financial years ended | | | 9 months financial period ended | |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------------|------------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM | 30.9.2019 Unaudited RM |
| CASH FLOWS FROM INVESTING | | | | | |
| Proceeds from disposal of property, plant and equipment | 399,151 | 122,386 | 497,800 | 344,999 | 282,800 |
| Purchase of property, Equipment | (1,448,959) | (1,620,858) | (1,091,706) | (36,459) | (641,776) |
| Net cash outflow on a subsidiary | - | (356,953) | - | - | - |
| (Placement)/withdrawal of fixed deposits | (843,443) | (10,313,669) | (182,093) | (588,573) | 128,665 |
| Purchase of land held for property development | (26,646,827) | - | (8,252,694) | - | (8,252,694) |
| Net cash used in investing activities | <u>(28,540,078)</u> | <u>(12,169,094)</u> | <u>(9,028,693)</u> | <u>(280,033)</u> | <u>(8,483,005)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Acquisition of non-controlling interests | (500,000) | - | - | - | - |
| Interest paid | (4,986,558) | (5,846,564) | (7,352,892) | (5,402,108) | (5,461,618) |
| Interest paid on lease liabilities | - | (50,985) | (49,511) | (25,994) | (34,637) |
| Issuance of share capital | - | - | 2 | - | 2 |
| Proceeds from | | | | | |
| - Issuance of shares by a subsidiary to non-controlling interests | 15,000 | - | - | - | - |
| - Borrowings | 26,963,253 | 33,594,322 | 18,159,732 | 23,496,994 | 14,547,512 |
| Repayments of | | | | | |
| - Borrowings | (33,677,358) | (49,408,191) | (44,944,501) | (26,249,584) | (40,382,012) |
| - Finance lease liabilities | (412,528) | (399,556) | (194,888) | (145,167) | (145,196) |
| - Lease liabilities | - | (127,016) | (169,092) | (134,206) | (130,564) |
| Dividend paid | (4,750,000) | (4,000,000) | (12,500,000) | (13,700,000) | (12,500,000) |
| Net cash used in financing activities | <u>(17,348,191)</u> | <u>(26,237,990)</u> | <u>(47,051,150)</u> | <u>(22,160,065)</u> | <u>(44,106,513)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 17,661,084 | 6,000,290 | 5,995,374 | (18,002,073) | 9,493,326 |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | <u>44,305,691</u> | <u>61,966,775</u> | <u>67,967,065</u> | <u>73,962,439</u> | <u>67,967,065</u> |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 11) | <u>61,966,775</u> | <u>67,967,065</u> | <u>73,962,439</u> | <u>55,960,366</u> | <u>77,910,391</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Introduction

This report has been prepared solely to comply with the Prospectus Guideline – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Teladan Setia Group Berhad (“TSG”) in connection with the listing of and quotation for the entire enlarged issued share capital of Teladan on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (hereinafter defined as “the Listing”) and should not be relied upon for any other purposes.

1.2 Background

Teladan Setia Group Berhad was incorporated on 14 February 2019 under the Companies Act, 2016 as a public limited company and domiciled in Malaysia. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No. 8 & 10, Ground Floor, Jalan Mutiara Melaka 2, Taman Mutiara Melaka, 75350 Batu Berendam, Melaka.

Teladan Setia Group Berhad, Teladan Setia Sdn Bhd, Asal Harta Sdn Bhd, Midas Dimensi Sdn Bhd, Riverwell Resources Sdn Bhd, Oriview Realty Sdn Bhd, Midwest Pavilion Sdn Bhd and Widenote Sdn Bhd are collectively known as ‘the Group’ in the combined financial statements contained in this report.

The combined financial statements of the Group for the financial year ended 31 December 2017, 31 December 2018, 31 December 2019 and for the 9 months financial period ended 30 September 2020 were prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. None of the above mentioned audited combined financial statements used in the preparation of this Report for the financial years under review were subject to any qualification.

13. ACCOUNTANTS' REPORT (Cont'd)**1. GENERAL INFORMATION (CONTINUED)****1.3 Principal activities**

TSG's principal activity is investment holding. Details of the subsidiaries as at the date of this report are as follows:

| Name of company | Effective ownership | Principal activities | Date of incorporation | Country of incorporation |
|---|----------------------------|-----------------------------|------------------------------|---------------------------------|
| <u>Subsidiaries</u> | | | | |
| Teladan Setia Sdn Bhd ("Teladan Setia") | 100% | Property development | 13 April 1993 | Malaysia |
| Asal Harta Sdn Bhd ("Asal Harta") | 100% | Property development | 16 November 1993 | Malaysia |
| Midas Dimensi Sdn Bhd ("Midas") | 100% | Property development | 11 February 2011 | Malaysia |
| Riverwell Resources Sdn Bhd ("Riverwell") | 100% | Property development | 21 April 2000 | Malaysia |
| Oriview Realty Sdn Bhd ("Oriview") | 100% | Property development | 5 May 1997 | Malaysia |
| Midwest Pavilion Sdn Bhd ¹ ("Midwest") | 94% | Inactive | 20 March 2017 | Malaysia |
| Widenote Sdn Bhd ² ("Widenote") | - | Lodging services | 3 March 2017 | Malaysia |

There was no significant change in the nature of the principal activities of TSG and its subsidiaries during the financial years ended 31 December 2017, 31 December 2018, 31 December 2019 and for the 9 months financial period ended 30 September 2020.

- ¹ On 1 July 2019, Midwest, being the subsidiary of the Company, has been strike off from the register of Companies Commission of Malaysia upon the application by the Company.
- ² On 31 December 2018, the Group entered into an agreement for the disposal of its subsidiary, Widenote. Widenote is involved in the provision of lodging services. The decision is consistent with the Group's strategy to focus on its main core businesses in property development. As a result, the financial results of Widenote is presented as discontinued operation for the financial year ended 2018.

13. ACCOUNTANTS' REPORT (Cont'd)

1. GENERAL INFORMATION (CONTINUED)

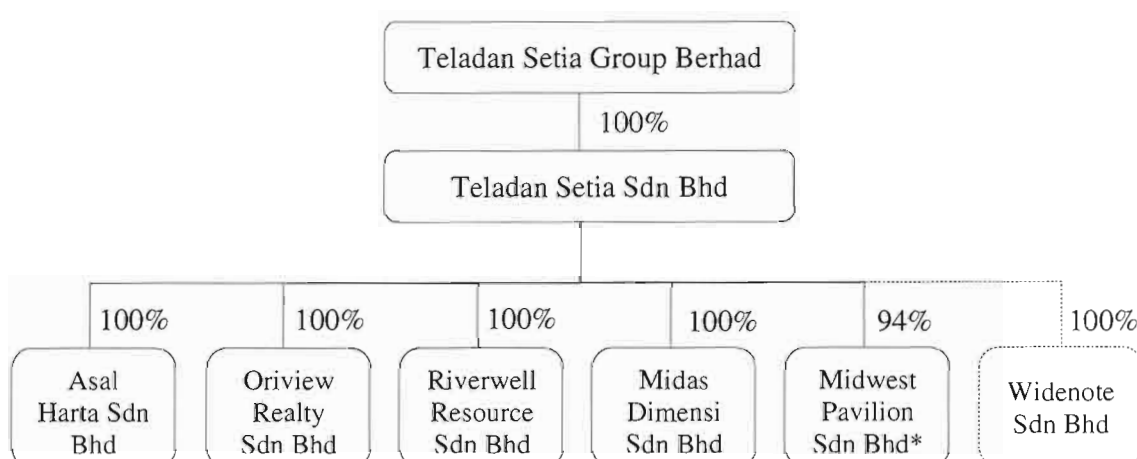
1.4 The Acquisition

Acquisition under Teladan

Teladan Setia Group Berhad shall acquire the entire issued capital of Teladan Setia Sdn Bhd comprising 3,750,000 ordinary shares ("Acquisition").

The aggregate purchase consideration for the Acquisition shall be RM322,119,000, satisfied by the issuance of 644,238,000 new shares at an issuance of RM0.50 per share.

Following the completion of the Acquisition, the Group's adopted the current structures as follows:



* Non-controlling interests in Midwest Pavilion Sdn Bhd (6%)

- Datuk New Wee Siang (5%)

- Mohd Kamsani Bin Abd Rahim (1%)

Midwest Pavilion Sdn Bhd had been strike-off on 1st July 2019

Widenote Sdn Bhd had been disposed off on 31 December 2018

The Group is regarded as a continuing entity resulting from the Acquisition since the management of all the entities which took major part in the Acquisition were controlled substantially by the same major shareholders before and immediately after the Acquisition. Consequently, immediately after the Acquisition, there was a continuation of the control over the entities' financial and operating policy decisions and risk and benefits to the ultimate shareholders that existed prior to the Acquisition. The Acquisition has been accounted for as an acquisition under common control in a manner similar to pooling of interest. Accordingly, the financial information for the financial years ended 31 December 2017, 2018, 2019 and for the 9 months period ended 30 September 2020 have been prepared on the basis of merger accounting and comprise the financial statements of the subsidiaries which were under common control of the ultimate shareholders that existed prior to the Acquisition during the relevant periods or since their respective dates of incorporation. No financial information of Teladan Setia Group Berhad was included for the financial years ended 31 December 2017, 2018 as Teladan Setia Group Berhad was only incorporated on 14 February 2019.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") based on the Guidance Note on "combined financial statements" issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements consist of the financial statements of combining entities as disclosed in Notes 1.3 and 1.4 to this report, which were under common control throughout the reporting years/period by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting years/period.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of the Company, as the combined financial statements reflect business combinations under common control for the purpose of the Listing. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting years/period.

2.2 Significant accounting policies

2.2.1 Basis of accounting

The combined financial statements have been prepared under the historical cost convention, unless otherwise stated in the combined financial statements.

The preparation of the combined financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.2 Basis of combination

The combined financial statements consist of the financial statements of the combining entities which are under common control as disclosed in Note 1.4 accordingly. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. The combined financial statements reflect external transactions only.

(i) Common control entities

Business combination involving entities under common control are accounted for by applying the merger accounting principles. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the combined financial statements.

In a business combination involving entities under common control, any differences between the cost of the merger and the share capital of the "acquired" entity is reflected within equity as merger reserve.

The combined statements of profit or loss and other comprehensive income reflects the results of the combining entities for the full year and the comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

(ii) Non-common control entities

In a business combination accounted for by applying the acquisition method of accounting, the identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits respectively;
- (b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 Share-based Payment at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.2 Basis of combination (continued)

(ii) Non-common control entities (continued)

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 or MFRS 9 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139 or MFRS 9. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the Group net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Group, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to the owners, and is presented separately in the combined statement of profit or loss and other comprehensive income and within equity in the combined statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.2 Basis of combination (continued)****(ii) Non-common control entities (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial period/year are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Changes in the Group owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners.

Changes in the Group owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners. If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments or, where applicable, the cost on initial recognition of an investment in associate.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.3 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Except for freehold land which is not depreciated, depreciation is calculated so as to write off the cost of the assets, less their estimated residual value, over their useful economic lives as follows:

| | |
|------------------------|----------|
| Leasehold buildings | 50 years |
| Site equipment | 10 years |
| Office equipment | 10 years |
| Renovation | 10 years |
| Furniture and fittings | 10 years |
| Motor vehicles | 5 years |

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.4 Leases****(i) Definition of lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement**1. As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group and entities use their incremental borrowing rate as the discount rate.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.4 Leases (continued)

(ii) Recognition and initial measurement (continued)

1. As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.4 Leases (continued)****(iii) Subsequent measurement****1. As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "revenue".

2.2.5 Inventories**(i) Land held for property development**

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.5 Inventories (continued)

(ii) Property development costs (continued)

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

Property development cost of unsold unit is transferred to completed properties once the development is completed.

(iii) Completed properties held for sale

The cost of completed development units is stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and other costs of bringing the inventories to their present location and condition.

Net realisable value is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

2.2.6 Contract assets and contract liabilities

The excess of cumulative revenue recognised in profit or loss over the billings to customers is recognised as contract assets.

The excess of cumulative billings to customers over revenue recognised in profit or loss is recognised as contract liabilities.

2.2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and fixed deposits placed with licensed banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows only, cash and cash equivalents are presented net of bank overdrafts, fixed deposits with maturities of more than three months and pledged deposits, if any.

2.2.8 Financial instruments

(i) Initial recognition and measurement

The Group recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group does not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.8 Financial instruments (continued)

(ii) Initial recognition and measurement (continued)

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables and government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(iii) Derecognition of financial instruments

For derecognition purposes, the Group first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial assets, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(iv) Financial assets

For the purpose of subsequent measurement, the Group classify financial assets into three measurement categories, namely: (i) financial assets at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.8 Financial instruments (continued)

(iii) Financial assets (continued)

After initial recognition, the Group measure financial assets, as follow:

(i) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Group business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(iii) Financial asset at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 2.2.8(vii) to the financial statements.

(iv) Financial liabilities

After initial recognition, the Group measure all financial liabilities at amortised cost using the effective interest method, except for:

(i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.

(ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.8 Financial instruments (continued)

(v) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 2.2.16 to the financial statements.

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or loss are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(vii) Impairment of financial assets

The Group applies the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group has availed the exception to the 12-month ECL requirement to recognise only lifetime expected credit losses.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month expected credit loss is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions.

13. ACCOUNTANTS' REPORT (Cont'd)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Significant accounting policies (continued)****2.2.8 Financial instruments (continued)****(vii) Impairment of financial assets (continued)**

The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

2.2.9 Impairment of non-financial assets**(i) Impairment of non-financial assets**

The carrying amounts of such assets, other than contract assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

2.2.10 Provisions

Where, at reporting date, the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions cost. Ordinary shares are classified as equity.

Retained profits include all current and prior years retained profits. Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained profits.

All transactions with owners of the parent are recorded separately within equity.

2.2.12 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group's expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group perform;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance do not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.12 Revenue recognition (continued)

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Revenue from sales of completed properties is recognised at the point in time upon delivery of properties where the control of the properties has been passed to the buyers.

Interest income is recognised as it accrues, using the effective interest method.

Rental income is recognised on a straight-line basis over the term of an ongoing lease.

2.2.13 Borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.2.14 Employees benefits

(i) Short-term benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave and bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

2.2.14 Employees benefits (continued)

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group has no further payment obligations.

2.2.15 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised only to the extent that the Group consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group treats these as part of initial recognition differences.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

2.2.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Significant accounting policies (continued)****2.2.16 Fair value measurement (continued)**

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

2.2.17 Discontinued operations

These are either separate major lines of business that have been sold. When held for use, discontinued operations were a cash-generating unit or a group of cash generating units. They comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. Their results are shown separately in profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations.

2.2.18 Goods and service tax

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statements of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This means the GST rate on the supplies of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for services tax is fixed at 6%.

13. ACCOUNTANTS' REPORT (Cont'd)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Significant accounting policies (continued)****2.2.19 Sales and service tax**

Expenses and assets are recognised net of the amount of sales and service tax, except:

- (i) When the sales and service tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales and service tax is recognised as part of the cost of acquisition of the asset or as part of the expenses item, as applicable.
- (ii) When receivables and payables are stated with the amount of sales and service tax included.

The net amount of sales and service tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.2.20 Segmental results

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.2.21 Contingencies

Contingent liabilities of the Group are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. They are not recognised because it is not probable that an outflow of resources will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Group requires significant judgement.

13. ACCOUNTANTS' REPORT (Cont'd)

3. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

3.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2020

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 9 *Financial Instruments (2014) – Prepayment Features with Negative Compensation*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures*
- Amendments to MFRS 3 *Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 11 *Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 112 *Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 123 *Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, MFRS 139 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

3.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations early adopted

MFRS 16 *Leases*

The Group has early adopted MFRS 16 *Leases* and applied this Standard retrospectively during the financial year. In accordance with the transition requirements under the Appendix C, paragraph 5(b) of this Standard, comparatives are not restated.

As a result of the adoption of MFRS 16 *Leases*, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 *Leases* continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

13. ACCOUNTANTS' REPORT (Cont'd)**3. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS****3.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations early adopted (continued)****MFRS 16 Leases (continued)**

The following tables present the impact of changes to the statements of financial position of the Group resulting from the early adoption of MFRS16 Leases as at 1 January 2018:

| | Note | As at 31 December 2017 RM | Changes RM | As at 1 January 2018 RM |
|--------------------------------|------|------------------------------------|---------------|----------------------------------|
| Group | | | | |
| Non-current assets | | | | |
| Right-of-use assets | (a) | - | 377,455 | 377,455 |
| Non-current liabilities | | | | |
| Lease liabilities | | - | 233,544 | 233,544 |
| Current liabilities | | | | |
| Lease liabilities | | - | 168,000 | 168,000 |
| Total lease liabilities | (b) | - | 401,544 | 401,544 |
| Equity | | | | |
| Retained profits | (c) | 278,754,905 | (24,089) | 278,730,816 |

(a) The right-of-use assets for the Group comprise of five units of commercial properties leased and recognised during the financial year. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by any prepaid or accrued lease payments relating to the existing lease immediately before 1 January 2018.

(b) The lease liabilities are recognised and discounted using the Group is weighted average incremental borrowing rate of 7.7%. Subsequent to initial recognition, the Group measures the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(c) At the date of initial application of the new leases standard, 1 January 2018, the Group recognised the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2018.

Other than the above, the Group elected to apply exemption for a lease of equipment expiring within 12 months under the Appendix C, paragraph 10(c) of this Standard. The lease payments are recognised as an expense on a straight-line basis over the remaining lease term during the current financial year.

13. ACCOUNTANTS' REPORT (Cont'd)

3. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONTINUED)

3.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16 *Leases – Covid-19-Related Rent Concessions*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9 *Financial Instruments (2014)*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosure*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases – Interest Rate Benchmark Reform Phase 2*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned accounting standards, interpretations and amendments will be adopted by the Group when they become effective.

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* and MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group.

13. ACCOUNTANTS' REPORT (Cont'd)

3. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONTINUED)

3.3 Financial Reporting updates

(a) IFRIC Tentative Agenda Decision (“TAD”) - Over time transfer of constructed good, which may have impacts on the Group’s financial statements on adoption

The IFRS Interpretations Committee (“IFRIC”) received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- (i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
- (ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

13. ACCOUNTANTS' REPORT (Cont'd)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group periodically monitors such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Transfer of control in property development and right-of-use assets

For the purposes of revenue recognition, management uses its judgement to determine whether control of properties under development is transferred to customers over time or at a point in time. The Group uses the criterion of control from the perspective of a customer, judged in relation to the customer's ability to obtain economic benefits of the asset under development. The Group considers that if the asset under development has been assigned to a customer and the asset has no alternative use to the Group and the Group has enforceable rights to payments, control of the asset is transferred over time to the customer. Revenue is recognised over time based on the stage of completion. If a customer does not obtain control when the asset is under development, such as in build and sell units, revenue is recognised at a point in time when the construction of the asset is completed and handed over to the customer.

(ii) Recognition of property development profits

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completions method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work specialists. Property development revenue and expenses are as disclosed in Notes 16 and Note 17 respectively.

13. ACCOUNTANTS' REPORT (Cont'd)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) Income tax and deferred tax estimation

Management's judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. There are transactions and computations for which the ultimate tax determination may be different from the initial estimate.

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

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level timing and level of future taxable profits together with future tax planning strategies. Income tax expense and deferred taxation are as disclosed in Notes 21 and 8 respectively.

(iv) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the end of the reporting period. Carrying amount of inventories are as disclosed in Note 7.

13. ACCOUNTANTS' REPORT (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

| GROUP | Land and building RM | Buildings RM | Site equipment RM | Office equipment RM | Renovation RM | Furniture and fittings RM | Motor vehicles RM | Total RM |
|--|----------------------|--------------|-------------------|---------------------|---------------|---------------------------|-------------------|-------------|
| Audited Cost | | | | | | | | |
| As at 1.1.2017 | 1,170,603 | 355,475 | 13,998 | 326,041 | 3,099,180 | 806,259 | 4,407,994 | 10,179,550 |
| Additions | - | - | 7,420 | 90,090 | 525,560 | 112,828 | 713,061 | 1,448,959 |
| Reclassifications | - | - | - | - | (8,000) | 8,000 | - | - |
| Transfer to inventories | - | - | - | - | - | (323,156) | - | (323,156) |
| Disposals | (400,000) | - | - | - | - | (91,700) | - | (491,700) |
| Written off | - | - | - | (7,954) | (2,650,910) | (89,106) | - | (2,747,970) |
| As at 31.12.2017/ 1.1.2018 | 770,603 | 355,475 | 21,418 | 408,177 | 965,830 | 423,125 | 5,121,055 | 8,065,683 |
| Additions | - | 194,188 | - | 99,440 | 726,397 | 95,789 | 805,044 | 1,920,858 |
| Transfer from property development costs | - | 750,524 | - | - | - | - | - | 750,524 |
| Disposals | - | - | - | (2,059) | - | - | (529,988) | (532,047) |
| Disposals of subsidiary | - | - | - | (71,085) | - | (27,928) | - | (99,013) |
| Written off | - | - | - | - | - | (7,181) | - | (7,181) |
| As at 31.12.2018/ 1.1.2019 | 770,603 | 1,300,187 | 21,418 | 434,473 | 1,692,227 | 483,805 | 5,396,111 | 10,098,824 |
| Additions | - | - | 4,020 | 39,292 | 8,308 | 11,678 | 1,428,408 | 1,491,706 |
| Disposals | - | - | - | (5,050) | - | - | (1,120,812) | (1,125,862) |
| As at 31.12.2019/ 1.1.2020 | 770,603 | 1,300,187 | 25,438 | 468,715 | 1,700,535 | 495,483 | 5,703,707 | 10,464,668 |
| Additions | - | - | 1,987 | 23,278 | 773 | 2,099 | 8,322 | 36,459 |
| Disposals | - | - | - | - | - | - | (1,233,074) | (1,233,074) |
| As at 30.9.2020 | 770,603 | 1,300,187 | 27,425 | 491,993 | 1,701,308 | 497,582 | 4,478,955 | 9,268,053 |

13. ACCOUNTANTS' REPORT (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| GROUP | Land and building RM | Buildings RM | Site equipment RM | Office equipment RM | Renovation RM | Furniture and fittings RM | Motor vehicles RM | Total RM |
|---------------------------------|----------------------|--------------|-------------------|---------------------|---------------|---------------------------|-------------------|-------------|
| Audited | | | | | | | | |
| Accumulated depreciation | | | | | | | | |
| As at 1.1.2017 | - | 120,862 | 2,588 | 180,358 | 1,803,897 | 248,296 | 2,373,944 | 4,729,945 |
| Charge for the financial year | - | 7,110 | 2,142 | 27,066 | 132,306 | 31,293 | 901,813 | 1,101,730 |
| Transfer to inventories | - | - | - | - | - | (87,026) | - | (87,026) |
| Disposals | - | - | - | - | - | (30,240) | - | (30,240) |
| Written off | - | - | - | (3,923) | (1,520,365) | (24,736) | - | (1,549,024) |
| As at 31.12.2017/ 1.1.2018 | - | 127,972 | 4,730 | 203,501 | 415,838 | 137,587 | 3,275,757 | 4,165,385 |
| Charge for the financial year | - | 26,003 | 2,142 | 34,290 | 264,807 | 45,687 | 1,013,868 | 1,386,797 |
| Disposals | - | - | - | (618) | - | - | (500,218) | (500,836) |
| Disposals of subsidiary | - | - | - | (1,149) | - | (232) | - | (1,381) |
| Written off | - | - | - | - | - | (1,715) | - | (1,715) |
| As at 31.12.2018/ 1.1.2019 | - | 153,975 | 6,872 | 236,024 | 680,645 | 181,327 | 3,789,407 | 5,048,250 |
| Charge for the financial year | - | 26,004 | 2,276 | 35,608 | 249,415 | 45,627 | 796,793 | 1,155,723 |
| Disposals | - | - | - | (589) | - | - | (1,086,715) | (1,087,304) |
| As at 31.12.2019/ 1.1.2020 | - | 179,979 | 9,148 | 271,043 | 930,060 | 226,954 | 3,499,485 | 5,116,669 |
| Charge for the financial year | - | 19,502 | 2,007 | 29,168 | 191,654 | 34,560 | 491,659 | 768,550 |
| Disposals | - | - | - | - | - | - | (1,165,289) | (1,165,289) |
| As at 30.9.2020 | - | 199,481 | 11,155 | 300,211 | 1,121,714 | 261,514 | 2,825,855 | 4,719,930 |
| Net carrying amount | | | | | | | | |
| As at 31.12.2017 | 770,603 | 227,503 | 16,688 | 204,676 | 549,992 | 285,538 | 1,845,298 | 3,900,298 |
| As at 31.12.2018 | 770,603 | 1,146,212 | 14,546 | 198,449 | 1,011,582 | 302,478 | 1,606,704 | 5,050,574 |
| As at 31.12.2019 | 770,603 | 1,120,208 | 16,290 | 197,672 | 770,475 | 268,529 | 2,204,222 | 5,347,999 |
| As at 30.9.2020 | 770,603 | 1,100,706 | 16,270 | 191,782 | 579,594 | 236,068 | 1,653,100 | 4,548,123 |

13. ACCOUNTANTS' REPORT (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) The following property, plant and equipment of the Group stated at net carrying amount are charged to licensed banks for banking facilities granted to the Group as disclosed in Note 13.

| | As at | | | |
|---------------------|----------------|------------------|------------------|------------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 |
| | Audited | Audited | Audited | Audited |
| | RM | RM | RM | RM |
| Land and buildings | 770,603 | 770,603 | 770,603 | 770,603 |
| Leasehold buildings | 227,503 | 1,146,212 | 1,120,208 | 1,100,706 |
| | <u>998,106</u> | <u>1,916,815</u> | <u>1,890,811</u> | <u>1,871,309</u> |

- (b) Included in the net carrying amount of property, plant and equipment of the Group are the following assets which are acquired under finance lease arrangements:

| | As at | | | |
|----------------|----------------|----------------|------------------|----------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 |
| | Audited | Audited | Audited | Audited |
| | RM | RM | RM | RM |
| Motor vehicles | <u>879,556</u> | <u>853,361</u> | <u>1,220,074</u> | <u>923,346</u> |

- (c) Details of payments property, plant and equipment acquired during the financial year are as follows:

| | As at | | | | |
|--|------------------|------------------|------------------|---------------|------------------|
| | 31.12. 2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 | 30.9.2019 |
| | Audited | Audited | Audited | Audited | Unaudited |
| | RM | RM | RM | RM | RM |
| Aggregate cost of property, plant and equipment acquired | 1,448,959 | 1,920,858 | 1,491,706 | 36,459 | (641,776) |
| Amount financed by finance lease arrangements | <u>-</u> | <u>(300,000)</u> | <u>(400,000)</u> | <u>-</u> | <u>-</u> |
| Costs disbursed for acquisition of property, plant and equipment | <u>1,448,959</u> | <u>1,620,858</u> | <u>1,091,706</u> | <u>36,459</u> | <u>(641,776)</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|--|---------------|------------------|---------------------|------------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Cost | | | | |
| At beginning of year/period | - | - | 746,625 | 831,244 |
| Effects of MFRS 16 Leases adoption | - | 487,740 | - | - |
| | <u>-</u> | <u>487,740</u> | <u>746,625</u> | <u>831,244</u> |
| Addition during the year/period | - | 258,885 | 84,619 | - |
| | <u>-</u> | <u>258,885</u> | <u>84,619</u> | <u>-</u> |
| At end of year/period | <u>-</u> | <u>746,625</u> | <u>831,244</u> | <u>831,244</u> |
| Accumulated depreciation | | | | |
| At beginning of year/period | - | - | (257,948) | (423,492) |
| Effects of MFRS 16 Leases adoption | - | (110,285) | - | - |
| | <u>-</u> | <u>(110,285)</u> | <u>(257,948)</u> | <u>(423,492)</u> |
| Depreciation charge for the year/period | - | (147,663) | (165,544) | (124,594) |
| | <u>-</u> | <u>(147,663)</u> | <u>(165,544)</u> | <u>(124,594)</u> |
| At end of year/period | <u>-</u> | <u>(257,948)</u> | <u>(423,492)</u> | <u>(548,086)</u> |
| Net carrying amount at end of year/period | <u>-</u> | <u>488,677</u> | <u>407,752</u> | <u>283,158</u> |

13. ACCOUNTANTS' REPORT (Cont'd)**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)****(b) Lease liabilities**

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|-------------------------|---------------|---------------|---------------------|---------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Non-current | | | | |
| Lease liabilities | - | 326,413 | 269,997 | 195,085 |
| Current | | | | |
| Lease liabilities | - | 207,000 | 178,943 | 119,649 |
| Total lease liabilities | - | 533,413 | 448,940 | 314,734 |

The movement of lease liabilities during the financial year/period is as follows:

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|------------------------------------|------------|------------|---------------------|-----------|
| | RM | RM | RM | RM |
| At beginning of year/period | - | - | 533,413 | 448,940 |
| Effects of MFRS 16 Leases adoption | - | 401,544 | - | - |
| | - | 401,544 | 533,413 | 448,940 |
| Addition during the year/period | - | 258,885 | 84,619 | - |
| | - | 660,429 | 618,032 | 448,940 |
| Interest charged | - | 50,985 | 49,511 | 25,994 |
| Payment of: | | | | |
| - Principal | - | (127,016) | (169,092) | (134,206) |
| - Interest | - | (50,985) | (49,511) | (25,994) |
| At end of year/period | - | 533,413 | 448,940 | 314,734 |

13. ACCOUNTANTS' REPORT (Cont'd)

7. INVENTORIES

| | As at | | | |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM |
| Non-current | | | | |
| Land held for property development | <u>81,977,153</u> | <u>81,977,153</u> | <u>171,747,966</u> | <u>171,747,966</u> |
| Current | | | | |
| Completed development unit, at cost | 57,404,705 | 70,696,745 | 51,138,199 | 43,594,717 |
| Property development costs | 171,900,084 | 135,101,030 | 131,613,075 | 149,598,624 |
| Others | <u>238,002</u> | <u>79,370</u> | <u>79,370</u> | <u>79,370</u> |
| | <u>229,542,791</u> | <u>205,877,145</u> | <u>182,830,644</u> | <u>193,272,711</u> |

Land held for property development are as follows:

| | As at | | | |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM |
| At beginning of year/period | 3,330,326 | 81,977,153 | 81,977,153 | 171,747,966 |
| Additions during the financial year/period | <u>78,646,827</u> | <u>-</u> | <u>89,770,813</u> | <u>-</u> |
| At end of year/period | <u>81,977,153</u> | <u>81,977,153</u> | <u>171,747,966</u> | <u>171,747,966</u> |

The movements of completed development units are as follows:

| | As at | | | |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM |
| At beginning of year/period | 43,967,795 | 57,404,705 | 70,696,745 | 51,138,199 |
| Additions during the financial year/period | 24,013,415 | 36,079,149 | 8,881,788 | 808,411 |
| Transfer to property, plant and equipment | - | (750,524) | - | - |
| Sales of completed development units | <u>(10,576,505)</u> | <u>(22,036,585)</u> | <u>(28,440,334)</u> | <u>(8,351,893)</u> |
| At end of year/period | <u>57,404,705</u> | <u>70,696,745</u> | <u>51,138,199</u> | <u>43,594,717</u> |

13. ACCOUNTANTS' REPORT (Cont'd)**7. INVENTORIES (CONTINUED)**

The movements of property development costs are as follows:

| | As at | | | |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM |
| Freehold land, at cost | 81,043,609 | 87,327,844 | 78,997,378 | 60,724,253 |
| Leasehold land, at cost | 19,888,285 | 14,891,023 | 8,327,344 | 8,327,344 |
| Development expenditure | 207,835,404 | 243,681,200 | 122,861,651 | 140,425,189 |
| Balance at beginning of year/period | 308,767,298 | 345,900,067 | 210,186,373 | 209,476,786 |
| Cost incurred during the financial year/period | | | | |
| Freehold land, at cost | 6,338,243 | 2,818 | - | - |
| Leasehold land, at cost | 602,044 | - | - | - |
| Development expenditure | 235,358,951 | 138,065,352 | 128,976,251 | 78,300,726 |
| | 242,299,238 | 138,068,170 | 128,976,251 | 78,300,726 |
| Transfer to completed development units | | | | |
| Freehold land, at cost | - | (2,256,116) | (1,600,941) | (122,524) |
| Leasehold land, at cost | (677,185) | (492,440) | - | - |
| Development expenditure | (23,336,230) | (33,330,593) | (7,280,847) | (685,887) |
| | (24,013,415) | (36,079,149) | (8,881,788) | (808,411) |
| Reversal of cost of completed development projects | | | | |
| Freehold land, at cost | (54,008) | (6,077,168) | (16,672,184) | (5,145,995) |
| Leasehold land, at cost | (4,922,121) | (6,071,239) | - | - |
| Development expenditure | (176,176,925) | (225,554,308) | (104,131,866) | (28,986,282) |
| | (181,153,054) | (237,702,715) | (120,804,050) | (34,132,277) |
| | 345,900,067 | 210,186,373 | 209,476,786 | 252,836,824 |
| Accumulated cost charged to profit or loss | | | | |
| Balance as at 1 January | (125,489,254) | (173,999,983) | (75,085,343) | (77,863,711) |
| Cost charged during the financial year/period | (229,663,783) | (138,788,075) | (123,582,418) | (59,506,766) |
| Reversal of cost completed development projects | 181,153,054 | 237,702,715 | 120,804,050 | 34,132,277 |
| Balance as at 31 December/ 30 September | (173,999,983) | (75,085,343) | (77,863,711) | (103,238,200) |
| Balance at end of year/period | 171,900,084 | 135,101,030 | 131,613,075 | 149,598,624 |

13. ACCOUNTANTS' REPORT (Cont'd)**7. INVENTORIES (CONTINUED)**

| | As at | | | |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM |
| Represented by: | | | | |
| Freehold land, at cost | 87,327,844 | 78,997,378 | 60,724,253 | 55,455,734 |
| Leasehold land, at cost | 14,891,023 | 8,327,344 | 8,327,344 | 8,327,344 |
| Development expenditure | 243,681,200 | 122,861,651 | 140,425,189 | 189,053,746 |
| Accumulated costs charged to profit or loss | <u>(173,999,983)</u> | <u>(75,085,343)</u> | <u>(77,863,711)</u> | <u>(103,238,200)</u> |
| | <u>171,900,084</u> | <u>135,101,030</u> | <u>131,613,075</u> | <u>149,598,624</u> |

Included in property development costs is interest expense capitalised of RM4,962,023 (2019: RM6,934,494; 2018: RM4,883,482; 2017: RM3,763,901) for the Group.

Land held for property development of the Group which have been pledged with licensed banks for bank borrowings granted to the Group as disclosed in Note 13.

8. DEFERRED TAXATION

| | As at | | | |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM |
| Balance as at beginning of financial year/period | (40,000) | 412,000 | (46,000) | (46,000) |
| Recognised in profit or loss | | | | |
| - Current financial year/period | 490,603 | (537,637) | - | - |
| - Over/(Under) provision in previous year | <u>(38,603)</u> | <u>79,637</u> | <u>-</u> | <u>-</u> |
| Balance as at end of financial year/period | <u>412,000</u> | <u>(46,000)</u> | <u>(46,000)</u> | <u>(46,000)</u> |
| Presented after appropriate offsetting as follows: | | | | |
| - Deferred tax assets | 431,000 | - | - | - |
| - Deferred tax liabilities | <u>(19,000)</u> | <u>(46,000)</u> | <u>(46,000)</u> | <u>(46,000)</u> |
| | <u>412,000</u> | <u>(46,000)</u> | <u>(46,000)</u> | <u>(46,000)</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

8. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities:

Deferred tax liabilities mainly arose from temporary differences from property, plant and equipment.

The balance in the deferred tax liabilities is made up of tax effects of temporary differences arising from:

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|---|------------|------------|---------------------|-----------|
| | Audited | Audited | Audited | Audited |
| | RM | RM | RM | RM |
| Excess of net book value over tax written down value of property, plant and equipment | (79,167) | (191,667) | (191,667) | (191,667) |

Deferred tax assets

The balance in the deferred tax assets is made up of tax effects of temporary differences arising from:

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|---|------------------|------------|---------------------|-----------|
| | Audited | Audited | Audited | Audited |
| | RM | RM | RM | RM |
| Excess of net book value over tax written down value of property, plant and equipment | (193,171) | - | - | - |
| Unutilised capital allowances | 229,963 | - | - | - |
| Unutilised tax losses | 1,759,042 | - | - | - |
| | <u>1,795,834</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Deferred tax assets are recognised for unutilised tax losses and unutilised capital allowance of Teladan Setia to the extent that realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets have been recognised in respect of the above items because that the future taxable profit will be available against which the Group can utilise benefits there from.

The availability of the unused tax losses, unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to the provisions of the Income Tax Act, 1967.

13. ACCOUNTANTS' REPORT (Cont'd)

9. TRADE AND OTHER RECEIVABLES

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|--|--------------------|--------------------|---------------------|--------------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Trade | | | | |
| Third parties | 42,442,719 | 53,201,144 | 17,088,684 | 22,270,147 |
| Non-trade | | | | |
| Other receivables | 4,098,261 | 1,637,877 | 1,148,120 | 566,376 |
| Deposits | 5,194,392 | 16,387,741 | 9,221,835 | 10,974,039 |
| Prepayments | 38,607 | 35,300 | 205,274 | 205,274 |
| Interest receivables | 35,399 | 80,256 | 78,451 | 294,163 |
| Amount due by related party | 17,851 | 152,275 | - | - |
| | 9,384,510 | 18,293,449 | 10,653,680 | 12,039,852 |
| Total trade and other receivables | 51,827,229 | 71,494,593 | 27,742,364 | 34,309,999 |
| Trade and other receivables (excluding non- financial assets) | 51,788,622 | 71,459,293 | 27,537,090 | 34,104,725 |
| Add: Cash and cash equivalents (Note 11) | 69,700,689 | 85,234,078 | 92,296,801 | 75,565,793 |
| Total financial assets at amortised cost | 121,489,311 | 156,693,371 | 119,833,891 | 109,670,518 |

(a) In year 2017 and 2018 the amount due by related party, refers to a company in which a director of the Group is also a director and has financial interest was advances which were unsecured, interest free and recoverable on demand.

(b) Included in the deposits of RM2,154,545 (2019: RM2,753,721; 2018: RM11,518,119; 2017: Nil) paid for the purchase of eight parcel of freehold land and leasehold land.

13. ACCOUNTANTS' REPORT (Cont'd)**9. TRADE AND OTHER RECEIVABLES (CONTINUED)**

(c) The ageing analysis of trade receivables are as follows:

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|--------------------------------|-------------------|-------------------|---------------------|-------------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Not past due | 13,066,194 | 20,044,509 | 7,558,783 | 9,759,749 |
| Past due 1-30 days | 14,929,782 | 5,271,350 | 4,507,645 | 6,574,276 |
| Past due 31 to 120 days | 9,594,023 | 22,867,904 | 3,190,465 | 4,657,964 |
| Past due more than 120 days | 4,852,720 | 5,017,381 | 1,831,791 | 1,278,158 |
| | <u>42,442,719</u> | <u>53,201,144</u> | <u>17,088,684</u> | <u>22,270,147</u> |

(d) The ageing analysis of trade receivables are as follows:

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records.

(e) Information on financial risks of trade and other receivables are disclosed in Note 30.

13. ACCOUNTANTS' REPORT (Cont'd)

10. CONTRACT ASSETS AND CONTRACT LIABILITIES

| | As at | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 |
| | Audited | Audited | Audited | Audited |
| | RM | RM | RM | RM |
| Contract assets | | | | |
| Balance as at beginning of year/period | 4,759,415 | 33,831,923 | 16,279,594 | 56,869,773 |
| Transfer from contract liabilities | - | (10,267,338) | - | - |
| Add: Revenue recognised in the year/period | 332,957,643 | 259,141,151 | 232,988,035 | 100,028,442 |
| Less: Billing during the year/period | <u>(303,885,135)</u> | <u>(266,426,142)</u> | <u>(192,397,856)</u> | <u>(111,396,434)</u> |
| Balance at end of year/period | <u>33,831,923</u> | <u>16,279,594</u> | <u>56,869,773</u> | <u>45,501,781</u> |
| Contract cost | | | | |
| Balance as at beginning of year/period | 8,781,786 | 1,331,114 | 946,188 | 4,181,800 |
| Add: Contract cost incurred in the year/period | 7,076,423 | 6,376,705 | 5,588,711 | 1,307,517 |
| Less: Amortisation for the year/period | <u>(14,527,095)</u> | <u>(6,761,631)</u> | <u>(2,353,099)</u> | <u>(1,829,788)</u> |
| Balance at end of year/period | <u>1,331,114</u> | <u>946,188</u> | <u>4,181,800</u> | <u>3,659,529</u> |
| Contract liabilities | | | | |
| Balance as at beginning of year/period | - | (10,267,338) | - | - |
| Transfer to contract assets | - | 10,267,338 | - | - |
| Add: Revenue recognised in the year/period | 26,553,206 | - | - | - |
| Less: Billing during the year/period | <u>(36,820,544)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at end of year/period | <u>(10,267,338)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Represented by: | | | | |
| Contract assets and contract costs | 35,163,037 | 17,225,782 | 61,051,573 | 49,161,310 |
| Contract liabilities | <u>(10,267,338)</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Contract costs comprises the following costs which were resulted from obtaining contracts:

- sales commission paid to intermediaries; and
- expenses borne on behalf of customers (i.e. legal fees and other expenses).

Sales commission paid to intermediaries are amortised cost of sales when the related revenues are recognised.

Expenses borne on behalf of customers are considered as consideration payable to customers and are amortised against revenue when the related revenues are recognised.

13. ACCOUNTANTS' REPORT (Cont'd)**11. CASH AND CASH EQUIVALENTS**

| | 31.12.2017 | 31.12. 2018 | As at 31.12.2019 | 30.9.2020 | 30.9.2019 |
|---|-------------|--------------|---------------------|--------------|--------------|
| | Audited | Audited | Audited | Audited | Unaudited |
| | RM | RM | RM | RM | RM |
| Cash and bank balances | 61,080,533 | 48,078,638 | 46,635,280 | 19,426,355 | 43,645,815 |
| Fixed deposits placed with licensed banks | 8,620,156 | 14,293,892 | 13,715,691 | 25,339,344 | 14,184,389 |
| Short-term investment | - | 22,861,548 | 31,945,830 | 30,800,094 | 34,863,575 |
| Balance as stated in the Statements of Financial Position | 69,700,689 | 85,234,078 | 92,296,801 | 75,565,793 | 92,693,779 |
| Less: Bank overdrafts | (4,640,529) | (3,859,959) | (4,745,215) | (5,427,707) | (1,504,999) |
| Fixed deposits pledged with licensed banks | (2,334,287) | (12,623,891) | (12,780,307) | (13,840,460) | (12,472,926) |
| Fixed deposits mature in more than three months | (759,098) | (783,163) | (808,840) | (337,260) | (805,463) |
| Balance for Statements of Cash Flows purposes | 61,966,775 | 67,967,065 | 73,962,439 | 55,960,366 | 77,910,391 |

- (a) Included in cash and bank balances of the Group are amounts of RM13,042,002 (2019: RM25,938,219; 2018: RM35,080,331; 2017: RM40,534,017) held under the Housing Development Accounts ("HDA") pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966. These HDA accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Group in accordance with the provisions of the Act.
- (b) Fixed deposits of the Group have maturity periods of 1 to 15 months (2019, 2018 and 2017: 1 to 15 months). The effective interest rates of the fixed deposits are between 1.61% to 3.97% (2019: 2.85% to 4.20%; 2018: 3.10% to 4.20%; 2017: 2.95% to 4.15%) per annum.
- (c) Included in fixed deposits with licensed banks is an amount of RM13,039,460 (2019: RM12,780,307; 2018: RM12,623,891; 2017: RM2,334,287) pledged to licensed banks for bank facilities granted to the Group.
- (d) Short-term funds represent investment in highly liquid money market, which is readily convertible to a known amount of cash. The effective interest rate of the Company is 1.87% (2019: 3.52%; 2018: 3.59%) per annum.

13. ACCOUNTANTS' REPORT (Cont'd)

12. SHARE CAPITAL

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|---------------------------------------|------------------|------------------|---------------------|------------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Issued and fully paid | | | | |
| Ordinary shares | | | | |
| At beginning of financial year/period | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,002 |
| Incorporation of TSG | - | - | 2 | - |
| At end of financial year/period | <u>3,750,000</u> | <u>3,750,000</u> | <u>3,750,002</u> | <u>3,750,002</u> |

13. BANK BORROWINGS

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|------------------------------|--------------------|-------------------|---------------------|--------------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Non-current | | | | |
| Term loans | <u>86,058,067</u> | <u>67,964,841</u> | <u>105,912,564</u> | <u>104,686,300</u> |
| Current | | | | |
| Term loans | 7,748,431 | 12,449,189 | 17,716,697 | 13,482,828 |
| Bank overdrafts | 4,640,529 | 3,859,959 | 4,745,215 | 5,427,707 |
| Bridging loans | <u>2,421,401</u> | <u>-</u> | <u>-</u> | <u>2,707,543</u> |
| | <u>14,810,361</u> | <u>16,309,148</u> | <u>22,461,912</u> | <u>21,618,078</u> |
| Total bank borrowings | <u>100,868,428</u> | <u>84,273,989</u> | <u>128,374,476</u> | <u>126,304,378</u> |

- (a) Term loans, bank overdrafts and bridging loans of the Group are secured by legal charges over certain of the Group's property, plant and equipment, land held for property development and property development costs respectively disclosed in Notes 5 and Note 7. Term loans and bank overdrafts are guaranteed jointly and severally by the directors of the Group. The discharge of the directors' personal guarantee shall be upon successful listing of Teladan Setia Group Berhad on ACE market of Bursa Malaysia.
- (b) Term loans interest are payable between 3.32% to 7.91% per annum (2019: 4.88% to 8.27%; 2018: 4.88% to 8.57%; 2017: 4.61% to 8.30%). The loans are repayable by monthly instalments of various amount each, inclusive of interest. Bank overdrafts interests are payable at 7.14% per annum (2019: 8.27%; 2018: 8.27% to 8.88%; 2017: 8.00% to 8.61%) and repayable on demand.
- (c) The bridging loans bear effective interest rate of 4.57% per annum (2019 and 2018: Nil; 2017: 9.31%).

13. ACCOUNTANTS' REPORT (Cont'd)**14. FINANCE LEASE LIABILITIES**

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|---|----------------|----------------|---------------------|----------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Future minimum hire purchase repayments | | | | |
| - Not later than one year | 366,416 | 197,679 | 237,064 | 191,256 |
| - Later than one year and not later than five years | 161,551 | 223,312 | 405,308 | 282,350 |
| Less: Future interest charges | (47,831) | (40,411) | (56,680) | (33,081) |
| Present value of hire purchase liabilities | <u>480,136</u> | <u>380,580</u> | <u>585,692</u> | <u>440,525</u> |
| Repayable as follows: | | | | |
| Current | | | | |
| - Not later than one year | 333,301 | 180,200 | 216,230 | 180,479 |
| Non-current | | | | |
| - Later than one year and not later than five years | <u>146,835</u> | <u>200,380</u> | <u>369,462</u> | <u>260,046</u> |
| | <u>480,136</u> | <u>380,580</u> | <u>585,692</u> | <u>440,525</u> |

The annual effective interest rates of the finance lease liabilities range from 4.49% to 4.86% (2019: 4.49% to 5.02%; 2018: 4.49% to 5.02%; 2017: 4.76% to 5.02%) per annum.

13. ACCOUNTANTS' REPORT (Cont'd)

15. TRADE AND OTHER PAYABLES

| | As at | | | |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM |
| Trade | | | | |
| Third parties | 8,570,725 | 13,056,851 | 18,916,986 | 15,916,725 |
| Retention sum payables | 23,136,586 | 17,516,037 | 20,143,485 | 14,281,516 |
| Accrued development costs | 15,413,312 | 8,773,951 | 6,488,990 | 1,640,623 |
| | <u>47,120,623</u> | <u>39,346,839</u> | <u>45,549,461</u> | <u>31,838,864</u> |
| Non-trade | | | | |
| Other payables | 3,125,071 | 6,157,071 | 6,584,258 | 5,553,307 |
| Dividend payable | - | 26,200,000 | 13,700,000 | - |
| Accrued expenses | 7,080,131 | 3,516,199 | 2,561,414 | 306,714 |
| Deposits received | 1,533,110 | 919,282 | 463,198 | 341,034 |
| Amount due to related party | 13,502,600 | - | - | - |
| | <u>25,240,912</u> | <u>36,792,552</u> | <u>23,308,870</u> | <u>6,201,055</u> |
| Total trade and other payables | <u>72,361,535</u> | <u>76,139,391</u> | <u>68,858,331</u> | <u>38,039,919</u> |
| Trade and other payables | 72,361,535 | 76,139,391 | 68,858,331 | 38,039,919 |
| Add: | | | | |
| - Lease liabilities (Note 6) | - | 533,413 | 448,940 | 314,734 |
| - Bank borrowings (Note 13) | 100,868,428 | 84,273,989 | 128,374,476 | 126,304,378 |
| - Finance lease liabilities (Note 14) | 480,136 | 380,580 | 585,692 | 440,525 |
| Total financial liabilities carried at amortised cost | <u>173,710,099</u> | <u>161,327,373</u> | <u>198,267,439</u> | <u>165,099,556</u> |

In year 2017, the amounts due to a related party a company in which a director of the Group is also a director and has financial interest was unsecured, interest bearing at 4% per annum and repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)

16. REVENUE

| | Financial years ended | | | 9 months financial period ended | |
|--|-----------------------|--------------------|--------------------|---------------------------------|--------------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 | 30.9.2019 |
| | Audited RM | Audited RM | Audited RM | Audited RM | Unaudited RM |
| Revenue from continuing operations are as follows: | | | | | |
| Sales of | | | | | |
| - recognised over time | 342,048,524 | 215,687,231 | 193,062,970 | 88,710,013 | 150,975,549 |
| - recognised at a point in time | <u>17,462,325</u> | <u>43,453,920</u> | <u>39,925,065</u> | <u>11,318,429</u> | <u>25,481,399</u> |
| | <u>359,510,849</u> | <u>259,141,151</u> | <u>232,988,035</u> | <u>100,028,442</u> | <u>176,456,948</u> |

17. COST OF SALES

| | Financial years ended | | | 9 months financial period ended | |
|--|-----------------------|--------------------|--------------------|---------------------------------|--------------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 | 30.9.2019 |
| | Audited RM | Audited RM | Audited RM | Audited RM | Unaudited RM |
| Cost of sales from continuing operations are as follows: | | | | | |
| - Property development costs | 229,663,783 | 138,788,075 | 123,582,418 | 59,506,766 | 95,655,810 |
| - Cost of inventories | 10,576,505 | 28,555,101 | 28,868,944 | 4,057,578 | 18,667,198 |
| Others | <u>-</u> | <u>109,065</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>240,240,288</u> | <u>167,452,241</u> | <u>152,451,362</u> | <u>63,564,344</u> | <u>114,323,008</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

18. OTHER OPERATING INCOME

| | Financial years ended | | | 9 months financial period ended | |
|---|-----------------------|------------------|------------------|---------------------------------|------------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 | 30.9.2019 |
| | Audited RM | Audited RM | Audited RM | Audited RM | Unaudited RM |
| Other operating income from continuing operations are as follows: | | | | | |
| Deposits forfeiture | 376,617 | 288,405 | 33,771 | 132,870 | 70,021 |
| Gain on disposal of | | | | | |
| - Property, plant and equipment | - | 107,355 | 460,903 | 277,214 | 245,904 |
| - A subsidiary | - | 127,732 | - | - | - |
| Sales of oil palm fresh fruit bunches | - | - | 122,186 | 6,690 | 102,948 |
| Interest income | 1,186,948 | 1,801,930 | 1,698,880 | 1,428,091 | 1,113,078 |
| Rental income | 1,321 | 11,202 | 27,700 | 73,700 | 14,200 |
| Other income | 157,771 | 276,520 | 126,351 | 399,862 | 113,135 |
| | <u>1,722,657</u> | <u>2,613,144</u> | <u>2,469,791</u> | <u>2,318,427</u> | <u>1,659,286</u> |

19. FINANCE COSTS

| | Financial years ended | | | 9 months financial period ended | |
|---|-----------------------|------------------|----------------|---------------------------------|-----------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 | 30.9.2019 |
| | Audited RM | Audited RM | Audited RM | Audited RM | Unaudited RM |
| Finance costs from operations are as follows: | | | | | |
| - Bank overdraft | 539,979 | 377,329 | 199,560 | 314,385 | 121,324 |
| - Term loan interests | 183,613 | 197,049 | 197,586 | 109,401 | 154,138 |
| - Interest expenses on finance leases | 40,880 | 35,396 | 21,252 | 16,299 | 18,487 |
| - Interest expenses on lease liabilities | - | 50,985 | 49,511 | 25,994 | 34,637 |
| - Others | 458,185 | 353,308 | - | - | - |
| | <u>1,222,657</u> | <u>1,014,067</u> | <u>467,909</u> | <u>466,079</u> | <u>328,586</u> |

13. ACCOUNTANTS' REPORT (Cont'd)**20. PROFIT BEFORE TAXATION**

Profit before taxation from continuing operations is stated at after charging/(crediting):

| | Financial years ended | | | 9 months financial period ended | |
|---|----------------------------|----------------------------|-----------------------------|---------------------------------|------------------------------|
| | 31.12.201 Audited RM | 31.12.201 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM | 30.9.2019 Unaudited RM |
| Auditors' | 90,000 | 101,300 | 90,000 | 45,500 | 45,500 |
| Bad debts written | - | - | 16,400 | 288 | - |
| Depreciation of | | | | | |
| - property, plant and equipment | 1,101,730 | 1,386,797 | 1,155,723 | 768,550 | 829,251 |
| - right-of-use assets | - | 147,663 | 165,544 | 124,594 | 124,013 |
| Property, plant and equipment written off | 1,198,946 | 5,466 | - | - | - |
| Loss/(Gain) on disposal | | | | | |
| - property, plant and equipment | 62,309 | (107,355) | (459,242) | (277,214) | (244,243) |
| - a subsidiary | - | (127,732) | - | - | - |

21. TAXATION

| | Financial years ended | | | 9 months financial period ended | |
|---|-----------------------------|-----------------------------|-----------------------------|---------------------------------|------------------------------|
| | 31.12.2017 Audited RM | 31.12.2018 Audited RM | 31.12.2019 Audited RM | 30.9.2020 Audited RM | 30.9.2019 Unaudited RM |
| Taxation from continuing operations are as follows: | | | | | |
| Current financial | | | | | |
| - income tax | 18,798,219 | 16,539,946 | 13,795,000 | 6,621,000 | 11,935,000 |
| - deferred tax | (490,603) | 537,637 | - | - | - |
| (Over)/Under provision in previous financial years | | | | | |
| - income tax | (4,075) | 68,288 | (1,859,861) | (143,985) | 238 |
| - deferred tax | 38,603 | (79,637) | - | - | - |
| | <u>18,342,144</u> | <u>17,066,234</u> | <u>11,935,139</u> | <u>6,477,015</u> | <u>11,935,238</u> |

13. ACCOUNTANTS' REPORT (Cont'd)**21. TAXATION (CONTINUED)**

A reconciliation of income tax expense on the profit before taxation with the applicable statutory income tax rate is as follows:

| | Financial years ended | | | 9 months financial period ended | |
|---|-----------------------|------------|-------------|---------------------------------|------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 | 30.9.2019 |
| | Audited | Audited | Audited | Audited | Unaudited |
| | RM | RM | RM | RM | RM |
| Profit before taxation | 81,245,299 | 65,789,606 | 55,336,851 | 23,779,083 | 45,646,426 |
| Taxation at statutory tax rate of 24% | 19,498,872 | 15,789,505 | 13,280,844 | 5,706,980 | 10,955,142 |
| Tax effects in respect of: | | | | | |
| Non-allowable expenses | 976,497 | 1,288,078 | 514,156 | 914,020 | 979,858 |
| New rate applicable for incremental chargeable income from 24% to 20% | (2,167,753) | - | - | - | - |
| Under/(Over) provision in prior years | | | | | |
| - income tax | (4,075) | 68,288 | (1,859,861) | (143,985) | 238 |
| - deferred tax | 38,603 | (79,637) | - | - | - |
| Total tax expense | 18,342,144 | 17,066,234 | 11,935,139 | 6,477,015 | 11,935,238 |

13. ACCOUNTANTS' REPORT (Cont'd)**22. STAFF COSTS**

| | Financial years ended | | | 9 months financial period ended | |
|---|-----------------------|------------------|------------------|---------------------------------|------------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 | 30.9.2019 |
| | Audited RM | Audited RM | Audited RM | Audited RM | Unaudited RM |
| Staff costs from continuing operations are as follows: | | | | | |
| - Salaries, allowances and bonus | 6,276,528 | 5,518,480 | 4,956,627 | 2,262,149 | 2,395,956 |
| - EPF | 732,922 | 666,559 | 529,023 | 274,559 | 274,044 |
| - SOCSO | 28,234 | 30,066 | 32,312 | 24,886 | 24,197 |
| - Others | 496,978 | 218,502 | 405,987 | 136,709 | 418,708 |
| | <u>7,534,662</u> | <u>6,433,607</u> | <u>5,923,949</u> | <u>2,698,303</u> | <u>3,112,905</u> |
| Directors' remuneration from operations are as follows: | | | | | |
| - Salaries, allowance and bonus | 3,520,000 | 3,680,000 | 4,565,000 | 562,371 | 1,065,000 |
| - Directors' fee | 850,000 | - | 700,000 | 386,000 | 650,000 |
| - EPF | 307,200 | 326,400 | 407,320 | 65,556 | 83,400 |
| | <u>4,677,200</u> | <u>4,006,400</u> | <u>5,672,320</u> | <u>1,013,927</u> | <u>1,798,400</u> |

13. ACCOUNTANTS' REPORT (Cont'd)**23. DIVIDENDS**

| | Financial years ended | | | |
|--|---|--|---|--|
| | 31.12.2017 | | 31.12.2018 | |
| | Dividend per share Audited Sen | Amount of dividend Audited RM | Dividend per share Audited Sen | Amount of dividend Audited RM |
| In respect of the financial year ended 31 December 2017 | | | | |
| Single tier dividend | | | | |
| - First interim | 0.33 | 1,250,000 | | |
| - Second interim | 0.27 | 1,000,000 | | |
| - Third interim | 0.33 | 2,500,000 | | |
| In respect of the financial year ended 31 December 2018 | | | | |
| Single tier dividend | | | | |
| - First interim | | | 0.27 | 1,000,000 |
| - Second interim | | | 0.27 | 3,000,000 |
| - Third interim | | | 0.33 | 26,200,000 |
| | <u>0.93</u> | <u>4,750,000</u> | <u>0.87</u> | <u>30,200,000</u> |

(a) The single tier dividend declared in respect of the financial year ended 31 December 2020 has been paid out in Year 2018 of RM4,000,000, Year 2019 of RM12,500,000 and Year 2020 of RM13,700,000 respectively.

(b) No dividend declared or pay out as at 31 December 2019 and 30 September 2020.

13. ACCOUNTANTS' REPORT (Cont'd)

24. DISCONTINUED OPERATION/DISPOSAL OF A SUBSIDIARY

On 31 December 2018, the Group entered into an agreement to dispose of a subsidiary, Widenote. Widenote is principally engage in the provision of lodging services. This decision is consistent with the Group's strategy to focus on its main core businesses in property development. The disposal was completed during the financial year ended 2018.

Effects of disposal on the financial position of the Group

| | 2018 Audited RM |
|--|-----------------------|
| Property, plant and equipment | 113,812 |
| Inventories | 601 |
| Trade receivables, deposit and prepayments | 33,969 |
| Cash and cash equivalents | 356,954 |
| Trade and other payables | <u>(633,067)</u> |
| Net liabilities | <u>(127,731)</u> |
| Gain on disposal to the Group | <u>127,732</u> |
| Consideration received, satisfied in cash | 1 |
| Cash and cash equivalents disposed of | <u>(356,954)</u> |
| Net cash outflows | <u>(356,953)</u> |

Results of discontinued operation/disposal of a subsidiary

| | 2017 Audited RM | 2018 Audited RM |
|-------------------------|-----------------------|-----------------------|
| Revenue | 4,500 | 1,270,427 |
| Expenses | <u>(3,114)</u> | <u>(1,041,926)</u> |
| Gross profit | 1,386 | 228,501 |
| Other income | - | 8,211 |
| Administrative expenses | <u>(27,007)</u> | <u>(338,823)</u> |
| Loss before taxation | (25,621) | (102,111) |
| Tax expense | <u>-</u> | <u>-</u> |
| Loss for the year | <u>(25,621)</u> | <u>(102,111)</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

24. DISCONTINUED OPERATION/DISPOSAL OF A SUBSIDIARY (CONTINUED)

Loss before taxation for discontinued operation/disposal of a subsidiary is stated after charging:

| | 2017 Audited RM | 2018 Audited RM |
|---|-----------------------|-----------------------|
| Depreciation of property, plant and equipment | 1,381 | 12,282 |
| Staff costs | 6,906 | 153,950 |

Cash flows from discontinued operation/disposal of a subsidiary

| | 2017 Audited RM | 2018 Audited RM |
|------------------------|-----------------------|-----------------------|
| Net cash from | | |
| - operating activities | 165,814 | 318,614 |
| - investing activities | (99,013) | (28,462) |
| - financing activities | - | - |
| Effect on cash flows | 66,801 | 290,152 |

13. ACCOUNTANTS' REPORT (Cont'd)

25. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Midwest

On 20 March 2017, the Company has completed the acquisition of subsidiary, Midwest, with 94% equity interest for a consideration of RM235,000.

The effect of the acquisition of the subsidiary on the combined statements of profit or loss and other comprehensive income of the Group between the date of acquisition and the end of the financial year ended 2017 were as follows:

| | 2017 Audited RM |
|--|-----------------------|
| Revenue | - |
| Cost of sales | - |
| Gross profit | - |
| Administrative expenses | (5,656) |
| Loss before taxation | (5,656) |
| Taxation | - |
| Non-controlling interest | 339 |
| Loss for the financial year/Increase in Group's loss attributable to owners of the Group | <u>(5,317)</u> |

The effects of the acquisition of the subsidiary on the combined statement of financial position at year ended 2017 were as follows:

| | 2017 Audited RM |
|---------------------------------|-----------------------|
| Cash and bank balances | 264,985 |
| Trade and other payables | (15,612) |
| Increased in Group's net assets | <u>249,373</u> |

The fair value of identifiable assets and liabilities of the subsidiary acquired at the date of acquisition and the cost of business combination were:

| | 2017 Audited RM |
|--|-----------------------|
| Cash and bank balances | 264,985 |
| Trade and other payables | (15,612) |
| Net asset acquired | 249,373 |
| Goodwill arising from consolidation | (14,373) |
| Cost of investment | 235,000 |
| Less : Cash and Cash equivalents | (264,985) |
| Cash flow on acquisition, net of cash and cash equivalents | <u>(29,985)</u> |

Midwest Pavilion Sdn Bhd has been strike off from the register of Companies Commission of Malaysia on 1 July 2019.

13. ACCOUNTANTS' REPORT (Cont'd)

25. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of Widenote

On 27 March 2017, the Company acquired 100% equity interest in a subsidiary, Widenote for a total consideration of RM1.

The effect of the acquisition of the subsidiary on the combined statements of profit or loss and other comprehensive income of the Group was not presented in view of immateriality.

On 31 December 2018, the Group entered into an agreement for the disposal of its subsidiary, Widenote. Widenote is involved in the provision of lodging services. The decision is consistent with the Group's strategy to focus on its main core businesses in property development. As a result, the financial results of Widenote is presented as discontinued operation for the financial year ended 2018.

26. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group.

The Group has related party relationship with its subsidiary, related companies and directors.

Key management personnel compensation

Key management personal compensation consists of directors' remuneration as disclosed in Note 22.

27. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment in Malaysia, namely developer which comprise development of residential and commercial properties

Major customers

There is no single customer that contributed 10% or more to the Group's revenue.

13. ACCOUNTANTS' REPORT (Cont'd)**28. CAPITAL COMMITMENTS**

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|---|---------------|---------------|---------------------|---------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Land held for property development | | | | |
| Authorised but not contracted for | - | - | 12,752,364 | 15,190,000 |
| Authorised and contracted for | - | 78,244,441 | 21,233,860 | 33,429,428 |
| Freehold land | | | | |
| Authorised but not contracted for | - | - | - | 4,366,184 |
| Acquisition of Polyintan | | | | |
| Authorised and contracted for | - | - | - | 11,467,872 |

29. CONTINGENT LIABILITIES

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|--|---------------|---------------|---------------------|---------------|
| | Audited RM | Audited RM | Audited RM | Audited RM |
| Bank guarantee for deposits with the housing and local authorities as well as utilities provider | 5,063,498 | 14,709,396 | 14,532,096 | 19,020,722 |

30. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

Trade and other receivables (excluding prepayments) and cash and cash equivalents are categorised as financial assets at amortised cost (Note 9) while trade and other payables, bank borrowings, lease liabilities and finance lease liabilities are categorised as financial liabilities carried at amortised cost (Note 15).

(b) Financial risk management objectives and policies

The Group's financial risk management objectives are to optimise value creation for shareholders whilst minimising the potential adverse effects on the performance of the Group.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to the following risks. Information on the management of the related exposures are detailed below.

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

13. ACCOUNTANTS' REPORT (Cont'd)

30. FINANCIAL INSTRUMENTS

(b) Financial risk management objectives and policies (continued)

(i) Credit risk

Receivables and Contract assets

Credit risk arises when sales are made on deferred credit terms. The Group's controls these risks by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with good collection track record with the Group. Management will continuously monitor closely the trade receivables which are past due.

Credit risk arising from property development

The Group does not have any significant credit risk from its property development activities as its services and products are predominantly rendered and sold to a large number of property purchasers using financing from reputable end-financiers.

Trade receivables are monitored on an on-going basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does the Group have any major concentration of credit risk related to any financial instruments. Credit risk with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group in the event of default.

Credit risk arising from other activities of the Group

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers. The Group's historical experience in collection of trade receivables fall within the recorded allowances. Due to these factors, no additional credit risk beyond amounts allowed for collections losses is inherent in the Group's trade receivables.

Credit risk arising from deposits with licensed banks

Concentration of credit risk arising from deposits with licensed banks is limited as bank deposits are held with banks with strong financial strength.

Credit risk arising from corporate guarantee

The corporate guarantee and undertakings are provided by the Group to banks to secure borrowings of certain subsidiaries. The Group monitor the financial performance (including the timeliness of loan repayments) of the subsidiaries on an on-going basis.

13. ACCOUNTANTS' REPORT (Cont'd)**30. FINANCIAL INSTRUMENTS****(b) Financial risk management objectives and policies (continued)****(i) Credit risk (continued)****Credit risk arising from corporate guarantee (continued)**

The maximum credit risk that the Group are exposed to, amounted to:

| | As at | | | |
|---------------------|------------------|------------------|------------------|------------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 |
| | Audited | Audited | Audited | Audited |
| | RM | RM | RM | RM |
| Financial guarantee | <u>2,191,854</u> | <u>1,794,123</u> | <u>7,483,208</u> | <u>6,056,512</u> |

representing the maximum amount of the Group could pay if the guarantees were called on.

Generally, the Group consider the financial guarantee to be of low credit risk as the guarantees are provided as credit enhancement to the subsidiaries secured borrowings.

As at the reporting date, there was no loss allowance for impairment as determined by the Group for the financial guarantee.

The fair value of the above financial guarantees has not been recognised since the fair value on initial recognition was not material.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Contract assets

For contract assets and contract costs, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

| | As at | | | |
|-----------------|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2017 | 31.12.2018 | 31.12.2019 | 30.9.2020 |
| | Audited | Audited | Audited | Audited |
| | RM | RM | RM | RM |
| Contract assets | <u>35,163,037</u> | <u>17,225,782</u> | <u>61,051,573</u> | <u>49,161,310</u> |

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categories the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions.

13. ACCOUNTANTS' REPORT (Cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

31.12.2017

| GROUP | Carrying amount RM | Contractual interest rate/coupon | Contractual cash flows | | | |
|---------------------------|-----------------------|----------------------------------|------------------------|-------------------|-------------------------|-------------------------|
| | | | Under 1 year RM | 2-5 years RM | More than 5 years RM | More than 5 years RM |
| <u>Audited</u> | | | | | | |
| Trade and other payables | 72,361,535 | - | 58,178,687 | 14,182,848 | - | - |
| Bank borrowings | 100,868,428 | 4.61% - 8.30% | 16,468,572 | 60,661,280 | 27,939,696 | 27,939,696 |
| Finance lease liabilities | 480,136 | 4.76% - 5.02% | 366,416 | 161,551 | - | - |
| | 173,710,099 | | 177,959,050 | 75,013,675 | 75,005,679 | 27,939,696 |

31.12.2018

| GROUP | Carrying amount RM | Contractual interest rate/coupon | Contractual cash flows | | | |
|---------------------------|-----------------------|----------------------------------|------------------------|-------------------|-------------------------|-------------------------|
| | | | Under 1 year RM | 2-5 years RM | More than 5 years RM | More than 5 years RM |
| <u>Audited</u> | | | | | | |
| Trade and other payables | 76,139,391 | - | 63,263,353 | 12,876,038 | - | - |
| Bank borrowings | 84,273,989 | 4.88% - 8.57% | 13,715,512 | 47,031,895 | 45,565,313 | 45,565,313 |
| Finance lease liabilities | 380,580 | 4.49% - 5.02% | 197,679 | 223,312 | - | - |
| Lease liabilities | 533,413 | 7.72% | 209,400 | 426,900 | - | - |
| | 161,327,373 | | 183,509,402 | 60,558,145 | 45,565,313 | 45,565,313 |

13. ACCOUNTANTS' REPORT (Cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

| | 31.12.2019 | | | | | | |
|---------------------------|------------|-----------------------|-------------------------------------|------------------------------|--------------------|-------------------|----------------------------|
| GROUP | | Carrying amount RM | Contractual interest rate/coupon | Contractual cash flows RM | Under 1 year RM | 2-5 years RM | More than 5 years RM |
| <i>Audited</i> | | | | | | | |
| Trade and other payables | | 68,858,331 | - | 68,858,331 | 56,979,968 | 11,878,363 | - |
| Bank borrowings | | 128,374,476 | 4.88% - 8.27% | 155,493,179 | 26,326,938 | 74,657,043 | 54,509,198 |
| Finance lease liabilities | | 585,692 | 4.49% - 5.02% | 642,372 | 237,064 | 405,308 | - |
| Lease liabilities | | 448,940 | 7.72% | 527,900 | 213,600 | 314,300 | - |
| | | <u>198,267,439</u> | | <u>225,521,782</u> | <u>83,757,570</u> | <u>87,255,014</u> | <u>54,509,198</u> |
| 30.9.2020 | | | | | | | |
| GROUP | | Carrying amount RM | Contractual interest rate/coupon | Contractual cash flows RM | Under 1 year RM | 2-5 years RM | More than 5 years RM |
| <i>Audited</i> | | | | | | | |
| Trade and other payables | | 38,039,919 | | 38,039,919 | 22,171,536 | 15,868,383 | - |
| Bank borrowings | | 126,304,378 | 3.32% - 7.91% | 145,274,165 | 23,453,205 | 74,309,998 | 47,510,962 |
| Finance lease liabilities | | 440,525 | 4.49% - 4.86% | 473,606 | 191,256 | 282,350 | - |
| Lease liabilities | | 314,734 | 7.72% | 367,700 | 144,300 | 223,400 | - |
| | | <u>165,099,556</u> | | <u>184,155,390</u> | <u>45,960,297</u> | <u>90,684,131</u> | <u>47,510,962</u> |

In respect of those undiscounted repayment obligations arising from corporate guarantees and undertakings provided by the Group as disclosed in Note 30(b)(i), there was no indication as at reporting date that any subsidiaries would default. In the event of a default by the subsidiaries, the financial guarantees could be called on demand.

13. ACCOUNTANTS' REPORT (Cont'd)**30. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management objectives and policies****(ii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rates and other prices that will affect the Group's financial position or cash flows.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in market interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

| | 31.12.2017 | 31.12.2018 | As at 31.12.2019 | 30.9.2020 |
|----------------------|-------------|------------|---------------------|-------------|
| | Audited | Audited | Audited | Audited |
| | RM | RM | RM | RM |
| Group | | | | |
| Fixed rate | | | | |
| instruments | - | 533,413 | 448,940 | 314,734 |
| Floating rate | | | | |
| instruments | | | | |
| Bank borrowings | 100,868,428 | 84,273,989 | 128,374,476 | 126,304,378 |

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At reporting date, if interest rates had been 100 basis points higher, with all other variables held constant, the Group's profit after tax would have been RM959,913 (2019: RM975,646; 2018: RM640,482; 2017: RM766,600) lower, arising mainly as a result of higher interest expenses on bank overdrafts respectively for the Group. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments. As term loans were obtained from licensed bank at the prevailing market rate, the carrying value of these financial liabilities approximates their fair value.

13. ACCOUNTANTS' REPORT (Cont'd)**32. CAPITAL MANAGEMENT**

The Group's objective when managing capital is to maintain a strong capital and safeguard the Group's ability to continue as a going concern, so as to maintain investor and creditor confidence and to sustain future development of the business. The Group will seek additional capital injection or advances from its shareholders when necessary.

33. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- (i) On 7 October 2020, Teladan Setia entered into a sale and purchase agreement with a third party to purchase a parcel of leasehold land held under PN 55269 Lot 14734, Mukim of Ayer Panas in Melaka for a purchase consideration of RM22,038,100;
- (ii) On 11 November 2020, Teladan Setia entered into a conditional share sale agreement with Polywell Enterprise to acquire the entire equity interest of Polyintan for a total purchase consideration of RM1,825,954. This acquisition is conditional upon Polyintan obtaining a development order for the land that it owns;
- (iii) On 19 November 2020, Teladan Setia entered into a sale and purchase agreement with a third party to purchase a parcel of freehold land held under GM 25 Lot 13253, Mukim of Pringgit in Melaka for a purchase consideration of RM4,455,290;
- (iv) On 11 December 2020, Oriview Realty Sdn Bhd entered into a sale and purchase agreement with a third party to purchase 2 plots of leasehold land held under PN 56988 Lot 14560 and PN 56989 Lot 14561, Mukim of Telok Mas in Melaka for a purchase consideration of RM15,500,000; and
- (v) The World Health Organisation has declared the 2019 Novel Coronavirus infection ("COVID-19") a global pandemic on 11 March 2020. This was followed by the Government of Malaysia for issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020, arising from the COVID-19 pandemic. The MCO was then subsequently extended until 12 May 2020, followed by Conditional MCO ("CMCO") until 9 June 2020; and then continued with Recovery MCO ("RMCO") until 31 August 2020, which has now been further extended until 31 March 2021.

The COVID-19 pandemic has affected the business operation of the Group, including a temporary halt on all of the development projects during the MCO period in compliance with the directive from the Government Malaysia. Accordingly, the Group financial performance was affected in terms of the delayed revenue recognition for the period of the MCO, resulting lower recognition of revenue and the certification of progress billings. Nevertheless, the Group does not anticipate any liquidated ascertained damages due to the COVID-19 pandemic at this juncture.

Based on the assessment of the Group, there shall be no significant financial impact in respect of the judgements and assumptions used in the preparation of the financial statements for the financial period ended 30 September 2020 arising from the COVID-19 pandemic and the modification of the Housing Development (Control and Licensing Act) 1966 consequential on the passing of COVID-19 Bill. Notwithstanding that, the Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 December 2020, such as expected credit losses of financial assets, write down of inventories to net realisable values and impairment assessments of assets (property, plant and equipment and investments in subsidiaries). As at the date of authorisation of this report, the COVID-19 pandemic situation is still evolving and uncertain. The Group will continue to actively monitor and manage its operations to minimise any impact arising from the COVID-19 pandemic.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION

RSM Malaysia
celebrating **40** years



RSM Malaysia (AF:0768)

Johor Branch
Suite 16-02, Level 16
Menara Landmark
No. 12, Jalan Ngee Heng
80000 Johor Bahru, Johor, Malaysia

T +607 276 2828
F +607 276 2832

www.rsmmalaysia.my

The Board of Directors
Teladan Setia Group Berhad
8 & 10, Tingkat Bawah
Jalan Mutiara Melaka 2
Taman Mutiara Melaka
Batu Berendam
75350 Melaka

Date: 20 January 2021

Dear Sirs,

Report on the compilation of the Pro Forma Statements of Financial Position included in a prospectus

We have completed our assurance engagement to report on the compilation of the Pro Forma Statements of Financial Position of Teladan Setia Group Berhad ("TSG" or "the Company") and its subsidiaries ("TSG Group", "Pro forma group" or "the Group") prepared by the Board of Directors of the Company. The Pro Forma Statements of Financial Position as at 30 September 2020 together with the accompanying notes as set out in Attachment A have been stamped by us for identification purposes ("report"). The Pro Forma Statements of Financial Position has been prepared for inclusion in the prospectus of the Company in connection with the initial public offering ("IPO") and the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Statements of Financial Position are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in Note 1 of the Pro Forma Statements of Financial Position ("Applicable Criteria").

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors for illustrative purposes only, to illustrate the impact of the transactions as set out in Note 1 of the Pro Forma Statements of Financial Position of the Group as at 30 September 2020 had these transactions been effective on 30 September 2020. As part of this process, information about the Group's combined financial position has been extracted by the Directors from the Group audited combined financial statements for the financial period 1 January 2020 to 30 September 2020, on which an audit report dated 20 January 2021 has been issued.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)



The Directors' Responsibility for the Pro Forma Statements of Financial Position

The Board of Directors is responsible for compiling the Pro Forma Statements of Financial Position on the basis described in Note 1 of the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We have complied with the independence requirement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 1 of the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis as set out in Note 1 of the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)



Reporting Accountants' Responsibilities (cont'd)

The purpose of Pro Forma Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 30 September 2020 would have been as presented.

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

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

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

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

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

Opinion

In our opinion, the Pro Forma Statements of Financial Position of the Group have been properly compiled, in all material respects, on the basis as set out in Note 1 of the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

Our report on the Pro Forma Statements of Financial Position have been prepared for inclusion in the Prospectus in connection with the IPO and should not be relied upon for any other purposes.

A handwritten signature in black ink, appearing to read 'RSM Malaysia', is written over a light blue rectangular background.

RSM Malaysia
AF: 0768
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Se Kuo Shen', is written over a light blue rectangular background.

Se Kuo Shen
02949/03/2022 J
Chartered Accountant

Johor Bahru

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES**1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME****1.1 Pro Forma Group**

The Pro Forma Statements of Financial Position of Teladan Setia Group Berhad ("TSG" or "the Company") and its subsidiaries (collectively referred to as "TSG Group", "Pro Forma Group" or "the Group") have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the initial public offering of ordinary shares in the Company and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

1.2 Basis of Preparation

The Pro Forma Statements of Financial Position of the Group have been prepared in a manner consistent with the format of the financial statements and accounting policies adopted by the Group for the financial period 1 January 2020 to 30 September 2020, in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Prospectus Guidelines, except for the adoption of the following new accounting policy:

Merger method of accounting

The Pro Forma Statements of Financial Position are consolidated using the merger method as these companies are under the common control by the same parties both before and after the acquisition of the Group. When the merger method is used, the difference between the cost of investment recorded by TSG and the share capital of the subsidiaries are accounted for as merger deficit in the Pro Forma Statements of Financial Position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

The audited financial statements of the Group as at 30 September 2020 were prepared in accordance with MFRSs and IFRSs and were not subject to any audit qualification.

The Pro Forma Statements of Financial Position, because of its nature, may not reflect the actual financial position of the Group. Further, such information does not predict the future financial position of the Group.

The Pro Forma Statements of Financial Position of the Group as at 30 September 2020, has adjusted for the impact of the Listing Scheme as set out in Note 1.3 of this Pro Forma Statements of Financial Position.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES**1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (CONT'D)****1.3 Listing Scheme****(i) Acquisition**

Acquisition entails acquiring the entire equity interest of Teladan Setia Sdn. Bhd. ("Teladan Setia"), for a total purchase consideration of RM322,119,000, to be satisfied via the issuance of 644,238,000 new ordinary shares.

(ii) Initial Public Offering ("IPO")

The IPO involves a public issue of 161,060,000 new ordinary shares in TSG at an issue/offer price of RM0.48 per share.

(iii) Offer for Sale

There is an Offer for Sale of 40,800,000 shares to identified investors, representing approximately 5% of the Company's enlarged number of shares at a price of RM0.48 per share. This Offer for Sale does not affect the total number of new ordinary shares to be issued in this IPO and the Company will not receive any proceeds from the Offer for Sale.

(iv) Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad

In conjunction with the IPO, the Company would seek the listing of and quotation for its entire enlarged issued share capital comprising 805,298,002 ordinary shares in TSG on the ACE Market of Bursa Malaysia Securities Berhad.

1.4 Utilisation of Proceeds from IPO

Gross proceeds from the IPO of RM77,308,800 are expected to be utilised as follows:

| Details of utilisation | Estimated timeframe for utilisation upon listing | RM |
|---------------------------------|---|-------------------|
| Acquisition of land | Within 36 months | 35,000,000 |
| Working capital | Within 36 months | 33,108,800 |
| Repayment of bank borrowings | Within 3 months | 4,000,000 |
| Estimated listing expenses* | Within 1 month | 5,200,000 |
| Total estimated proceeds | | 77,308,800 |

* The estimated listing expenses for the issue of the new ordinary shares of RM2,254,000 will be offset against share capital and the remaining estimated listing expenses of approximately RM2,946,000 will be expensed off against profit or loss and this represents a one-off expenditure pursuant to the public issue.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES**2. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

The Pro Forma Statements of Financial Position as at 30 September 2020 has been prepared for illustrative purposes only to show the effects on TSG Group as at 30 September 2020 based on the assumption that the Listing Scheme as set out in Note 1.3 of the Pro Forma Statements of Financial Position had been effected on 30 September 2020.

| Note | Statement of Financial Position as at 30 September 2020 | RM | Adjustments for Acquisitions and Subsequent Events | | Pro Forma I After Acquisitions And Subsequent Events | | Adjustments for Public Issue and Offer for Sale | | Pro Forma II After Public Issue and Offer for Sale | | Adjustments for Utilisation of Proceeds from Public Issue | | Pro Forma III After Utilisation of Proceeds from Public Issue | |
|---------------------------|---|---------|--|------------|--|------------|---|-------------|--|-------------|---|--------------|---|----|
| | | | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| ASSETS | | | | | | | | | | | | | | |
| Non-current assets | | | | | | | | | | | | | | |
| 3.1 | Property, plant and equipment | - | 9,003,413 | - | 9,003,413 | - | - | 9,003,413 | - | 9,003,413 | - | - | 9,003,413 | |
| | Right-of-use assets | - | 283,158 | - | 283,158 | - | - | 283,158 | - | 283,158 | - | - | 283,158 | |
| 3.2 | Inventories | - | 222,432,833 | - | 222,432,833 | - | - | 222,432,833 | - | 222,432,833 | - | 35,000,000 | 257,432,833 | |
| | Total non-current assets | - | 231,719,404 | - | 231,719,404 | - | - | 231,719,404 | - | 231,719,404 | - | 35,000,000 | 266,719,404 | |
| Current assets | | | | | | | | | | | | | | |
| 3.2 | Inventories | - | 206,889,553 | - | 206,889,553 | - | - | 206,889,553 | - | 206,889,553 | - | - | 206,889,553 | |
| 3.3 | Trade and other receivables | 169,974 | 31,985,481 | - | 32,155,455 | - | - | 32,155,455 | - | 32,155,455 | - | - | 32,155,455 | |
| | Contract assets | - | 49,161,310 | - | 49,161,310 | - | - | 49,161,310 | - | 49,161,310 | - | - | 49,161,310 | |
| | Current tax assets | - | 830,406 | - | 830,406 | - | - | 830,406 | - | 830,406 | - | - | 830,406 | |
| 3.4 | Cash and cash equivalents | 2 | 59,826,399 | 77,308,800 | 59,826,401 | 77,308,800 | 77,308,800 | 137,135,201 | 137,135,201 | 137,135,201 | (44,200,000) | (44,200,000) | 92,935,201 | |
| | Total current assets | 169,976 | 348,693,149 | 77,308,800 | 348,863,125 | 77,308,800 | 77,308,800 | 426,171,925 | 426,171,925 | 426,171,925 | (44,200,000) | (44,200,000) | 381,971,925 | |
| | Total assets | 169,976 | 580,412,553 | 77,308,800 | 580,582,529 | 77,308,800 | 77,308,800 | 657,891,329 | 657,891,329 | 657,891,329 | (9,200,000) | (9,200,000) | 648,691,329 | |

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES

2. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)

| | Note | Statement of Financial Position as at 30 September 2020 | | Adjustments for Public Issue and Offer for Sale | Pro Forma I After Acquisitions And Subsequent Events | Adjustments for Public Issue and Offer for Sale | Pro Forma II After Public Issue and Offer for Sale | Adjustments for Utilisation of Proceeds from Public Issue | Pro Forma III After Utilisation of Proceeds from Public Issue |
|--------------------------------------|------|---|---------------|---|--|---|--|---|---|
| | | RM | RM | | | | | | |
| EQUITY AND LIABILITIES | | | | | | | | | |
| Equity | | | | | | | | | |
| Share capital | 3.5 | 2 | 322,119,000 | 77,308,800 | 322,119,002 | 77,308,800 | 399,427,802 | (2,254,000) | 397,173,802 |
| Merger deficit | 3.6 | - | (318,369,000) | - | (318,369,000) | - | (318,369,000) | - | (318,369,000) |
| Retained profits | 3.7 | (238,407) | 358,193,885 | - | 357,955,478 | - | 357,955,478 | (2,946,000) | 355,009,478 |
| Total equity | | (238,405) | 361,943,885 | 77,308,800 | 361,705,480 | 77,308,800 | 439,014,280 | (5,200,000) | 433,814,280 |
| LIABILITIES | | | | | | | | | |
| Non-current liabilities | | | | | | | | | |
| Bank borrowings | 3.8 | - | 139,288,627 | - | 139,288,627 | - | 139,288,627 | - | 139,288,627 |
| Lease liabilities | | - | 195,085 | - | 195,085 | - | 195,085 | - | 195,085 |
| Finance lease liabilities | | - | 260,046 | - | 260,046 | - | 260,046 | - | 260,046 |
| Deferred tax liabilities | 3.9 | - | 2,197,815 | - | 2,197,815 | - | 2,197,815 | - | 2,197,815 |
| Total non-current liabilities | | - | 141,941,573 | - | 141,941,573 | - | 141,941,573 | - | 141,941,573 |

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES

2. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)

| | Statement of Financial Position as at 30 September 2020 | Adjustments for Acquisitions and Subsequent Events | Pro Forma I After Acquisitions And Subsequent Events | Adjustments for Public Issue and Offer for Sale | Pro Forma II After Public Issue and Offer for Sale | Adjustments for Utilisation of Proceeds from Public Issue | Pro Forma III After Utilisation of Proceeds from Public Issue |
|--|---|--|---|--|---|--|--|
| Note | RM | RM | RM | RM | RM | RM | RM |
| Current liabilities | | | | | | | |
| Trade and other payables | 408,381 | 49,044,631 | 49,453,012 | - | 49,453,012 | - | 49,453,012 |
| Bank borrowings | - | 24,316,751 | 24,316,751 | - | 24,316,751 | (4,000,000) | 20,316,751 |
| Lease liabilities | - | 119,649 | 119,649 | - | 119,649 | - | 119,649 |
| Finance lease liabilities | - | 180,479 | 180,479 | - | 180,479 | - | 180,479 |
| Current tax liabilities | - | 2,865,585 | 2,865,585 | - | 2,865,585 | - | 2,865,585 |
| Total current liabilities | 408,381 | 76,527,095 | 76,935,476 | - | 76,935,476 | (4,000,000) | 72,935,476 |
| Total liabilities | 408,381 | 218,468,668 | 218,877,049 | - | 218,877,049 | (4,000,000) | 214,877,049 |
| Total equity and liabilities | 169,976 | 580,412,553 | 580,582,529 | 77,308,800 | 657,891,329 | (9,200,000) | 648,691,329 |
| Issued ordinary share capital (Unit) | 2 | 644,238,000 | 644,238,002 | 161,060,000 | 805,298,002 | - | 805,298,002 |
| Net (liabilities)/assets per share (RM) | (119,203) | | 0.56 | | 0.55 | | 0.54 |
| Gearing ratio ⁽¹⁾ | - | | 0.45 | | 0.37 | | 0.37 |
| Net gearing ratio ⁽²⁾ | - | | 0.33 | | 0.09 | | 0.19 |

Notes:

⁽¹⁾ Gearing ratio is calculated as bank borrowings and finance lease liabilities divided by total equity.

⁽²⁾ Net gearing ratio is calculated as bank borrowings and finance lease liabilities less available cash and bank balances divided by total equity.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES

2. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)

(i) Pro Forma I: Acquisitions and Subsequent events

Pro Forma I is stated after entails the following:

- (a) Acquisition entails acquiring the entire equity interest of Teladan Setia, for a total purchase consideration of RM322,119,000, to be satisfied via the issuance of 644,238,000 new ordinary shares.
- (b) The following subsequent events:
 1. On 21 May 2020, Teladan Setia entered into a sale and purchase agreement with a third party to purchase 4 plots of freehold land held under GRN 6720 Lot 34, GM 150 Lot 37, GRN 12906 Lot 39 and GM 151 Lot 40 Mukim Tanjung Minyak in Melaka for a purchase consideration of RM13,146,767 and the transaction has completed on 10 November 2020;
 2. On 7 October 2020, Teladan Setia entered into a sale and purchase agreement with a third party to purchase a parcel of leasehold land held under PN 55269 Lot 14734, Mukim of Ayer Panas in Melaka for a purchase consideration of RM22,038,100;
 3. On 11 November 2020, Teladan Setia entered into a conditional share sale agreement with Polywell Enterprise Sdn Bhd ('Polywell Enterprise') to acquire the entire equity interest of Polyintan Sdn Bhd ('Polyintan') for a total purchase consideration of RM1,825,954. This acquisition is conditional upon Polyintan obtaining a development order for the land that it owns;
 4. On 19 November 2020, Teladan Setia entered into a sale and purchase agreement with a third party to purchase a parcel of freehold land held under GM 25 Lot 13253, Mukim of Pringgit in Melaka for a purchase consideration of RM4,455,290; and
 5. On 11 December 2020, Oriview Realty Sdn Bhd entered into a sale and purchase agreement with a third party to purchase 2 plots of leasehold land held under PN 56988 Lot 14560 and PN 56989 Lot 14561, Mukim of Telok Mas in Melaka for a purchase consideration of RM15,500,000.

(ii) Pro Forma II: Public Issue and Offer for Sale

Pro Forma II is stated after Pro Forma I and entails the issuance of 161,060,000 new TSG Shares at an issue price of RM0.48 per share.

Meanwhile, the Offer for Sale has no impact to the total number of new ordinary shares to be issued in this IPO. Details of the Offer for Sale is as stated in Note 1.3(iii) of the Pro Forma Statements of Financial Position.

(iii) Pro Forma III: Utilisation of Proceeds from Public Issue

Pro Forma III is stated after Pro Forma II and entails the utilisation of proceeds from public issue amounting to RM77,308,800.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A**TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES****3. NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION****3.1 PROPERTY, PLANT AND EQUIPMENT**

The movements of the property, plant and equipment are as follow:

| | RM |
|--|------------------|
| As at 30 September 2020 | - |
| Pursuant to acquisitions and subsequent events | |
| - Acquisition of Teladan Setia | 4,548,123 |
| - Purchase of freehold land | 4,455,290 |
| | <hr/> |
| As per Pro Forma I/II/III | <u>9,003,413</u> |

3.2 INVENTORIES

The movements of the inventories are as follow:

| | RM |
|---|--------------------|
| NON-CURRENT ASSETS | |
| As at 30 September 2020 | - |
| Pursuant to acquisitions and subsequent events | |
| - Acquisition of Teladan Setia | 171,747,966 |
| - Purchases of freehold land and leasehold land | 50,684,867 |
| | <hr/> |
| As per Pro Forma I/II | 222,432,833 |
| Pursuant to utilisation of proceeds from public issue | 35,000,000 |
| | <hr/> |
| As per Pro Forma III | <u>257,432,833</u> |
| | |
| RM | |
| CURRENT ASSETS | |
| As at 30 September 2020 | - |
| Pursuant to acquisitions and subsequent events | |
| - Acquisitions of Teladan Setia and Polyintan | 206,889,553 |
| | <hr/> |
| As per Pro Forma I/II/III | <u>206,889,553</u> |

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A**TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES****3. NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.3 TRADE AND OTHER RECEIVABLES**

The movements of the trade and other receivables are as follow:

| | RM |
|--|-------------------|
| As at 30 September 2020 | 169,974 |
| Pursuant to acquisitions and subsequent events | |
| - Acquisition of Teladan Setia | 32,390,792 |
| - Eliminations of intercompany balances | <u>(405,311)</u> |
| As per Pro Forma I/II/III | <u>32,155,455</u> |

3.4 CASH AND CASH EQUIVALENTS

The movements of the cash and cash equivalents are as follow:

| | RM |
|---|---------------------|
| As at 30 September 2020 | 2 |
| Pursuant to acquisitions and subsequent events | |
| - Acquisition of Teladan Setia | 75,511,012 |
| - Purchases of leasehold land | <u>(15,684,613)</u> |
| As per Pro Forma I | 59,826,401 |
| Pursuant to proceeds from public issue | <u>77,308,800</u> |
| As per Pro Forma II | 137,135,201 |
| Pursuant to utilisation of proceeds from public issue | <u>(44,200,000)</u> |
| As per Pro Forma III | <u>92,935,201</u> |

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES**3. NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.5 SHARE CAPITAL**

The movements of the share capital are as follow:

| | No. of Shares | RM |
|---|--------------------|--------------------|
| As at 30 September 2020 | 2 | 2 |
| Pursuant to issuance of shares to the acquisitions of Teladan Setia | <u>644,238,000</u> | <u>322,119,000</u> |
| As per Pro Forma I | 644,238,002 | 322,119,002 |
| Pursuant to proceeds from public issue | <u>161,060,000</u> | <u>77,308,800</u> |
| As per Pro Forma II | 805,298,002 | 399,427,802 |
| Arising from offsetting of listing expenses* | <u>-</u> | <u>(2,254,000)</u> |
| As per Pro Forma III | <u>805,298,002</u> | <u>397,173,802</u> |

Note:

* The estimated listing expenses for the issue of the new ordinary shares of RM2,254,000 will be offset against share capital and the remaining estimated listing expenses of approximately RM2,946,000 will be expensed off against profit or loss and this represents a one-off expenditure pursuant to the public issue.

3.6 MERGER DEFICIT

The merger deficit arose from the acquisition of Teladan Setia using the merger method of accounting.

The movements of the merger deficit are as follow:

| | RM |
|--|----------------------|
| As at 30 September 2020 | - |
| Pursuant to acquisition of Teladan Setia | <u>(318,369,000)</u> |
| As per Pro Forma I/II/III | <u>(318,369,000)</u> |

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES
3. NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)
3.7 RETAINED PROFITS

The movements of the retained profits are as follow:

| | RM |
|---|---------------------------|
| As at 30 September 2020 | (238,407) |
| Pursuant to acquisitions and subsequent events | |
| - Acquisition of Teladan Setia | <u>358,193,885</u> |
| As per Pro Forma I/II | 357,955,478 |
| Arising from listing expenses charged to profit or loss | <u>(2,946,000)</u> |
| As per Pro Forma III | <u><u>355,009,478</u></u> |

3.8 BANK BORROWINGS

The movements of the bank borrowings are as follow:

| | RM |
|---|---------------------------|
| NON-CURRENT LIABILITIES | |
| As at 30 September 2020 | - |
| Pursuant to acquisitions and subsequent events | |
| - Acquisition of Teladan Setia | 104,686,300 |
| - Purchases of freehold land | <u>34,602,327</u> |
| As per Pro Forma I/II/III | <u><u>139,288,627</u></u> |
| CURRENT LIABILITIES | |
| As at 30 September 2020 | - |
| Pursuant to acquisitions and subsequent events | |
| - Acquisition of Teladan Setia | 21,618,078 |
| - Purchases of freehold land | <u>2,698,673</u> |
| As per Pro Forma I/II | 24,316,751 |
| Pursuant to utilisation of proceeds from public issue | <u>(4,000,000)</u> |
| As per Pro Forma III | <u><u>20,316,751</u></u> |

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION (Cont'd)

Attachment A

TELADAN SETIA GROUP BERHAD AND ITS SUBSIDIARIES**3. NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.9 DEFERRED TAX LIABILITIES**

| | RM |
|---|-------------------------|
| As at 30 September 2020 | - |
| Pursuant to acquisitions of Teladan Setia and Polyintan | <u>2,197,815</u> |
| As per Pro Forma I/II/III | <u><u>2,197,815</u></u> |

3.10 TRADE AND OTHER PAYABLES

The movements of the trade and other payables are as follow:

| | RM |
|--|--------------------------|
| As at 30 September 2020 | 408,381 |
| Pursuant to acquisitions and subsequent events | |
| - Acquisitions of Teladan Setia and Polyintan | 49,449,942 |
| - Eliminations of intercompany balances | <u>(405,311)</u> |
| As per Pro Forma I/II/III | <u><u>49,453,012</u></u> |

15. VALUATION CERTIFICATES

The table below sets out a summary of our material properties which have been valued by the Independent Valuer:

| No. | Property Details | ⁽¹⁾Market value as at 31 August 2019 |
|------------|---|--|
| 1 | Title No. GRN 14999, Lot No. 2308, Mukim of Sungei Udang, District of Melaka Tengah, Melaka A parcel of vacant agricultural land with residential potential | RM7,600,000 |
| 2 | Title Nos. PN 114690 (formerly known as HSD 185534) & HSD 316625, Lot No. 2030 (formerly known as PT 383) & PT 1259, Pekan Baru Sungai Besi, District of Petaling, Selangor Two (2) adjoining parcels of land comprises a parcel of vacant commercial land and a parcel of residential land with commercial potential | RM67,000,000 |
| 3 | Title Nos. GRN 22813, GM 107 & GM 2565 (formerly known as GM 99), Lot Nos. 1137, 66 & 24668 (formerly known as Lot 36), Mukim of Tanjong Minyak, District of Melaka Tengah, Melaka Three (3) parcels of vacant agricultural land with residential potential | RM9,500,000 |
| 4 | Title No. Geran 6772, Lot No. 53, Mukim Tanjong Minyak, District of Melaka Tengah, Melaka A parcel of agricultural land with residential potential | ⁽²⁾ RM72,000,000 |
| 5 | An ongoing Phase 1C, Phase 2, Phase 3 & Phase 4 residential development known as "Taman Desa Bertam" erected on part of Lot 57, PT 17097, PT 17098 & PT 17099, Mukim Tanjong Minyak, District of Melaka Tengah, Melaka An ongoing Phase 1C, Phase 2, Phase 3 & Phase 4 residential development known as "Taman Desa Bertam" | ⁽³⁾ RM90,000,000 |
| 6 | An ongoing serviced apartment development known as "Residensi Mutiara Bali, Kota Syahbandar" (Bali Residences @ Kota Syahbandar) erected on Lot No. 12932, Town Area VI, District of Melaka Tengah, Melaka An ongoing serviced apartment development known as "Residensi Mutiara Bali, Kota Syahbandar" (Bali Residences @ Kota Syahbandar) | RM30,000,000 |
| 7 | An ongoing Phase 2A2 Residential Development known as "Taman Belimbing Setia", Lot Nos. PT 626 to PT 641 (inclusive), PT 654 to PT 669 (inclusive), PT 684 to PT 697 (inclusive) and PT 706 to PT 723 (inclusive), Mukim of Belimbing, District of Alor Gajah, Melaka An ongoing Phase 2A2 guarded residential development known as "Taman Belimbing Setia" comprises sixty four (64)-units of single storey detached houses | RM8,000,000 |

15. VALUATION CERTIFICATES (Cont'd)

| No. | Property Details | ⁽¹⁾Market value as at 31 August 2019 |
|------------|---|--|
| 8 | <p>An ongoing affordable homes development located within "Taman Bertam Setia" erected on Lot Nos. 9931 to 9961 (inclusive), 9974 to 9984 (inclusive) and 9997 to 10031 (inclusive), Mukim Tanjong Minyak, District of Melaka Tengah, Melaka</p> <p>An ongoing affordable homes development within "Taman Bertam Setia" comprises seventy seven (77) units of 1½-storey terraced houses</p> | <p>⁽⁴⁾RM2,500,000</p> |
| 9 | <p>Lot Nos. 7096, 7108, 7109, PT 24384 (formerly Lot No. 7118), 7146, 7150, 7151, 7159, 7166, 7169, 7170, 7171, 7172, 7084 and 31039 (formerly PT 22990), Mukim of Bukit Katil, District of Melaka Tengah, Melaka</p> <p>(All within Taman Saujana Heights, Bukit Katil, Melaka)</p> <p>Thirteen (13) units of double storey detached house and two (2) units of double storey semi-detached house</p> | <p>⁽⁵⁾RM19,870,000</p> |
| 10 | <p>Thirty Seven (37) units of Serviced Apartment located within Pangsapuri Atlantis Kota Syahbandar erected on part of Parent Lot No. 2307, Town Area XLIV (formerly Town Area VI), District of Melaka Tengah, Melaka</p> <p>(Pangsapuri Atlantis Kota Syahbandar, Jalan KSB 11A, Melaka)</p> <p>Thirty seven (37) units of serviced apartment</p> | <p>RM23,290,000</p> |
| 11 | <p>Lot Nos. PT 16358, PT 16364, PT 16374, PT 16396, PT 16400, PT 16415, PT 16420, PT 16700, PT 16873 and PT 16893, Mukim Tanjong Minyak, District of Melaka Tengah, Melaka</p> <p>(All within Taman Desa Bertam, Melaka)</p> <p>Four (4) units of intermediate, two (2) units of corner lot and four (4) units of end lot double storey terraced house</p> | <p>⁽⁶⁾RM4,220,000</p> |
| 12 | <p>Lot Nos. 61937 TO 61944 (inclusive), 61949, 61953, 61955 to 61957 (inclusive), 61959, 61960, 61962, 61964 to 61976 (inclusive) and 61981, Mukim Durian Tunggal, District of Alor Gajah, Melaka</p> <p>(All within Taman Seri Tuah Permai, Melaka)</p> <p>Thirty (30) units of double storey shopoffice comprises:-</p> <ul style="list-style-type: none"> i) Twenty six (26) units of intermediate lot ii) Two (2) units of end lot iii) Two (2) units of corner lot | <p>⁽⁷⁾RM11,690,000</p> |
| 13 | <p>Lot Nos. 24837 to 24840 (inclusive), 24853 to 24863 (inclusive) and 24865 to 24879 (inclusive), Lot Nos. 24896, 24990 and 25047, Lot Nos. 24806 to 24835 (inclusive) and 24880 to 24885 (inclusive), Mukim Tanjong Minyak, District of Melaka Tengah, Melaka</p> <p>(All within Taman Bertam Putra, Melaka)</p> <ul style="list-style-type: none"> i) Thirty (30) units of double storey shopoffice ii) Three (3) units of double storey terraced house iii) Thirty six (36) parcels of vacant commercial terraced plot | <p>⁽⁸⁾RM15,390,000</p> |

15. VALUATION CERTIFICATES (Cont'd)

| No. | Property Details | ⁽¹⁾Market value as at 31 August 2019 |
|------------|--|--|
| 14 | Lot Nos. 8759, 8763 to 8770 (inclusive), Mukim of Merlimau, District of Jasin, Melaka (All within Bandar Baru Merlimau Utara, Merlimau, Melaka) Seven (7) units of double storey intermediate shopoffice and two (2) units of double storey end lot shopoffice | RM2,950,000 |
| 15 | Lot Nos. 8974 to 8981 (inclusive) & 8984 to 8987 (inclusive), Mukim of Cheng, District of Melaka Tengah, Melaka (All within Taman Cheng Setia, Melaka) Eleven (11) units of intermediate and one (1) unit of end lot double storey terraced house | ⁽⁹⁾ RM5,230,000 |

Notes:

- ⁽¹⁾ No updated valuation were conducted as the changes in physical condition, legal ownership including economic and market conditions of our properties which are mainly located in Melaka were not material to warrant an updated valuation of our Group's properties, collectively
- ⁽²⁾ Planning permission was obtained subsequent to the valuation date
- ⁽³⁾ As at LPD, 169 out of 172 units of double storey terraced house under Phase 1C development have been sold and completed
- ⁽⁴⁾ As at LPD, all units under this development have been sold and completed
- ⁽⁵⁾ As at LPD, 13 units have been sold
- ⁽⁶⁾ As at LPD, 7 units have been sold
- ⁽⁷⁾ As at LPD, 7 units have been sold
- ⁽⁸⁾ As at LPD, 1 unit of shopoffice and 2 units of house have been sold
- ⁽⁹⁾ As at LPD, 9 units have been sold

15. VALUATION CERTIFICATES (Cont'd)



Report and Valuation

Our Ref : WTW/01/V/001792/19/TBC

18 December 2019

PRIVATE & CONFIDENTIAL

Teladan Setia Group Berhad
No. 8 & 10, Ground Floor
Jalan Mutiara Melaka 2
Taman Mutiara Melaka
75350 Batu Berendam
Melaka

Dear Sir,

CERTIFICATE OF VALUATION OF FIFTEEN (15) PROPERTIES FOR THE PURPOSE OF SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD IN RELATION TO THE PROPOSED LISTING OF TELADAN SETIA GROUP BERHAD ON THE ACE MARKET

In accordance with the instructions of Teladan Setia Group Berhad, we, C H Williams Talhar & Wong Sdn Bhd, have carried out a valuation on the above mentioned properties as at 31 August 2019 for the proposed listing of Teladan Setia Group Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

This Master Valuation Certificate is prepared for inclusion in the prospectus in relation to the Proposed Listing.

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

For all intents and purposes, this Master Valuation Certificate should be read in conjunction with the full Report and Valuation.

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

We have inspected the subject property and the material date of valuation is taken as as 31 August 2019.

C H Williams Talhar & Wong Sdn Bhd (18149-U)
30-01 30th Floor
Menara Multi-Purpose
8 Jalan Munshi Abdullah
P O Box 12157
50100 Kuala Lumpur
Malaysia

T +(6 03) 2616 8888
F +(6 03) 2616 8899
E kualalumpur@cbre-wtw.com.my
W www.cbre-wtw.com.my

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 2

METHOD OF VALUATION

In arriving at our opinion of Market Values, we have adopted the following Valuation Methodologies.

1. a) Vacant Lands, Commercial Terraced Plots and Serviced Apartment

Direct Comparison Approach

We have adopted the Direct Comparison Approach of Valuation for the above properties. The Comparison Approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape, type of development, plot ratio and other relevant characteristics to arrive at the market value.

b) Terraced Houses, Semi-Detached Houses, Detached Houses and Shopoffices

Indirect Comparison Approach

We have adopted the Indirect Comparison Approach of Valuation for the above properties which entails separate valuations of the land and buildings components to arrive at the market value of the subject property. The Indirect Comparison Approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape, position and other relevant characteristics to arrive at the market value.

2. Shopoffices and Serviced Apartment

Income Approach (Investment Method)

Income Approach (Investment Method) was adopted for Investment Properties. The Income Approach entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

3. Ongoing Developments and Commercial Terraced Plots

Income Approach (Residual Method)

We have adopted the Income Approach (Residual Method). Under the Residual Method, consideration is given to the gross development value of the project deducting there from the estimated costs of development including construction costs, professional fees, contribution to authorities, marketing, administrative and legal fees, financing charge, contingencies and developer's profit. The resultant answer is then deferred over the period of time required for the completion of the project to arrive at the market value.

The Gross Development Value (GDV) refers to the potential sales revenue achievable from the proposed development units. A survey has been carried out on the transactions and selling prices of similar units launched or transacted in the market in order to arrive at the fair and reasonable sale prices of each components of the subject property. Adjustments are then made for differences in location, size, tenure, density, specifications and other relevant characteristics, if any, to arrive at the final proposed sales figure.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 3

METHOD OF VALUATION (Cont'd)

The Gross Development Cost (GDC) include preliminaries, contribution to Syarikat Bekalan Air Selangor (SYABAS), Tenaga Nasional Berhad (TNB), Indah Water Konsortium (IWK) and building plan fees, earthwork and site clearance, building construction costs, infrastructure work costs, finance costs, contribution to relevant authorities, marketing, administrative & legal fees, administration & project management, professional fees, contingencies, and developer's profit. In arriving at the GDC, we have considered and adopted the industry average costs as derived from the analysis of contracts awarded for the construction of similar type development components, client's information and the current cost estimates by quantity surveyors according to (Juru Ukur Bahan Malaysia (JUBM) construction cost handbook).

Legal fees, Agency fees and Marketing is adopted at 3% of total GDV, administration (project management) is at 3% of balance of total construction cost, professional fees at 2.7% to 7% of total construction cost and a contingency of 5% of total cost excluding developer's profit is adopted. The developer's profit is adopted at 10% of GDV for land with affordable home component, 15% to 20% of GDV for commercial terraced plots, ongoing normal development components and development land whereby construction have not commenced. The development period for the properties is between 1 year to 5 years. A discount rate of 8.0% is applied for properties in our valuation.

The table below is a summary of Market Values for the properties valued:-

| No. | Property Details | Market Value |
|-----|--|----------------|
| 1 | Title No. GRN 14999, Lot No. 2308, Mukim of Sungei Udang, District of Melaka Tengah, Melaka A parcel of vacant agricultural land with residential potential (Our Ref : WTW/01/V/001792B/19/MHA) | RM7,600,000/- |
| 2 | Title Nos. PN 114690 (formerly known as HSD 185534) & HSD 316625, Lot No. 2030 (formerly known as PT 383) & PT 1259, Pekan Baru Sungai Besi, District of Petaling, Selangor Two (2) adjoining parcels of land comprises a parcel of vacant commercial land and a parcel of residential land with commercial potential (Our Ref : WTW/01/V/001792C/19/MHA) | RM67,000,000/- |
| 3 | Title Nos. GRN 22813, GM 107 & GM 2565 (formerly known as GM 99), Lot Nos. 1137, 66 & 24668 (formerly known as Lot 36), Mukim of Tanjong Minyak, District of Melaka Tengah, Melaka Three (3) parcels of vacant agricultural land with residential potential (Our Ref : WTW/01/V/001792D/19/MHA) | RM9,500,000/- |
| 4 | Title No. Geran 6772, Lot No. 53, Mukim Tanjong Minyak, District of Melaka Tengah, Melaka A parcel of agricultural land with residential potential (Our Ref : WTW/01/V/001792E/19/AH) | RM72,000,000/- |
| 5 | An Ongoing Phase 1C, Phase 2, Phase 3 & Phase 4 Residential Development known as "Taman Desa Bertam" erected on part of Lot 57, PT 17097, PT 17098 & PT 17099, Mukim Tanjong Minyak, District of Melaka Tengah, Melaka An ongoing Phase 1C, Phase 2, Phase 3 & Phase 4 residential development known as "Taman Desa Bertam" (Our Ref : WTW/01/V/001792A/19/AH) | RM90,000,000/- |

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 4

| No. | Property Details | Market Value |
|-----|---|----------------|
| 6 | An ongoing serviced apartment development known as "Residensi Mutiara Bali, Kota Syahbandar" (Bali Residences @ Kota Syahbandar) erected on Lot No. 12932, Town Area VI, District of Melaka Tengah, Melaka An ongoing serviced apartment development known as "Residensi Mutiara Bali, Kota Syahbandar" (Bali Residences @ Kota Syahbandar) (Our Ref : WTW/01/V/001792F/19/SIA) | RM30,000,000/- |
| 7 | An Ongoing Phase 2A2 Residential Development known as "Taman Belimbing Setia", Lot Nos. PT 626 to PT 641 (inclusive), PT 654 to PT 669 (inclusive), PT 684 to PT 697 (inclusive) and PT 706 to PT 723 (inclusive), Mukim of Belimbing, District of Alor Gajah, Melaka An ongoing Phase 2A2 guarded residential development known as "Taman Belimbing Setia" comprises sixty four (64)-units of single storey detached houses (Our Ref : WTW/01/V/001792H/19/MHA) | RM8,000,000/- |
| 8 | An Ongoing Affordable Homes Development located within "Taman Bertam Setia" erected on Lot Nos. 9931 to 9961 (inclusive), 9974 to 9984 (inclusive) and 9997 to 10031 (inclusive), Mukim Tanjong Minyak, District of Melaka Tengah, Melaka An ongoing affordable homes development within "Taman Bertam Setia" comprises seventy seven (77) units of 1½-storey terraced houses (Our Ref : WTW/01/V/001792I/19/MHA) | RM2,500,000/- |
| 9 | Lot Nos. 7096, 7108, 7109, PT 24384 (formerly Lot No. 7118), 7146, 7150, 7151, 7159, 7166, 7169, 7170, 7171, 7172, 7084 and 31039 (formerly PT 22990), Mukim of Bukit Katil, District of Melaka Tengah, Melaka (All within Taman Saujana Heights, Bukit Katil, Melaka) Thirteen (13) units of double storey detached house and two (2) units of double storey semi-detached house (Our Ref : WTW/06/V/002778/19/MTT) | RM19,870,000/- |
| 10 | Thirty Seven (37) units of Serviced Apartment located within Pangsapuri Atlantis Kota Syahbandar erected on part of Parent Lot No. 2307, Town Area XLIV (formerly Town Area VI), District of Melaka Tengah, Melaka (Pangsapuri Atlantis Kota Syahbandar, Jalan KSB 11A, Melaka) Thirty seven (37) units of serviced apartment (Our Ref : WTW/06/V/002778(A)/19/ARA) | RM23,290,000/- |
| 11 | Lot Nos. PT 16358, PT 16364, PT 16374, PT 16396, PT 16400, PT 16415, PT 16420, PT 16700, PT 16873 and PT 16893, Mukim Tanjong Minyak, District of Melaka Tengah, Melaka (All within Taman Desa Bertam, Melaka) Four (4) units of intermediate, two (2) units of corner lot and four (4) units of end lot double storey terraced house (Our Ref : WTW/06/V/002778(B)/19/TAL) | RM4,220,000/- |
| 12 | Lot Nos. 61937 TO 61944 (inclusive), 61949, 61953, 61955 to 61957 (inclusive), 61959, 61960, 61962, 61964 to 61976 (inclusive) and 61981, Mukim Durian Tunggal, District of Alor Gajah, Melaka (All within Taman Seri Tuah Permai, Melaka) Thirty (30) units of double storey shopoffice comprises:- i) Twenty six (26) units of intermediate lot ii) Two (2) units of end lot iii) Two (2) units of corner lot (Our Ref : WTW/06/V/002778(C)/19/CHS) | RM11,690,000/- |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 5

| No. | Property Details | Market Value |
|-------------|---|-----------------|
| 13 | Lot Nos. 24837 to 24840 (inclusive), 24853 to 24863 (inclusive) and 24865 to 24879 (inclusive), Lot Nos. 24896, 24990 and 25047, Lot Nos. 24806 to 24835 (inclusive) and 24880 to 24885 (inclusive), Mukim Tanjong Minyak, District of Melaka Tengah, Melaka (All within Taman Bertam Putra, Melaka) i) Thirty (30) units of double storey shopoffice ii) Three (3) units of double storey terraced house iii) Thirty six (36) parcels of vacant commercial terraced plot (Our Ref : WTW/06/V/002778(D)/19/AA) | RM15,390,000/- |
| 14 | Lot Nos. 8759, 8763 to 8770 (inclusive), Mukim of Merlimau, District of Jasin, Melaka (All within Bandar Baru Merlimau Utara, Merlimau, Melaka) Seven (7) units of double storey intermediate shopoffice and two (2) units of double storey end lot shopoffice (Our Ref : WTW/06/V/002778(F)/19/MTT) | RM2,950,000/- |
| 15 | Lot Nos. 8974 to 8981 (inclusive) & 8984 to 8987 (inclusive), Mukim of Cheng, District of Melaka Tengah, Melaka (All within Taman Cheng Setia, Melaka) Eleven (11) units of intermediate and one (1) unit of end lot double storey terraced house (Our Ref : WTW/06/V/002778(G)/19/TAL) | RM5,230,000/- |
| Grand Total | | RM369,240,000/- |

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt,
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-486)

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 6

CERTIFICATE OF VALUATION

**1.0 Lot No. 2308, Mukim of Sungei Udang, District of Melaka Tengah, Melaka
(Our Ref : WTW/01/V/001792B/19/MHA)**

PROPERTY IDENTIFICATION

The property : A parcel of vacant agricultural land with residential potential

Location : Along Lebuh SPA, Melaka

Title No. : GRN 14999

Lot No. : Lot 2308, Mukim of Sungei Udang, District of Melaka Tengah, Melaka

Land Area : 3.997 hectares (approximately 9,877 acres/ 39,970 square metres/ 430,233 square feet)

Registered Owner : TELADAN SETIA SDN BHD

Tenure : Term in perpetuity

Category of Land Use : Tiada

Express Condition : -

Restriction in Interest : Tiada

Encumbrances : Charged to PUBLIC BANK BERHAD

Planning Provision : The subject property is designated for agricultural use as per the Express Condition in the document of title. However, based on Rancangan Tempatan Majlis Bandaraya Melaka Bersejarah 2015, the subject property is zoned under residential.

GENERAL DESCRIPTION

The site is regular in shape, generally undulating in terrain and the north portion of the land lies lower than the existing frontage metalled road, Lebuh SPA. During our site inspection, we noted there was a pond located within the subject property and the boundaries were generally not demarcated with any form of fencing.

METHOD OF VALUATION

The subject property is valued using the Comparison Approach as the sole method of valuation as the subject property is a vacant development land without any planning approval/development order.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 7

VALUE CONSIDERATIONComparison Approach

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|-----------------------------------|--|---|--|
| Source | Valuation and Property Services Department (JPPH) | | |
| Title No. | Geran 22977 | Geran 43591 | Geran Mukim 126 & 127 |
| Lot No. | Lot No. 2649 | Lot No. 4057 | Lot Nos. 1185 & 1186 |
| Mukim | Sungei Udang | Sungei Udang | Tanjong Minyak |
| District/ State | Melaka Tengah/ Melaka | | |
| Locality | Along Lebu SPA | | Taman Seri Bertam |
| Land Area | 338,848 square feet (approximately 7.779 acres) | 349,611 square feet (approximately 8.026 acres) | 536,042 square feet (approximately 12.306 acres) |
| Tenure | Term in perpetuity (Freehold) | | |
| Date | 19/01/2018 | 01/06/2017 | 30/06/2017 |
| Vendor | KU CHEN @ KHOO GEE CHEN | BETA VISION DEVELOPMENT SDN BHD | LIM EK HUONG +1 |
| Purchaser | FIRSTLINE CAPITAL SDN BHD | TYT BUILDERS SDN BHD +1 | PROSETIA SDN BHD |
| Consideration | RM6,007,877/- | RM4,544,954/- | RM6,412,592/- |
| Consideration Land Value (RM psf) | RM17.73psf | RM13.00psf | RM11.96psf |
| Land Use | Agriculture | | |
| Zoning | Residential | | |
| Adjustments | Adjustments are made on location-general, location- accessibility/visibility, land size, shape and terrain | | |
| Adjusted Land Value (RM psf) | RM17.73psf | RM15.02psf | RM17.59psf |

Notes: "psf" denotes per square foot

From the above analysis, the adjusted values range from RM15.02 per square foot to RM17.73 per square foot. Having regard to the foregoing, we have adopted Comparable 1 as best comparable because it is the latest comparable and located immediate to the subject property. The rounded value derived is RM18.00 per square foot. In arriving the market value, we have assigned separate value for the pond area and the remaining land. We have adopted 50% discount (ie. RM9.00 per square foot) for the pond area and adopted RM18.00 per square foot for the remaining land.

Therefore, market value for the subject property is derived at RM7,588,614/-, say RM7,600,000/-.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances at RM7,600,000/- (Ringgit Malaysia: Seven Million And Six Hundred Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 8

**2.0 Lot No. 2030 (formerly known as PT 383) & PT 1259, Pekan Baru Sungai Besi, District of Petaling, Selangor
(Our Ref : WTW/01/V/001792C/19/MHA)**

PROPERTY IDENTIFICATION

The property : Two (2) adjoining parcels of land comprises a parcel of vacant commercial land and a parcel of residential land with commercial potential

Location : Along Jalan Orkid, Off Sungai Besi Expressway, 43300 Seri Kembangan, Selangor

| Title Nos./ Lot Nos./ Land Area | Title Nos. | Lot Nos. | Land Area (square metres) |
|---------------------------------|--|---|---|
| | PN 114690 (Formerly known as HSD 185534) | Lot 2030 (Formerly known as PT 383) | 14,650 |
| | HSD 316625 | PT 1259 | 5,072 |
| | Total Land Area | | 19,722 (approximately 212,286 square feet/ 4.873 acres) |

All within Pekan Baru Sungai Besi, District of Petaling, Selangor

Registered Owner : TELADAN SETIA SDN BHD

Tenure : Lot 2030 (Formerly known as PT 383)
Leasehold 99 years expiring on 28 May 2102
(Unexpired term of approximately 83 years)

PT 1259
Leasehold 74 years expiring on 20 March 2091
(Unexpired term of approximately 72 years)

Category of Land Use : Building

Express Condition : Lot 2030 (Formerly known as PT 383)
Bangunan Kediaman

PT 1259
Bangunan Perniagaan

Restriction in Interest : Lot 2030 (Formerly known as PT 383)
Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri.

PT 1259
Tanah yang boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 9

PROPERTY IDENTIFICATION (Cont'd)

- Encumbrances : Charged to UNITED OVERSEAS BANK (MALAYSIA) BERHAD
- Caveat : Lot 2030 (Formerly known as PT 383)
Nil
- PT 1259
Private caveat lodged by UNITED OVERSEAS BANK (MALAYSIA) on
12 February 2018
- Planning Provision : Lot 2030 (formerly known as PT 383) is designated for residential use while PT 1259 is designated for commercial use as per the Express Condition in the document of title.
- Based on Rancangan Tempatan Majlis Perbandaran Subang Jaya 2020, the subject property is zoned under commercial with permitted plot ratio of 1:5.

GENERAL DESCRIPTION

The combined site is near irregular in shape. There is a sewerage treatment plant adjoining to the south of the subject property with its common boundary demarcated with chain link fencing, boundary between Lot 2030 and PT 1259 was demarcated with metal fencing whilst remaining boundaries were not demarcated with any form of fencing. Brief description of each plot is as follows:-

Lot 2030 (Formerly known as PT 383)

The subject plot is regular in shape and located at the western portion of the subject property. During our site inspection, we noted that the site boundaries were generally demarcated with chain link fencing and boundary between Lot 2030 and PT 1259 was demarcated with metal fencing. The land was partially improved with cement rendered and tarmac together with a canal connecting to The Mines Southern Lake situated at its northern portion.

PT 1259

The subject plot is triangular in shape and located at the eastern portion of the subject property. During our site inspection, we noted that the site boundaries were generally not demarcated with any form of fencing and boundary between Lot 2030 and PT 1259 was demarcated with metal fencing. The site where not built upon was generally improved with tarmac and overgrown with trees and bushes. Adjoining to the east of PT 1259 is The Mines Southern Lake, whilst a canal connecting to The Mines Southern Lake is situated to its northern portion.

There was a 3-storey building was erected on the land. However, for the purpose of our valuation, we have not ascribed any value for the above-mentioned buildings/ structures.

METHOD OF VALUATION

The subject property is valued using the Comparison Approach as the sole method of valuation as the subject property is a vacant development land without any planning approval/development order.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 10

VALUE CONSIDERATIONComparison Approach

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|-----------------------------------|---|--|---|
| Source | Bursa Announcement dated 28 March 2019 & 12 June 2019 | Valuation and Property Services Department (JPPH) | |
| Title No. | Geran Mukim 1210, 1211, 4375 & HSD 77771, 77772, 95318 | Geran Mukim 761 | Geran Mukim 704 |
| Lot No. | Lot Nos. 1560, 1561, 101468, 304, 305 & 598 | Lot No. 26479 | Lot No. 31207 |
| Mukim/ District/ State | Petaling/ Kuala Lumpur/ Federal Territory of Kuala Lumpur | | |
| Locality | Salak Selatan, Kuala Lumpur | Jalan Sungai Besi, Kuala Lumpur | Jalan Kelang Lama, Kuala Lumpur |
| Land Area | 18,750.00 square metres (approximately 201,821 square feet / 4.633 acres) | *8,730.70 square metres (approximately 93,976 square feet / 2.157 acres) | 13,822.00 square metres (approximately 148,779 square feet / 3.415 acres) |
| Tenure | Term in perpetuity (Freehold) | | |
| Date | 28/03/2019 & 12/06/2019 | 01/03/2017 | 22/07/2016 |
| Vendor | TC GOLDFEELER SDN BHD | ABADI BAIKURI SDN BHD | UNITED ACCOMPLISHMENT SDN BHD |
| Purchaser | MAH SING PROPERTIES SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF MAH SING GROUP BERHAD) | KENWINGSTON LAND SDN BHD | CONCORD SPRINGS DEVELOPMENT SDN BHD |
| Consideration | RM88,956,000/- | RM39,000,000/- | RM65,250,000/- |
| Consideration Land Value (RM psf) | RM441psf | RM415psf | RM439psf |
| Remark | Development land with commercial potential | | |
| Adjustments | Adjustments are made on location-general, location- accessibility/visibility, land size, tenure, shape and condition of the land, terrain, land use, plot ratio, public transport i.e MRT/LRT/KTM stations, planning approval or development order and negative factor i.e sewerage treatment plant | | |
| Adjusted Land Value (RM psf) | RM397psf | RM394psf | RM428psf |

Notes: "psf" denotes per square foot

*Our private title search conducted for Comparable 2 revealed that the land has been acquired via a compulsory land acquisition (Form K) of 4,592.3 square metres on 18 March 1997.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 11

VALUE CONSIDERATION (Cont'd)

Comparison Approach (Cont'd)

i) PT 1259 – Commercial Land (Base Lot)

We have adopted Lot PT 1259 as the base lot. From the above analysis, the adjusted values range from RM394 per square foot to RM428 per square foot. Having regard to the foregoing, we have adopted Comparable 1 as best comparable due to its recent transaction. The rounded value derived is RM400 per square foot.

In arriving the market value, we have assigned separate value for the canal area and the remaining land. We have adopted 50% discount (ie. RM200 per square foot) for the canal area and adopted RM400 per square foot for the remaining land.

ii) Lot 2030 (Formerly known as PT 383) – Residential land with commercial potential

From the above base value analysis, we have made further adjustments in terms of land size, shape and land use for Lot 2030. Thus, we have adopted a rounded value of RM310 per square foot for Lot 2030. We have adopted 50% discount (ie. RM155 per square foot) for the canal area and adopted RM310 per square foot for the remaining land.

Therefore, market value for the subject property is derived as follows:-

| Lot No. | Market Value | Say |
|-------------------------------------|----------------|-----------------------|
| Lot 2030 (Formerly known as PT 383) | RM46,412,494/- | RM46,000,000/- |
| PT 1259 | RM20,525,961/- | RM21,000,000/- |
| Total Market Value | | RM67,000,000/- |

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property with permission to transfer, lease, charge and free from all encumbrances at RM67,000,000/- (Ringgit Malaysia: Sixty Seven Million Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 12

**3.0 Lot Nos. 1137, 66 & 24668 (formerly known as Lot 36), Mukim of Tanjong Minyak, District of Melaka Tengah, Melaka
(Our Ref : WTW/01/V/001792D/19/MHA)**

PROPERTY IDENTIFICATION

The property : Three (3) parcels of vacant agricultural land with residential potential

Location : Within Taman Desa Bertam, Off Lebuhs SPA, Melaka

Title Nos./ Lot
Nos./ Land Area

| Title Nos. | Lot Nos. | Surveyed Land Area/ Net Land Area (hectares) | Surveyed Land Area/ Net Land Area (acres) |
|---|---|--|--|
| GRN 22813 | Lot 1137 | 5.6681 | 14.006 |
| *GM 107 | Lot 66 | 1.0037 | 2.480 |
| GM 2565 (Formerly known as GM 99) | Lot 24668 (Formerly known as Lot 36) | 1.951 | 4.821 |

**Note : An area of 0.7096 acre (about 0.2872 hectare) has been acquired from Lot 66 leaving it with a net land area of 1.0037 hectares*

All within Mukim of Tanjong Minyak, District of Melaka Tengah, Melaka

Registered Owner : TELADAN SETIA SDN BHD

Tenure : Term in perpetuity

Category of Land Use : Tiada

Express Condition : -

Restriction in Interest : Tiada

Encumbrances/
Caveat

| Lot Nos. | Encumbrances | Caveats |
|--------------------------------------|-------------------------------|---|
| Lot 1137 | Charged to PUBLIC BANK BERHAD | Private caveat lodged by PUBLIC BANK BERHAD |
| Lot 66 | Charged to CIMB BANK BERHAD | Private caveat lodged by CIMB BANK BERHAD |
| Lot 24668 (formerly known as Lot 36) | Charged to CIMB BANK BERHAD | Private caveat lodged by CIMB BANK BERHAD |

Planning Provision : The subject property is designated for agricultural use as per the Express Condition in the document of title. However, based on Rancangan Tempatan Majlis Bandaraya Melaka Bersejarah 2015, the subject property is zoned under residential.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 13

GENERAL DESCRIPTION

i) Lot 1137

It is regular in shape and generally flat in terrain.

During our site inspection, we noted that the subject site had been partly cleared and ready to be developed and the site boundaries were generally not demarcated with any form of fencing. There was no proper road access connecting to the site and the subject site is currently accessible from Taman Desa Bertam via laterite road of adjoining lot, Lot 1136.

ii) Lot 66

The land which is situated to the south of Lot 1137 is regular in shape and generally flat in terrain.

During our site inspection, we noted that the boundaries of the subject site were not demarcated with any form of fencings and the land was generally planted with matured oil palm.

At the time of inspection, the subject property was easily accessible via the existing metalled road, Jalan Desa Bertam 11.

iii) Lot 24668 (Formerly known as Lot 36)

The subject site is regular in shape and located at the northern part of Taman Desa Bertam development.

During our site inspection, we noted that the site was generally flat and the boundaries were not demarcated with any form of fencings and the subject site was generally planted with oil palm plantation.

At the time of inspection, there was no proper road connection connecting to the site.

Based on PA 108249, we noted that proposed Muslim Cemetery Site is situated adjoining to the north-east of the subject site.

METHOD OF VALUATION

The subject property is valued using the Comparison Approach as the sole method of valuation as the subject property is a vacant development land without any planning approval/development order.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 14

VALUE CONSIDERATIONComparison Approach

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|
| Source | Valuation and Property Services Department (JPPH) | | |
| Title No. | Geran Mukim 126 & 127 | Geran 43591 | Geran 22977 |
| Lot No. | Lot Nos. 1185 & 1186 | Lot No. 4057 | Lot No. 2649 |
| Mukim | Tanjong Minyak | Sungei Udang | Sungei Udang |
| District/ State | Melaka Tengah/ Melaka | | |
| Locality | Taman Seri Bertam | Along Lebu SPA | |
| Land Area | 536,042 square feet (approximately 12.306 acres) | 349,611 square feet (approximately 8.026 acres) | 338,848 square feet (approximately 7.779 acres) |
| Tenure | Term in perpetuity (Freehold) | | |
| Date | 30/06/2017 | 01/06/2017 | 19/01/2018 |
| Vendor | LIM EK HUONG +1 | BETA VISION DEVELOPMENT SDN BHD | KU CHEN @ KHOO GEE CHEN |
| Purchaser | PROSETIA SDN BHD | TYT BUILDERS SDN BHD +1 | FIRSTLINE CAPITAL SDN BHD |
| Land Use | Agriculture | | |
| Zoning | Residential | | |
| Consideration | RM6,412,592/- | RM4,544,954/- | RM6,007,877/- |
| Consideration Land Value (RM psf) | RM11.96psf | RM13.00psf | RM17.73psf |
| Adjustments | Adjustments are made on time, location-general, location-accessibility/visibility, land size, shape and condition, terrain and site improvement | | |
| Adjusted Land Value (RM psf) | RM11.30psf | RM10.24psf | RM12.41psf |

Notes: "psf" denotes per square foot

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 15

VALUE CONSIDERATION (Cont'd)

Comparison Approach (Cont'd)

i) Lot 1137 (Base Lot)

We have adopted Lot 1137 as the base lot. From the above analysis, the adjusted values range from RM10.24 per square foot to RM12.41 per square foot. Having regard to the foregoing, we have adopted Comparable 1 as best comparable due to its similarity in terms of location as compared to the base lot. We have adopted a rounded value of RM11.00 per square foot over the land area for Lot 1137.

ii) Lot 66

From the above base value analysis, we have made further adjustments in terms of land size, terrain and site improvement for Lot 66. Thus, we have adopted a rounded value of RM11.00 per square foot over the land area for Lot 66.

iii) Lot 24668 (Formerly known as Lot 36)

From the above base value analysis, we have made further adjustments in terms of accessibility/visibility, land size, terrain, site improvement and negative factor ie. adjacent to cemetery for Lot 24668. Thus, we have adopted a rounded value of RM7.50 per square foot over the land area for Lot 24668.

Therefore, market value for the subject property is derived as follows:-

| Lot No. | Market Value | Say |
|--------------------------------------|---------------|----------------------|
| Lot 1137 | RM6,711,199/- | RM6,700,000/- |
| Lot 66 | RM1,188,451/- | RM1,200,000/- |
| Lot 24668 (formerly known as Lot 36) | RM1,575,030/- | RM1,600,000/- |
| Total Market Value | | RM9,500,000/- |

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property free from all encumbrances at RM9,500,000/- (Ringgit Malaysia: Nine Million And Five Hundred Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 16

**4.0 Lot No. 53, Mukim Tanjong Minyak, District of Melaka Tengah, Melaka
(Our Ref : WTW/01/V/001792E/19/AH)**

PROPERTY IDENTIFICATION

The property : A parcel of agricultural land with residential potential

Location : Lot 53, Off Lebuhr SPA, 75250 Melaka

Title No. : Geran 6772

Lot No. : Lot 53, Mukim of Tanjong Minyak, District of Melaka Tengah, Melaka

Land Area : 67.307 hectares (approximately 166.319 acres/ 7,244,856 square feet)

Registered Owner : TELADAN SETIA SDN BHD

Tenure : Term in perpetuity

Category of Land : Tiada
Use

Express Condition : Not stated

Restriction in : Tiada
Interest

Encumbrances : Charged to HONG LEONG ISLAMIC BANK BERHAD

Planning : Zoned for residential use
Provision

GENERAL DESCRIPTION

The site is irregular in shape, generally undulating in terrain and the site boundaries were generally not demarcated with any form of fencing. At the time of inspection, it was generally planted with matured oil palm trees but no proper road connection connecting to the site. The subject land is currently accessible from the neighbouring on-going scheme of Taman Desa Bertam via laterite road and motorable earth-road from Taman Bertam Impian.

METHOD OF VALUATION

The subject property is valued using the Comparison Approach as the subject property is a vacant development land without any planning approval/development order.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 17

VALUE CONSIDERATION

Comparison Approach

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|-----------------------------------|---|---|--|
| Source | Valuation and Property Services Department (JPPH) and Bursa Announcement dated 15 August 2018 | Valuation and Property Services Department (JPPH) | Valuation and Property Services Department (JPPH) |
| Title No. | GRN 62221, GRN 62222 & GRN 22740 | PN 55842 | GM30, GM29, Geran 4369, GM28, GM27, GM1130, GM1131, GM1128, GM1127, Geran 54911, Geran 9424, Geran 20542, Geran 20642, Geran 22814 & Geran 14896 |
| Lot No. | Lot Nos. 4017, 4018 & 3267 | Lot No. 25079 | Lot Nos. 4, 31, 41, 220, 221, 1405, 1406, 14550, 14551, 14553, 1777, 1781, 1783, 1784 & 3727 |
| Mukim | Durian Tunggal | Jasin | Ayer Molek / Ayer Panas |
| District | Alor Gajah | Ayer Panas | Melaka Tengah / Jasin |
| State | Melaka | Melaka | Melaka |
| Locality | Durian Tunggal | 25079, Bandar Jasin Bestari | Jalan Tun Kudu |
| Land Area | 209.916 acres (approximately 9,143,941 sq. ft.) | 83.23 acres (approximately 3,625,282 sq ft) | 367.055 acres (approximately 15,988,911 sq ft) |
| Tenure | Term in perpetuity (Freehold) | Leasehold 99 years expiring on 27 February 2111 | Term in perpetuity (Freehold) |
| Date | 15 April 2018 | 30 April 2018 | 25 October 2017 |
| Vendor | REAL GOLDEN DEVELOPMENT SDN BHD | TM FACILITIES SDN BHD | SIME DARBY PLANTATION BHD |
| Purchaser | SCIENTEX HEIGHTS SDN BHD | HOMEWIST CONSTRUCTION (MELAKA) SDN BHD | PREMIUM PRIVELEGE SDN BHD |
| Land Use | Agriculture | Residential | Agriculture |
| Zoning | Residential | Residential | Agriculture/ Partly Residential |
| Consideration | RM68,247,630/- | RM37,100,000/- | RM118,817,241/- |
| Consideration Land Value (RM psf) | RM7.46 psf | RM10.23 psf | RM7.43 psf |
| Adjustments | Adjustments are made on location, accessibility, visibility, shape, land size, tenure, land use, zoning and planning approval | | |
| Adjusted Land Value (RM psft) | RM9.70 psf | RM10.23 psf | RM10.40 psf |

Note: "psf" denotes per square foot

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 18

VALUE CONSIDERATION (Cont'd)

Comparison Approach (Cont'd)

From the above analysis, the adjusted values range from RM9.70 per square foot to RM10.40 per square foot. Having regard to the foregoing, we have adopted Comparable 1 as best comparable due to its similar characteristic in term of land use and zoning. We have adopted a rounded value of RM10.00 per square foot over the land area in our valuation.

Based on the Sale and Purchase Agreement dated 18 September 2018 between CHOP CHEONG BEE SDN BHD (Vendor) and TELADAN SETIA SDN BHD (Purchaser), we noted that the subject property was transacted at a total consideration of RM86,938,267.68/-.

The above sale is analysed at RM12.00 per square foot. In view that the purchase consideration was made with the benefits for the purchaser to expand the on-going scheme of Taman Desa Bertam and eventually connecting the subject land with the completed project of Taman Bertam Setia, which both projects were developed by Teladan Setia Sdn Bhd, therefore we are of the opinion that the difference on the purchase price and our valuation is due to special purchaser arrangement.

Hence, the market value for the subject property based on RM10.00 per square foot is derived at RM72,448,540/-, say RM72,000,000/-.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances at RM72,000,000/- (Ringgit Malaysia: Seventy Two Million Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 19

5.0 An Ongoing Phase 1C, Phase 2, Phase 3 & Phase 4 Residential Development known as "Taman Desa Bertam"
(Our Ref : WTW/01/V/001792A/19/AH)

TERMS OF REFERENCE

As instructed, the valuation is carried out based on the following BASES:-

- I. The subject property is an ongoing Phase 1C, Phase 2, Phase 3 & Phase 4 residential development known as "Taman Desa Bertam";
- II. The valuation is based on the approved planning approval issued by Majlis Bandaraya Melaka Bersejarah bearing reference no. MBMB/JP.08138 (20) and plan reference no. A-3470(P) dated 22 March 2016;
- III. Land area for Phase 1C is measuring 81,445 square metres as per the survey plan provided by client;
- IV. We have considered the sale status report dated 31 August 2019 as provided by the client and the stage completion of the project is based on the Progress Report no. 10 dated 21 August 2019 as prepared by TTK Structures Sdn Bhd;
- V. We have not considered any balance amount carried under sub-phases 1A and 1B considering that both phase have completed with vacant possession and issued with Certificate of Completion and Compliance (CCC) as at date of valuation; and
- VI. A marketable and registrable individual title for residential use will be issued

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID/INCORRECT.

PROPERTY IDENTIFICATION

The property : An ongoing Phase 1C, Phase 2, Phase 3 & Phase 4 residential development known as "Taman Desa Bertam"

Address : Taman Desa Bertam, Lebu SPA, 75250 Melaka

Title Nos. & Lot Nos. :

| Title Nos. | Lot Nos. | Phase |
|--------------------|----------------|----------|
| Part of Geran 6769 | Part of Lot 57 | Phase 1C |
| HSD 83140 | PT 17097 | Phase 2 |
| HSD 83141 | PT 17098 | Phase 3 |
| HSD 83142 | PT 17099 | Phase 4 |

All within Mukim Tanjong Minyak, District of Melaka Tengah, Melaka

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 20

PROPERTY IDENTIFICATION (Cont'd)

| Titled Land Area / Survey Plan | Lot Nos. | Land Area |
|--------------------------------|----------------|--|
| | Part of Lot 57 | 81,445 square metres ¹ |
| | PT 17097 | 162,578 square metres |
| | PT 17098 | 284,455 square metres |
| | PT 17099 | 124,065 square metres |
| | Total | 652,543 square metres (approximately 7,023,908 sq. ft / 161.247 acres) |

Registered Owner : TELADAN SETIA SDN BHD

Encumbrances : Nil

Planning Provision : Zoned under residential

GENERAL DESCRIPTION

The entire development is planned under four (4) development phases with an on-going Phase 1C is still under construction. Phase 2, Phase 3 and Phase 4 earthwork and site clearance as well as major infrastructure are partly ready for the continuation of the future development upon the completion of Phase 1.

Taman Desa Bertam is an on-going residential development by Teladan Setia Sdn Bhd covering a total land area approximately 240 acres. This development comprises single storey cluster homes, double storey terraced houses, double storey semi-detached houses and single storey affordable homes. Phase 1A and 1B of this scheme has already completed and handed over with vacant possession to the purchaser whilst the remaining Phase 1C, Phase 2, Phase 3 and Phase 4 is still under construction.

The site for Phase 1C, Phase 2, Phase 3 and Phase 4 is regular in shape with a total land area of 652,543 square metres (approximately 7,023,908 square feet / 161.247 acres).

Site clearance and earthwork has been carried out over the entire Phase 1 to Phase 4. Higher ground contour has been cut and fills over the low lying area making the land generally flat in terrain and ready for development.

At the time of inspection, we noted that the site boundaries were generally demarcated with metal hoarding sheets. The main entrance was secured with a pair of metal door. We also noted that the site is currently undergoing construction works.

¹ Title land area for Lot 57 is 233.321 acres which comprises 733 units of on-going development under Phase 1. However, as at the date of valuation, 561 units has been completed and left the remaining 172 units under Phase 1C which is still under construction. Designated land area for Phase 1C based on Survey Plan provided by client measuring 81,445 square metres. In our valuation, we have adopted the land area of 81,445 square metres for Phase 1C. Our findings from the title search conducted at Melaka Land Registry Office revealed that the title for Lot 57 has been cancelled in view that the subdivided lots for the completed units has been issued individually.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 21

GENERAL DESCRIPTION (Cont'd)Proposed Development

Based on the Planning Approval issued by Majlis Bandaraya Melaka Bersejarah bearing reference no. MBMB/JP. 08138 (20) and Layout Plan as prepared by Konsep Karisma Sdn Bhd bearing reference no. KKSMB/M/14/978/3A both dated on 22 March 2016, the subject property has been approved for a residential development of 1,920 units of houses planned into four (4) development phases.

In addition to the above approval, we noted that CS Loo Architect have submitted a revised building plan on Type A. Total of 172 units of double storey houses which initially was approved under Type A is now revised with a new building plan and identified as Type C and obtained approval on 20 October 2017.

Sales Status as at 31 August 2019 for Phase 1C

| Sub-Phases under Phase 1 | Type | Total Units | Total Sold Units | Total Unsold Units | Sales Status |
|--------------------------|------------------------------------|-------------|------------------|--------------------|--------------|
| Phase 1C | 2-storey terraced houses (24'x70') | 172 | 160 | 12 | 93% |
| Total | | 773 | 751 | 22 | |

Phase 2, Phase 3 and Phase 4 have yet to be launched as at the date of valuation.

Based on the Progress Report No. 10 as at 21 August 2019 prepared by TTK Structures Sdn Bhd, the stage of construction was at 73.98%.

Summary of the total selling price and total amount billed inclusive of rebate as at 31 August 2019 for the sold units are summarized as follows:-

| No. of Units | Total Selling Price | Rebate | Total Selling Price After Rebate | Amount Billed* |
|--------------|---------------------|----------------|----------------------------------|-----------------|
| 160 | RM48,668,636.00 | RM2,678,987.00 | RM45,989,649.00 | RM25,502,348.25 |

*Amount billed is inclusive of rebate

PLANNING PROVISION

Based on the Planning Approval issued by Majlis Bandaraya Melaka Bersejarah bearing reference no. MBMB/JP. 08138 (20) and Layout Plan as prepared by Konsep Karisma Sdn Bhd bearing reference no. KKSMB/M/14/978/3A both dated on 22 March 2016, the subject property has been approved for a residential development of 1,920 units of houses planned into four (4) development phases.

In addition to the above approval, we noted that CS Loo Architect have submitted a revised building plan on Type A. Total of 172 units of double storey houses which initially was approved under Type A is now revised with a new building plan and identified as Type C.

Majlis Bandaraya Melaka Bersejarah have given the approval for "Kelulusan Pelan Pindaan" bearing reference number MBMB/JKB.03012/02/2016(16) on 20 October 2017 to CS Loo Architect.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 22

METHOD OF VALUATION

We have only adopted one valuation approach ie. Income Approach (Residual Method) in arriving at our valuation as the subject property is an ongoing development.

VALUE CONSIDERATIONIncome Approach (Residual Method)Selling Prices (GDV)

We also made to understand that the development of Taman Desa Bertam selling prices is fixed by the land office based on the Approval Letter to Surrender and Re-alienation of Lot 38 and Lot 57 by Melaka Land Registry Office bearing reference no. PTG(M)A/352/1/14/2473 (6) dated 30 November 2015.

Vide the above approval letter, Melaka Land Registry Office have given the conditional approval for the developer to comply with the selling prices fixed by the land office.

Brief details of the Phase 2, Phase 3 and Phase 4 selling prices are summarized as follows:-

Phase 2

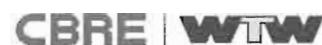
| Development | Type | No. of Units | Selling Price |
|--|--------------|--------------|-----------------------|
| Double Storey Terraced Houses (22'X70') | Intermediate | 102 | RM386,000 – RM449,000 |
| | End Lot | 9 | RM396,000 – RM437,000 |
| | Corner Lot | 15 | RM453,000 – RM545,000 |
| Double Storey Semi-detached Houses (40'X80') | Intermediate | 87 | RM590,000 – RM627,000 |
| | End Lot | 5 | RM600,000 – RM663,000 |
| | Corner Lot | 16 | RM620,000 – RM715,000 |
| Double Storey Semi-detached Houses (35'X80') | Intermediate | 3 | RM520,000 |
| | Corner Lot | 3 | RM569,000 – RM628,000 |
| Single Storey Affordable Homes (20'X70') | Intermediate | 124 | RM150,000 |
| | End Lot | 16 | RM174,000 |
| | Corner Lot | 8 | RM218,000 – RM246,000 |
| Total | | 388 | |

Affordable Homes (Phase 2)

We noted that client have made an appeal on the re-adjustment of the selling prices for affordable homes under Phase 1 and Phase 2. Vide an approval letter from Melaka Land Registry Office bearing reference number PTG(M)A/352/1/14/2473 Jld.2 (20) dated 26 January 2017, the above appeal has been approved and selling prices for Phase 2 affordable homes is summarized as follows:

| Development | Type | No. of Units | Selling Price |
|--|--------------|--------------|---------------|
| Single Storey Affordable Homes (20'X70') | Intermediate | 124 | RM180,000 |
| | End Lot | 16 | RM230,000 |
| | Corner Lot | 8 | RM280,000 |
| Total | | 148 | |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 23

VALUE CONSIDERATION (Cont'd)

Phase 3

| Development | Type | No. of Units | Selling Price |
|--|--------------|--------------|-----------------------|
| Double Storey Semi-detached Houses (40'X80') | Intermediate | 391 | RM600,000 – RM625,000 |
| | End Lot | 1 | RM684,000 |
| | Corner Lot | 38 | RM607,000 – RM781,000 |
| Double Storey Semi-detached Houses (50'X80') | Intermediate | 34 | RM650,000 |
| | Corner Lot | 4 | RM645,000 – RM732,000 |
| Double Storey Semi-detached Houses (35'X80') | Intermediate | 16 | RM514,000 – RM716,000 |
| | Corner Lot | 2 | RM608,000 – RM718,000 |
| Total | | 486 | |

Phase 4

| Development | Type | No. of Units | Selling Price |
|---------------------------------------|--------------|--------------|-----------------------|
| Single Storey Cluster Homes (35'X70') | Intermediate | 239 | RM355,000 – RM453,000 |
| | End Lot | 2 | RM392,000 – RM479,000 |
| | Corner Lot | 32 | RM374,000 – RM555,000 |
| Total | | 273 | |

We have also made reference to the transactions of the similar development component for Phase 2, Phase 3 and Phase 4 within the vicinity.

General summary of the transaction evidences for each development type are ranging as follows:

i) Double Storey Terraced House

| Scheme | Transacted Price Range |
|---------------------------|------------------------|
| Taman Desa Tanjung Minyak | RM370,000 |
| Taman Bertam Setia | RM310,000 – RM500,000 |

Source: Valuation and Property Services Department (JPPH)

ii) Double Storey Semi-Detached House

| Scheme | Transacted Price Range |
|---------------------------|------------------------|
| Taman Tanjung Minyak Jaya | RM580,000 |
| Taman Bertam Setia | RM530,000 – RM555,000 |

Source: Valuation and Property Services Department (JPPH)

iii) Single Storey Cluster Homes

| Scheme | Transacted Price Range |
|--------------------------|------------------------|
| Taman Bukit Larang Indah | RM320,000 – RM350,000 |
| Taman Desa Idaman | RM320,000 – RM340,000 |
| Taman Krubong Jaya | RM330,000 |

Source: Valuation and Property Services Department (JPPH)

Having considered on the above transactions of the existing developments within the vicinity, we are of the view that the GDV pre-fixed by Melaka Land Registry Office for Phase 2, Phase 3 and Phase 4 is deemed fair, reasonable and in line with the market condition.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 24

VALUE CONSIDERATION (Cont'd)**Summary of Parameters**

| Parameter | Phase 1C | Phase 2 | Phase 3 | Phase 4 |
|---|----------------|---|-----------------|----------------|
| Gross Development Value (GDV) ^(Note 1) | RM26,821,581/- | RM140,722,882/- | RM277,946,457/- | RM94,125,960/- |
| Gross Development Cost (GDC) ^(Note 2) | RM25,066,076/- | RM106,925,524/- | RM218,210,517/- | RM67,652,181/- |
| Developer's profit | 10% of GDV | 15% of GDV for normal units and 10% of GDV for affordable homes | 15% of GDV | 15% of GDV |
| Development period ^(Note 3) | 1 year | 3 years | 4 years | 5 years |
| Discount Rate | 8.0% | 8.0% | 8.0% | 8.0% |

Note 1:

The GDV for Phase 2, Phase 3 & Phase 4 is arrived at by reference to the approval letter issued by Melaka Land Registry Office bearing reference number bearing reference no. PTG(M)A/352/1/14/2473 (6) dated 30 November 2015.

Phase 1C

Based on the sales status as at 31 August 2019, the segmentation of the bumi allocation in each phase is tabulated as follows:

| Phase | No. of Units | Bumi Units | Non-Bumi Units | Development Progress |
|----------------|--------------|------------|----------------|----------------------|
| Phase 1A | 466 | 193 | 273 | Completed Phase |
| Phase 1B | 135 | 99 | 36 | Completed Phase |
| Phase 1C | 172 | 172 | 0 | On-going Phase |
| Total | 773 | 464 | 309 | - |
| % Quota | 100% | 60% | 40% | - |

From the above tabulation, we noted that client have fulfilled the bumiputera quota requirement for Phase 1 and further acknowledged that the entire Phase 1C development is designated for bumiputera units.

In view that the bumiputera quota has already been attained in the selling prices, therefore we have not allocated the said discount to the unsold balance units as the proposed selling price has already taken into consideration on these criteria.

Our analysis on the average net selling price for the sold units is derived at RM287,435/- per unit.

We further noted that the average net selling price after rebate for the unsold units is at RM3,964,063. This is analysed at an average price of about RM330,339 per unit.

In arriving at the Gross Development Value (GDV) (Selling Prices) of the unsold units, we have not only considered the average net selling price of the sold units but also the transactions of similar double storey terraced houses within the vicinity.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 25

VALUE CONSIDERATION (Cont'd)

Transacted prices of similar double storey terraced houses within vicinity are as follows: -

| Scheme | Transacted Price Range |
|---------------------------------------|---|
| Tmn Desa Tanjung Minyak (Seri Bertam) | RM370,000/- per unit |
| Taman Bertam Setia | RM350,000/- per unit- to RM408,000/- per unit |

Source: Valuation and Property Services Department (JPPH)

Based on our survey and above analysis, we noted that the sub-sales transactions in the vicinity are slightly higher than the developer's selling prices.

Our analysis revealed the following:-

| Type | Average Price per Unit |
|---------------------------------|----------------------------|
| Sold Units as at 31 August 2019 | RM287,435/- |
| Unsold Units | RM330,339/- |
| Market sub-sales transaction | RM350,000/- to RM408,000/- |

Having considered the average net selling price of the sold units and transactions of the existing developments within the vicinity, we are of the view that the GDV adopted for the unsold units is deemed fair, reasonable and in line with the market condition

The total GDV is tabulated as follows: -

| Type | GDV |
|---------------------------------------|--------------|
| Balance to claim as at 31 August 2019 | RM22,857,518 |
| Unsold Units | RM3,964,063 |
| Total | RM26,821,581 |

Note 2:

The GDC for Phase 1C are based on the following material parameters:-

| Item | Contract Sum/Amount Adopted | Certified Amount/ Receipt | Balance Amount to be Paid | Remarks |
|-------------------------------|-----------------------------|---------------------------|---------------------------|--|
| Preliminaries | RM1,965,314 | RM1,868,929 | RM96,385 | Based on the awarded contract sum and Interim Certificate of Payment provided by the client. The awarded contract sum is in accordance with the industry average cost. |
| Statutory Contributions | RM14,662,711 | RM13,901,782 | RM760,929 | We have adopted the actual amount based on the billing provided as well as the information gathered from the relevant Departments / Agencies. We noted that contributions to MBMB, SAMB, TNB, JKR and land conversion premium has been fully paid for entire development. |
| Earthworks and Site Clearance | RM9,598,078 | RM8,620,914 | RM977,164 | Based on the awarded contract sum and Interim Certificate of Payment provided by the client. The awarded contract sum is in accordance with the industry average cost. |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 26

VALUE CONSIDERATION (Cont'd)

| Item | Contract Sum/Amount Adopted | Certified Amount/ Receipt | Balance Amount to be Paid | Remarks |
|--|-----------------------------|---------------------------|---------------------------|--|
| Building Construction Cost & Infrastructure Cost | RM49,105,595 | RM31,411,901 | RM17,693,694 | Based on the awarded contract sum and Interim Certificate of Payment provided by the client. The awarded contract sum is in accordance with the industry average cost. |
| Finance Cost | 8.00% | - | RM224,050 | We have adopted a rate of 8.00% on 30% of the balance of the total construction costs to be incurred for half of the development period. The finance cost of 8.00% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.9% per annum plus security margin of 1.00% to 2.50% per annum. |
| Professional Fees | RM4,121,575 | RM3,920,553 | RM201,022 | The professional fees to be incurred are for the various professionals engaged in the different stages of development and construction. Based on the awarded contract sum, progress payment and certified amount. |

The GDC for Phase 2, Phase 3 and Phase 4 are based on the following material parameters:-

| Item | Phase 2 | Phase 3 | Phase 4 | Remarks |
|--|----------------|----------------|----------------|--|
| Preliminaries | RM1,968,977/- | RM3,951,218/- | RM1,176,554/- | The preliminaries works are estimated at approximately 3.0% of the total estimated cost for earthwork and site clearance, building construction cost and infrastructure |
| Statutory Contributions | RM2,326,085/- | RM4,623,367/- | RM1,490,319/- | Based on estimation for contribution to IWK, Titles and building plan fees. We noted that contributions to MBMB, SAMB, TNB, JKR and land conversion premium has been fully paid for entire development. |
| Earthworks and Site Clearance | RM1,004,350/- | RM1,757,250/- | RM766,425/- | Estimated at RM25,000 per acre for earthworks and site clearance. The above cost was estimated based on the actual contract awarded under Phase 1 which around RM40,000/- per acre. In view that earthworks and site clearance has been done at an advanced stage over the whole development area inclusive Phase 2, Phase 3 and Phase 4, hence we are of the opinion that the adopted cost at RM25,000 per acre is reasonable. |
| Building Construction Cost & Infrastructure Cost | RM64,628,200/- | RM12,995,000/- | RM38,452,050/- | Based on the awarded contract sum provided by the client for Phase 1. Further analysis on building cost is adopted for similar property on Phase 2, Phase 3 and Phase 4. Infrastructure cost is estimated at RM25,000 per acre for earthworks and site clearance in view part of the major infra has been completed in Phase 1. |

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 27

VALUE CONSIDERATION (Cont'd)

| Item | Phase 2 | Phase 3 | Phase 4 | Remarks |
|-------------------|---------------|---------------|---------------|---|
| Finance Cost | RM2,362,772/- | RM6,321,948/- | RM2,353,109/- | <p>We have adopted a rate of 8.00% on 30% of the balance of the total construction costs to be incurred for half of the development period.</p> <p>The finance cost of 8.00% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.9% per annum plus security margin of 1.00% to 2.50% per annum.</p> |
| Professional Fees | RM4,594,279/- | RM9,219,508/- | RM2,745,293/- | <p>The professional fees to be incurred are for the various professionals engaged in the different stages of development and construction.</p> <p>The rate which is adopted at 7.00% is line with the industry standard.</p> |

Note 3:

This is the time frame required for construction and completion as well as the marketing of the units of development. The development period is essential market derived and is also based on analysis of similar developments.

Based on the Progress Report No. 10 dated 21 August 2019, development progress has been recognised at 73.98% stage.

Further observation from the Sale & Purchase Agreement (SPA) noted that Phase 1C was launched and sold starting mid-2018. Hence, target completion should be in the next 24 months from this date which is estimated to be delivered by mid-2020.

In view of the above, we have adopted a development period of 1 year for Phase 1C considering that the date of valuation is on 31 August 2019 and allocation of another 1 year for development period is in-line with the estimated target date for delivery of vacant possession as per the SPA.

Having the fact that the development progress is already at advanced stage i.e; 73.98% coupled with the fact that the sales status as of date of valuation already achieving 93%, therefore we are of the opinion that development period of 1 year is deemed realistic.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON THE BASIS AND PROVISIO AS STATED IN DETAIL UNDER THE TERM OF REFERENCE HEREIN** with permission to transfer, lease, charge, mortgage and free from all encumbrances is at RM90,000,000/- (Ringgit Malaysia: Ninety Million Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 28

6.0 An ongoing serviced apartment development known as "Residensi Mutiara Bali, Kota Syahbandar" (Bali Residences @ Kota Syahbandar)
(Our Ref : WTW/01/V/001792F/19/SIA)

TERMS OF REFERENCE

The valuation is conducted based on the following BASIS: -

- I. The subject property is an ongoing serviced apartment development known as "Residensi Mutiara Bali, Kota Syahbandar" (Bali Residences @ Kota Syahbandar);
- II. The valuation is based on the amended building plans approved by Majlis Bandaraya Melaka Bersejarah bearing reference no. MBMB/JKB: 03042-10-2017 dated 5 April 2019;
- III. The stage of completion of the building is based on the interim certificate no. 05 issued by Daniel Chow as at 16 August 2019 and summary of completion works (progress report no. 12) as at 26 August 2019;
- IV. We have considered the sale status report dated 31 August 2019; and
- V. A marketable and registrable individual strata title for commercial use will be issued.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID/INCORRECT.

PROPERTY IDENTIFICATION

The property : An ongoing serviced apartment development known as "Residensi Mutiara Bali, Kota Syahbandar" (Bali Residences @ Kota Syahbandar)

Address : Along Jalan KSB 11A, 75200 Melaka

Title No. : PN 56839

Lot No. : Lot 12932, Town Area VI, District of Melaka Tengah, Melaka

Titled Land Area : 1.5072 hectares
(approximately 162,234 square feet / 3.7244 acres)

Tenure : Leasehold 99 years expiring on 18 May 2105
(unexpired term of approximately 86 years)

Registered Owner : ASAL HARTA SDN. BHD.

Category of Land Use : Building

Express Condition : Untuk bangunan perniagaan (hakmilik strata) sahaja

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 29

PROPERTY IDENTIFICATION (Cont'd)

Restriction in Interest : Tiada
Encumbrances : Charged twice to HONG LEONG BANK BERHAD
Planning Provision : Commercial use

GENERAL DESCRIPTION

The site is regular in shape. It is generally flat in terrain and lies at about the same level as the existing frontage metalled road, Jalan KSB 11A.

At the time of inspection, we noted that the site boundaries were generally demarcated with metal hoarding sheets and it was currently undergoing construction works

Proposed Development

Based on the amended building plans approved by Majlis Bandaraya Melaka Bersejarah bearing reference no. MBMB/JKB: 03042-10-2017 dated 5 April 2019, the subject property has been approved for a development of two (2) blocks of thirty (30)-storey serviced apartment (830 units) atop of a seven (7)-storey podium car park together with facilities.

Based on the sales status report dated 31 August 2019, we noted that 8 units (approximately 44%) out of the total 18 shop lots and 564 units (approximately 68%) out of the total 830 serviced apartment units were sold, respectively.

Based on the Progress Report No. 12 dated 26 August 2019, the stage of construction was at 5.77%.

PLANNING PROVISION

The subject property has been granted with planning approval by Majlis Bandaraya Melaka Bersejarah (MBMB) dated 28 February 2018 for a development of two (2) blocks of thirty (30)-storey serviced apartment (830 units) atop of a seven (7)-storey podium car park together with facilities.

Vide a letter issued by Majlis Bandaraya Melaka Bersejarah (MBMB) dated 5 April 2019, we noted that Majlis Bandaraya Melaka Bersejarah (MBMB) has granted a Building Plan Approval to the subject property.

METHOD OF VALUATION

We have only adopted one valuation approach ie. Income Approach (Residual Method) in arriving at our valuation as the subject property is an ongoing development.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 30

VALUE CONSIDERATION

Income Approach (Residual Method)

Summary of Parameters

| | |
|-------------------------------|--------------------------|
| Gross Development Value (GDV) | RM269,739,836/- (Note 1) |
| Gross Development Cost (GDC) | RM232,493,350/- (Note 2) |
| Developer's profit | 15% of GDV |
| Development period | 3 years (Note 3) |
| Discount Rate | 8.0% per annum |

Note 1:

The GDV in our valuation is arrived at by reference to the sold units and selling/ transacted prices of similar property in the neighbourhood of the subject property as follows:-

Transacted prices of similar properties within vicinity are as follows: -

| Serviced Apartment | Transacted Price Range (RM psf) |
|--------------------|---------------------------------|
| Atlantis Residence | RM435psf to RM624psf |
| The Wave Residence | RM504psf |

Source: Valuation and Property Services Department (JPPH)

In view of the above, we have adopted the selling price of serviced apartment as follows: -

| Sale Status | Rate Adopted |
|--------------|-----------------------|
| Sold Units | Actual selling price |
| Unsold Units | RM489 per square foot |

The total GDV is tabulated as follows: -

| No. of Unit | Total Gross Selling Price | Bumi Discount/ Rebate | Net Selling Price | Amount Billed as at 31 August 2019 ¹ | Total Credit Note yet to be issued | Balance ² |
|---------------------|---------------------------|--------------------------|-------------------|--|---------------------------------------|----------------------|
| Sold Unit | | | | | | |
| Shop lot – 8 units | RM5,115,500.00 | RM409,790.00 | RM4,705,710.00 | RM2,046,200.00 | RM0.00 | RM3,069,300.00 |
| SA – 564 units | RM215,348,526.00 | RM23,704,599.71 | RM191,643,926.29 | RM42,900,701.20 | RM2,758,694.31 | RM169,689,130.49 |
| Unsold Unit | | | | | | |
| Shop lot – 10 units | RM7,732,560.00 | RM463,953.60 | RM7,268,606.40 | RM0.00 | RM0.00 | RM7,268,606.40 |
| SA – 266 units | RM96,613,783.35 | RM6,900,984.53 | RM89,712,798.83 | RM0.00 | RM0.00 | RM89,712,798.83 |

Notes: ¹Amount billed is inclusive of rebate

²Balance amounts is derived from Total Gross Selling Price – (Amount billed + Total Credit Note yet to be issued)

"SA" denotes serviced apartment

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 31

VALUE CONSIDERATION (Cont'd)

Note 2:

The GDC are based on the following material parameters:-

| Item | Contract Sum/Amount Adopted | Certified Amount/ Receipt | Balance Amount to be Paid | Remarks |
|--|-----------------------------|---------------------------|---------------------------|--|
| Preliminaries | RM287,823.29 | RM287,823.29 | - | Completed. |
| Statutory Contributions | RM4,887,791.05 | RM1,198,292.61 | RM3,689,498.44 | We have adopted the estimated amount based on the amount provided as well as the information gathered from the relevant authorities. |
| Earthworks and Site Clearance | - | - | - | Completed |
| Piling | RM12,522,473.19 | RM12,239,003.19 | RM283,470.00 | The total construction cost of about RM179 million (i.e. piling works and main building works) is analysed at about RM125 per square foot over gross floor area of 1,439,935 sq. ft. The breakdown of the construction cost for main building works is unavailable because the awarded main building works is inclusive of infrastructure works. |
| Building Construction Cost & Infrastructure Cost | RM166,854,298.10 | RM10,790,138.42 | RM156,064,159.68 | <p>We have made reference to the JUBM & Arcadis Construction Cost Handbook Malaysia 2019. In view that the handbook does not provide construction cost for Melaka state, therefore, CBRE WTW have made reference to the construction cost in Kuala Lumpur: -</p> <ul style="list-style-type: none"> • The building construction cost for elevated car park is ranging from RM85 to RM134 per square foot. • The building construction cost for average standard apartment is ranging from RM135 to RM225 per square foot. <p>We have allocated approximately RM39 million construction cost (gross floor area of 464,365 sq ft x RM85psf) for the elevated carpark podium.</p> <p>The balance of construction cost is about RM140mil which is analysed at RM144per square foot over gross floor area of 975,570 sq ft for the serviced apartment building.</p> <p>We are of the opinion that the disclosed cost is in line with the market rate.</p> |
| Finance Cost | 8.00% | - | RM5,628,514.67 | <p>We have adopted a rate of 8.00% on 30% of the balance of the total construction costs to be incurred for half of the development period.</p> <p>The finance cost of 8.00% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.9% per annum plus security margin of 1.00% to 2.50% per annum.</p> |
| Professional Fees | RM7,844,030.77 | RM3,404,321.26 | RM4,439,709.51 | Based on the awarded contract sum, progress payment and certified amount. |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 32

VALUE CONSIDERATION (Cont'd)

Note 3:

This is the time frame required for construction and completion as well as the marketing of the units of development. The development period is essential market derived and is also based on analysis of similar developments.

Based on the Progress Report No. 12 dated 26 August 2019, development progress has been recognised at 5.77% stage and the project completion is targeted by end-2021 (about 2 years from date of valuation, 31 August 2019).

The sales status as at date of valuation is about 68%.

Further observation from the Sales & Purchase Agreement noted that the development was launched and sold starting end of 2018. Hence, delivery of vacant possession will be in the next 48 months from this date which is estimated by end-2022 (about 3 years from date of valuation).

In view of the above situation, we have adopted a development period of 3 years which is deemed realistic after taken into consideration the current market condition, target project completion date and the sales status.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON THE BASIS AND PROVISIO AS STATED IN DETAIL UNDER THE TERM OF REFERENCE HEREIN** and free from all encumbrances at RM30,000,000/- (Ringgit Malaysia: Thirty Million Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 33

7.0 An Ongoing Phase 2A2 Residential Development known as "Taman Belimbing Setia"
(Our Ref : WTW/01/V/001792H/19/MHA)

TERMS OF REFERENCE

The valuation is conducted based on the following BASIS: -

- I. The subject property is an ongoing guarded development comprises sixty four (64)-units of detached houses
- II. The valuation is based on the approved building plans prepared by CS Loo Architect bearing reference no. MPAG 431/102/540 dated 24 October 2014;
- III. The stage of completion of the building is based on the summary of completion works progress report no. 1 as at 27 August 2019 as provided to us by the client; and
- IV. We have considered the sale status report dated 31 August 2019 as provided to us by the client.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID/INCORRECT.

PROPERTY IDENTIFICATION

The property : An ongoing Phase 2A2 guarded residential development known as "Taman Belimbing Setia" comprises sixty four (64)-units of single storey detached houses

Address : Taman Belimbing Setia (Phase 2A2), 76100 Alor Gajah, Melaka

| Title Nos. / Lot Nos. / Mukim / District / State | Title Nos. | Lot Nos. |
|--|------------------------------------|------------------------------|
| | HSD 22188 to HSD 22203 (Inclusive) | PT 626 to PT 641 (Inclusive) |
| | HSD 22216 to HSD 22231 (Inclusive) | PT 654 to PT 669 (Inclusive) |
| | HSD 22246 to HSD 22259 (Inclusive) | PT 684 to PT 697 (Inclusive) |
| | HSD 22268 to HSD 22285 (Inclusive) | PT 706 to PT 723 (Inclusive) |

All within Mukim of Belimbing, District of Alor Gajah, Melaka

Total Net Land Area : 29,489 square metres
(approximately 317,417 square feet / 7.287 acres)

Tenure : Term in Perpetuity

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 34

PROPERTY IDENTIFICATION (Cont'd)

- Registered Owner : TELADAN SETIA SDN. BHD., except for sold units
- Category of Land Use : Building
- Express Condition : Untuk rumah kediaman sahaja.
- Restriction in Interest : Kod B
Tanah ini tidak dibenarkan di pindahterik atau dipajak kecuali dengan kebenaran Pihak Berkuasa Negeri. Sekatan kepentingan ini dikecualikan bagi pindahterik atau pajakan yang pertama.

GENERAL DESCRIPTION

The subject property is an ongoing guarded residential development comprises sixty four (64)-units of single storey detached houses identified as PT 626 to PT 641 (inclusive), PT 654 to PT 669 (inclusive), PT 684 to PT 697 (inclusive) and PT 706 to PT 723 (inclusive). It is located within Taman Belimbing Setia (Phase 2A2), 76100 Alor Gajah, Melaka.

Taman Belimbing Setia is a residential development by Teladan Setia Sdn Bhd planned under two (2) phases. The entire development comprises single storey detached houses as well as several low cost cluster houses.

Phase 1 of the development which located to the eastern portion of the scheme has been completed and handed over with vacant possession to the purchaser.

Phase 2 of the development is located to the eastern portion of scheme is a guarded development comprises 3 sub-phase development known as Phase 2A1, 2A2 and 2B. The proposed Phase 2 development comprises of 133 units of single storey detached houses under Phase 2A1 which has been completed, 64 units of single storey detached houses under Phase 2A2 as well as 5 blocks consist of 160 units of low cost cluster houses under Phase 2B.

The subject site is regular in shape and generally flat in terrain and lies at the same level of the existing frontage metalled road, Jalan Belimbing Setia 17. It has a total net land area of 29,489 square metres (approximately 7.287 acres / 317,417 square feet).

At the time of inspection, we noted that the site boundaries were generally demarcated with metal hoarding sheets. The main entrance was secured with a pair of metal door. We also noted that the earthwork has been carried out and is currently undergoing construction works.

The standard land area for an intermediate detached house is 372.00 square metres (50' X 80').

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 35GENERAL DESCRIPTION (Cont'd)Proposed Development

The proposed building plans for phase 2A2 have been approved by Majlis Perbandaran Alor Gajah (MPAG) bearing reference No. MPAG 431/102/540 bearing Plan No. CS L00/2012/07-251/w1.00 A dated 24 October 2014.

Based on the Sale Status Report dated 31 August 2019, we noted that 50 units (approximately 78%) out of the total 64 units were sold.

Based on the Progress Report No. 01 as at 27 August 2019, the stage of construction was at 3.91% and the estimated completion of the project is on 21 September 2020.

PLANNING PROVISION

The subject properties are designated for residential use as per the Express Condition in the document of title.

The subject property has been granted with planning approval by Majlis Perbandaran Alor Gajah (MBAJ) dated 24 October 2014 for a development of 197 units of residential houses and a TNB substation.

METHOD OF VALUATION

We have only adopted one valuation approach ie. Income Approach (Residual Method) in arriving at our valuation as the subject property is an ongoing development.

VALUE CONSIDERATIONIncome Approach (Residual Method)Summary of Parameters

| | |
|-------------------------------|-------------------------|
| Gross Development Value (GDV) | RM25,359,386/- (Note 1) |
| Gross Development Cost (GDC) | RM16,091,825/- (Note 2) |
| Developer's profit | 15% of GDV |
| Development period | 2 years (Note 3) |
| Discount Rate | 8.0% per annum |

Note 1:

The GDV in our valuation is arrived at by reference to the selling price of the sold units, selling price as stated in the PTG letter and transaction of nearby property summarised as follows:-

a) Sold Units

| No. of Unit Sold | Selling Price | Rebate | Net Selling Price | Progressive Claim ¹ | Outstanding Credit Note | Balance to claim ² |
|------------------|-----------------|--------------|-------------------|--------------------------------|-------------------------|-------------------------------|
| 50 units | RM21,208,580.00 | RM469,580.00 | RM20,739,000.00 | RM2,120,858.00 | RM20,480.00 | RM19,067,242.00 |

Note:

¹Progressive claim is inclusive of rebate²Balance is derived from Gross Selling Price less the Progressive Claim and Outstanding Credit Note

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 36

VALUE CONSIDERATION (Cont'd)

b) Unsold Units

| Type | Developer's Selling Prices | PTG Selling Prices | *Proposed Net Selling Prices |
|--------------|----------------------------|----------------------------|------------------------------|
| Intermediate | RM398,800/- to RM539,600/- | RM403,000/- to RM503,000/- | RM398,800/- to RM501,828/- |
| Corner Lot | RM469,500/- to RM562,000/- | RM428,000/- to RM562,000/- | RM427,245/- to RM556,380/- |

*Proposed selling price by CBRE | WTW

Transacted price of single storey detached houses within vicinity are as follows: -

| Scheme | Price per Unit |
|-----------------------|----------------------------|
| Taman Belimbing Setia | RM400,000/- to RM450,000/- |

Source: Valuation and Property Services Department (JPPH)

Note 2:

The GDC are based on the following material parameters:-

| Item | Contract Sum/Amount Adopted | Certified Amount/ Receipt | Balance Amount to be Paid | Remarks |
|--|-----------------------------|---------------------------|---------------------------|---|
| Preliminaries | RM45,412.32 | RM3,286.00 | RM41,856.32 | Based on the awarded contract sum and Interim Certificate of Payment provided by the client. The awarded contract sum is in accordance with the industry average cost. |
| Statutory Contributions -MBMB -SAMB -TNB -IWK -Building Plan Fees -Title and Survey Fees | RM461,101.80 | RM71,902.45 | RM389,199.35 | We have adopted the estimated amount based on the quotation provided as well as the information gathered from the relevant Departments / Agencies. |
| Earthworks and Site Clearance | RM406,087.94 | RM406,087.94 | - | Completed |
| Total Building Construction Cost | RM9,576,354.00 | - | RM9,576,354.00 | The average cost adopted for Taman Belimbing Setia is analysed at about RM98 per square foot. |
| Infrastructure Cost | RM926,300.26 | RM128,284.26 | RM798,016.00 | We have made reference to the JUBM & Arcadis Construction Cost Handbook Malaysia 2019. In view that the handbook does not provide construction cost for Melaka state, therefore, we have made reference to the construction cost of detached houses in Kuala Lumpur. The building construction cost for good quality detached houses in Kuala Lumpur is at a range of RM224 to RM306 per square foot. The cost of RM98 per square foot is adopted because the subject property is the later phase of Taman Belimbing Setia, ie. Phase 2A, therefore, most of the major infrastructures are ready. Besides that, we have made further discount on location factor ie. Melaka compare to Kuala Lumpur. We are of the opinion that the disclosed cost is in line with the market rate. |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 37

VALUE CONSIDERATION (Cont'd)

Gross Development Cost (GDC) (Cont'd)

| Item | Contract Sum/Amount Adopted | Certified Amount/ Receipt | Balance Amount to be Paid | Remarks |
|-------------------------------------|-----------------------------|---------------------------|---------------------------|---|
| Finance Cost | 8.00% | - | RM248,984.88 | We have adopted a rate of 8.00% on 30% of the balance of the total construction costs to be incurred for half of the development period. The finance cost of 8.00% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.9% per annum plus security margin of 1.00% to 2.50% per annum. |
| Administration & Project Management | 3.00% | - | RM311,231.10 | We have adopted a rate of 3.00% of the balance of the total construction costs of the proposed development as the administration and project management fees. The cost is in line with the industry practice. |
| Legal Fees, Agency Fees & Marketing | 3.00% | - | RM195,648.00 | We have adopted a rate of 3.00% of the above Gross Development Value (GDV) as the marketing agency, administrative and legal fees. The cost is in line with the industry practice. |
| Professional Fees | RM295,316.00 | RM153,827.20 | RM141,488.80 | The professional fees to be incurred are for the various professionals engaged in the different stages of development and construction. Based on the awarded contract sum, progress payment and certified amount. |
| Contingencies | 5.00% | - | RM585,138.92 | 'Contingencies' allowance is to cover the costs of unexpected items, such as escalation in development costs as a result of change of design, increase in cost of materials, weather disruption, variation orders, etc. A rate of 5.00% for the balance of total construction and development costs has been allowed in our valuation. |

Note 3:

This is the time frame required for construction and completion as well as the marketing of the units of development. The development period is essential market derived and is also based on analysis of similar developments.

Based on the Progress Report No. 01 dated 27 August 2019, development progress has been recognised at 3.91% stage and the project completion is targeted by Q3 2020 (about 1 year from date of valuation, 31 August 2019).

The sales status as at date of valuation is about 78%.

Further observation from the Sales & Purchase Agreement noted that the development was launched and sold starting 2Q of 2019. Hence, delivery of vacant possession will be in the next 24 months from this date which is estimated by 2Q of 2021 (about 2 years from date of valuation).

In view of the above situation, we have adopted a development period of 2 years which is deemed realistic after taken into consideration the current market condition, target project completion date and the sales status.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 38

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON THE BASIS AND PROVISIO AS STATED IN DETAIL UNDER THE TERM OF REFERENCE HEREIN** with permission to transfer, lease and free from all encumbrances at RM8,000,000/- (Ringgit Malaysia: Eight Million Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 39

**8.0 An Ongoing Affordable Homes Development located within "Taman Bertam Setia"
(Our Ref : WTW/01/V/001792I/19/MHA)**

TERMS OF REFERENCE

The valuation is conducted based on the following BASIS: -

- I. The subject property is an ongoing affordable homes development comprises seventy seven (77)-units of 1½-storey terraced affordable houses within Taman Bertam Setia;
- II. The valuation is based on the approved building plans prepared by CS Loo Architect and approved by Majlis Bandaraya Melaka Bersejarah bearing reference no. MBMB/JKB.03031/10/2018 dated 2 January 2019;
- III. The stage of completion of the building is based on the progress payment certificate no. 2 issued by C S Loo Architect as at 1 August 2019 and summary of completion works (progress report no. 5) as at report period 6 August 2019 to 3 September 2019; and
- IV. We have considered the sale status report dated 31 August 2019 as provided to us by the client.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID/INCORRECT.

PROPERTY IDENTIFICATION

The property : An ongoing affordable homes development located within "Taman Bertam Setia" comprises seventy seven (77)-units of 1½-storey terraced house

Address : Sandwiched between Jalan BS 2 and Jalan BS 3, Taman Bertam Setia, Lebu SPA, 76450 Melaka

Title No. :

| Title Nos. | Lot Nos. |
|--------------------------------------|---------------|
| Geran Mukim 1255 to Geran Mukim 1285 | 9931 to 9961 |
| Geran Mukim 1298 to Geran Mukim 1308 | 9974 to 9984 |
| Geran Mukim 1321 to Geran Mukim 1355 | 9997 to 10031 |

All within Mukim of Tanjong Minyak, District of Melaka Tengah, Melaka

Total net land area : 9,267 square metres (approximately 99,749 square feet / 2.29 acres)

Tenure : Term in perpetuity (Freehold)

Category of Land Use : Building

Express Condition : Untuk rumah kediaman sahaja

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 40

PROPERTY IDENTIFICATION (Cont'd)

- Restriction in Interest : Lot 9931 to Lot 9961 and Lot 10013 to Lot 10031
Kod A
Tanah ini tidak boleh dipindahmilik atau dipajak kecuali dengan kebenaran Pihak Berkuasa Negeri. Sekatan kepentingan ini dikecualikan kepada orang Melayu.
- Lot 9974 to Lot 9984 and Lot 9997 to Lot 10012
Kod B
Tanah ini tidak dibenarkan di pindahmilik atau dipajak kecuali dengan kebenaran Pihak Berkuasa Negeri. Sekatan kepentingan ini dikecualikan bagi pindahmilik atau pajakan yang pertama.
- Registered Owner & Encumbrances : COMPACT SUNRISE SDN. BHD.¹ except for the sold units

Note: ¹Vide a Joint Venture Agreement dated 10 May 2006, the Landowner, COMPACT SUNRISE SDN BHD has agreed to enter into a Joint Venture Agreement with TELADAN SETIA SDN BHD, (hereinafter referred to as "the Developer") to develop Lot Nos. 1198 to 1202 (inclusive) Mukim of Tanjung Minyak, District of Melaka Tengah, Melaka into a housing estate.

GENERAL DESCRIPTION

The subject property is an ongoing affordable housing development comprises seventy seven (77)-units of 1½-storey terraced houses – "Rumah Mampu Milik" located within Taman Bertam Setia, sandwiched between Jalan BS 2 and Jalan BS 3, Taman Bertam Setia, Lebuhr SPA, 76450 Melaka.

The combined site is regular in shape, generally flat in terrain and lies at the same level as the frontage metalled road and has a total net land area of 9,267 square metres (approximately 99,749 square feet / 2.29 acres).

At the time of inspection, we noted that the site boundaries were generally demarcated with metal hoarding sheets whilst some portions were not demarcated with any form of fencing. We also noted that the site was currently undergoing construction works.

Proposed Development

Based on the Planning Approval issued by Majlis Bandaraya Melaka Bersejarah (MBMB) bearing reference no. MBMB/JP. 3115(55) and the amended layout plan bearing reference no. A-1548(P) dated 19 July 2018, the subject property has been approved for the conversion from 77 units low cost terraced lot to 77 units affordable terraced lot.

Based on the sales status report dated 31 August 2019, we noted that 77 units (approximately 84%) out of the total 77 units were sold.

Based on the Progress Report No. 5 for report period 6 August 2019 to 3 September 2019, the stage of construction was at 15.25%.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 41

PLANNING PROVISION

The subject property is designated for residential use as per the Express Condition stated in the document of title.

Vide a letter issued by Majlis Bandaraya Melaka Bersejarah (MBMB) bearing reference no. MBMB/JP. 03115(55) and the layout plan bearing reference no. A-1548(P) dated 19 July 2018, we noted that Majlis Bandaraya Melaka Bersejarah has granted Planning Approval (Kebenaran Merancang) to the master development for a proposed development of 323 units of residential houses (including seventy seven (77)-units of 1½-storey terraced house) and 7 units of shopoffices.

Vide a letter issued by Majlis Bandaraya Melaka Bersejarah (MBMB) bearing reference no. MBMB/JKB.03031/10/2018 (7) dated 2 January 2019, we noted that Majlis Bandaraya Melaka Bersejarah has granted Building Plan Approval to the subject property bearing plan reference no. CS LOO/2018/02-380/W1.00 to W5.00 (inclusive).

METHOD OF VALUATION

We have only adopted one valuation approach ie. Income Approach (Residual Method) in arriving at our valuation as the subject property is an ongoing development.

VALUE CONSIDERATION

Income Approach (Residual Method)

Summary of Parameters

| | |
|-------------------------------|-------------------------|
| Gross Development Value (GDV) | RM12,408,967/- (Note 1) |
| Gross Development Cost (GDC) | RM9,549,776/- (Note 2) |
| Developer's profit | 10% of GDV |
| Development period | 2 years (Note 3) |
| Discount Rate | 8.0% per annum |

Note 1:

The GDV in our valuation is arrived at by reference to the net selling price of the sold units, selling price as stated in the PTG letter and developer's selling price summarised as follows:-

| Type | Average Price per Unit | |
|---|------------------------|---------------------------|
| Sold Units as at 31 August 2019 (Based on actual selling price) | RM188,600/- | |
| Unsold Units – PTG Letter | Intermediate unit | RM180,000/- & RM189,000/- |
| | End Lot | RM202,000/- |
| Unsold Units – Developer's Selling Price | RM182,583.33/- | |

Sold Units

| No. of Unit Sold | Total Gross Selling Price | Rebate ¹ | Net Selling Price | Amount Billed as at 31 August 2019 ² | Total Credit Note Yet to be issued | Balance ³ |
|------------------|---------------------------|---------------------|-------------------|---|------------------------------------|----------------------|
| 65 | RM12,271,000.00 | RM12,000.00 | RM12,259,000.00 | RM2,048,950.00 | RM4,083.42 | RM10,217,966.58 |

Note: ¹Staff rebate

²Amount billed is inclusive of rebate

³Balance amounts is derived from Total Gross Selling Price – (Amount billed + Total Credit Note yet to be issued)

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 42

VALUE CONSIDERATION (Cont'd)

In view of the above, we have adopted the selling price as follows: -

| Sale Status | Rate Adopted | |
|--------------|----------------------|---------------------------|
| Sold Units | Actual selling price | |
| Unsold Units | Intermediate unit | RM180,000/- & RM189,000/- |
| | End Lot | RM202,000/- |

Note 2:

The GDC are based on the following material parameters:-

| Item | Contract Sum/Amount Adopted | Certified Amount/ Receipt | Balance Amount to be Paid | Remarks |
|-------------------------------------|-----------------------------|---------------------------|---------------------------|--|
| Preliminaries | RM168,705.00 | RM112,557.81 | RM56,147.19 | Based on the awarded contract sum and Certificate of Payment, provided by the client. The awarded contract sum is in accordance with the industry average cost. |
| Statutory Contributions | RM1,901,170.00 | RM1,704,292.63 | RM196,877.37 | We have adopted the estimated amount based on the amount provided as well as the information gathered from the relevant authorities. |
| Earthworks, Site Clearance | RM126,457.51 | RM126,457.51 | - | Completed |
| Piling & Building Construction Cost | RM6,872,375.45 | RM476,492.15 | RM6,395,883.30 | The average cost adopted for Taman Bertam Setia is analysed at about RM84 per square foot. |
| Infrastructure Cost | RM803,210.48 | RM437,904.68 | RM365,305.80 | We have made reference to the JUBM & Arcadis Construction Cost Handbook Malaysia 2019. In view that the handbook does not provide construction cost for Melaka state, therefore, we have made reference to the construction cost in Kuala Lumpur. The building construction cost for terraced houses in Kuala Lumpur is at a range of RM85 to RM134 per square foot. The cost of RM84 per square foot is adopted because the subject property is affordable terraced houses in Melaka. Besides that, we have made further discount on location factor ie. Melaka compare to Kuala Lumpur. We are of the opinion that the disclosed cost is in line with the market rate. |
| Finance Cost | 8.00% | - | RM162,268.54 | We have adopted a rate of 8.00% on 30% of the balance of the total construction costs to be incurred for half of the development period. The finance cost of 8.00% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.9% per annum plus security margin of 1.00% to 2.50% per annum. |
| Professional Fees | RM204,288.00 | RM42,656.10 | RM161,631.90 | Based on the awarded contract sum, progress payment and certified amount. |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 43

VALUE CONSIDERATION (Cont'd)

Note 3:

This is the time frame required for construction and completion as well as the marketing of the units of development. The development period is essential market derived and is also based on analysis of similar developments.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON THE BASIS AND PROVISIO AS STATED IN DETAIL UNDER THE TERM OF REFERENCE HEREIN** and free from all encumbrances at **RM2,500,000/-** (Ringgit Malaysia: Two Million And Five Hundred Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 44

9.0 Properties within Taman Saujana Heights, Bukit Katil, Melaka
(Our Ref : WTW/06/V/002778/19/MTT)

TERMS OF REFERENCE

The valuation is carried out based on the following BASIS/ASSUMPTIONS :-

- i) THE LOT NOS. 7146, 7151, 7166, 7169, 7170, 7171, 7172, 7084 AND 31039 (FORMERLY PT 22990) HAVE BEEN GRANTED WITH BUMI-RELEASE AND ALL LEVY CONTRIBUTION HAS BEEN PAID AS PER THE LETTER ISSUED BY PEJABAT TANAH DAN GALIAN, MELAKA VIDE REFERENCE NO. PTG(M)A/352/1/7/166 JLD. 2 (10) DATED 21 OCTOBER 2019.
- ii) WE HAVE INSPECTED ONLY SELECTED UNITS AND THE VALUATION FOR THE REMAINING UNITS IS BASED ON "EXTERNAL VIEWING" AND ASSUMING THE CONDITIONS AND SPECIFICATIONS ARE SAME AS LOT NO. PT 24384-TYPE A, 7146-TYPE A1, 7108-TYPE A2, 7169-TYPE B, 7109-TYPE B1, 7171-TYPE B2 AND 7084-SEMI-DETACHED UNIT.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE ASSUMPTIONS WHICH ARE PRESUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE ASSUMPTIONS IS INVALID / INCORRECT.

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTIONS AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED."

(This paragraph is required in accordance with Standard 9 of the Malaysian Valuation Standards.)

PROPERTY IDENTIFICATION

The property : Thirteen (13) units of double storey detached house and two (2) units of double storey semi-detached house

Location : All within Taman Saujana Heights, Bukit Katil, 75450 Melaka

Title Nos., Lot Nos., Address and Land Area : a) Double storey detached house

| Address | Title Nos. | Lot Nos. | Land Area (square metres) |
|---------------------------|-----------------------------------|-------------------------------------|---------------------------|
| No. 28, Jalan Saujana 4/3 | GRN 42734 | 7096 | 570 |
| No. 2, Jalan Saujana 4/6 | GRN 45785 | 7108 | 666 |
| No. 24, Jalan Saujana 4/3 | GRN 45431 | 7109 | 514 |
| No. 15, Jalan Saujana 4/1 | HSD 81070 (Formerly GRN 42697) | PT 24384 (Formerly Lot No. 7118) | 623 |
| No. 5, Jalan Saujana 4/3A | GRN 45369 | 7146 | 581 |
| No. 15, Jalan Saujana 4/3 | GRN 45374 | 7150 # | 557 |
| No. 13, Jalan Saujana 4/3 | GRN 45375 | 7151 | 557 |
| No. 8, Jalan Saujana 4/4 | GRN 35648 | 7159 | 615 |
| No. 6, Jalan Saujana 4/5 | GRN 35655 | 7166 | 557 |
| No. 22, Jalan Saujana 4/6 | GRN 35667 | 7169 | 617 |
| No. 24, Jalan Saujana 4/6 | GRN 35672 | 7170 | 652 |
| No. 25, Jalan Saujana 4/1 | GRN 35670 | 7171 | 589 |
| No. 23, Jalan Saujana 4/1 | GRN 35665 | 7172 | 695 |

Note: # denotes Bumi Unit

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 45

PROPERTY IDENTIFICATION (Cont'd)

Title Nos., Lot Nos., Address and Land Area : b) Double storey semi-detached house

| Address | Title Nos. | Lot Nos. | Land Area (square metres) |
|---------------------------|--------------------------------|---------------------------|---------------------------|
| No. 23, Jalan Saujana 4/2 | GRN 42001 | 7084 | 376 |
| No. 29, Jalan Saujana 4/2 | GRN 58351 (Formerly HSD 79277) | 31039 (Formerly PT 22990) | 420 |

All within Mukim of Bukit Katil, District of Melaka Tengah, Melaka

Tenure : Term in perpetuity

Registered Owner : TELADAN SETIA SDN BHD

Category of Land Use : Building

Encumbrances : Lot Nos. 7096, 7108 and 7159
Charged to Public Bank Berhad
Lot Nos. 7109 and 7150
Charged to RHB Bank Berhad
Lot Nos. PT 24384 (Formerly Lot No. 7118), 7146, 7151, 7166, 7169 to 7172 (inclusive), 7084 and 31039 (Formerly PT 22990)
Nil

Planning Provision : Residential use

GENERAL DESCRIPTION

The brief information of the subject property is summarised as follows:-

| Lot Nos. | Land Area (square metres) | Gross Floor Area (square metres) | Shape | Remarks |
|--|---------------------------|----------------------------------|----------------|--------------|
| a) Thirteen (13) units double storey detached house | | | | |
| 7096 | 570 | 436.29 | Regular | Intermediate |
| 7108 | 666 | 544.79 | Regular | Corner |
| 7109 | 514 | 353.84 | Regular | Intermediate |
| PT 24384 (Formerly Lot No. 7118) | 623 | 564.75 | Regular | Intermediate |
| 7146 | 581 | 436.29 | Almost Regular | Cul-de-sac |
| 7150 | 557 | 482.92 | Rectangular | Intermediate |
| 7151 | 557 | 482.92 | Rectangular | Intermediate |
| 7159 | 615 | 436.29 | Regular | Corner |
| 7166 | 557 | 482.92 | Rectangular | Intermediate |
| 7169 | 617 | 482.92 | Rectangular | Intermediate |
| 7170 | 652 | 353.84 | Regular | Cul-de-sac |
| 7171 | 589 | 482.92 | Irregular | Cul-de-sac |
| 7172 | 695 | 482.92 | Trapezoidal | Intermediate |
| b) Two (2) units double storey semi-detached house | | | | |
| 7084 | 376 | 325.20 | Rectangular | Intermediate |
| 31039 (Formerly PT 22990) | 420 | 325.20 | Rectangular | End |

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 46GENERAL DESCRIPTION (Cont'd)

The land is generally flat in terrain and lies at same level / slightly above the existing frontage metalled roads.

The boundaries of subject property are demarcated by dwarf plastered brickwalls fencing. The main entrance is installed with a pair of sliding/folding metal gates.

The subject property has been issued with a Certificate of Completion and Compliance (CCC) dated 8 December 2014 and it is about 5 years old.

METHOD OF VALUATION

The subject property is valued using the Indirect Comparison Approach as other approach is deemed not appropriate.

VALUE CONSIDERATIONIndirect Comparison Approacha) Double storey detached houses

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|---------------------------------|---|-------------------------------|------------------------------|
| Source | Valuation and Property Services Department (JPPH) | | |
| Scheme | Taman Saujana Heights | | |
| Title No. | GRN 45383 | HSD 24413 | GRN 45365 |
| Lot No. | 7143 | PT 3839 (New Lot No. 7135) | 7097 |
| Mukim/District/ State | Bukit Katil /Melaka Tengah/ Melaka | | |
| Address | No. 2, Jalan Saujana 4/3A | No. 2A, Jalan Saujana 4/2 | No. 26, Jalan Saujana 4/3 |
| Type | Double storey detached house | | |
| Land Area | 763.00 sm (8,213 sf) | 707.00 sm (7,610 sf) | 942.00 sm (10,140 sf) |
| Tenure | Term in perpetuity | | |
| Date | 14/09/2018 | 12/02/2018 | 19/06/2017 |
| Vendor | CHIA CHE MIANG +1 | GAN CHWEN TECK +1 | LAW KWOK CHOY +1 |
| Purchaser | YEW TAT ENG +1 | YIP CHEE WAI +1 | LYE CHIN HONG +1 |
| Consideration | RM1,700,000/- | RM1,550,000/- | RM1,800,000/- |
| Analysis Land Value (RM psf) | RM112.00 psf | RM109.00 psf | RM106.00 psf |
| Adjustments | Adjustment is made on quantum* | | |
| Adjusted Land Value (RM psf) | RM107.00 psf | RM103.00 psf | RM101.00 psf |

Note: "psf" denotes per square foot

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 47

VALUE CONSIDERATION (Cont'd)

* We have adopted building value for mass development for both the transactions and subject property; therefore, it will not be affected by the quantum factor. However, the land value will be affected by quantum factor where the more the number of units, the lower value expected by the market.

From the above analysis, the adjusted land values range from RM101 per square foot to RM107 per square foot. We have adopted Comparable 1 as the best comparable because it is the latest transaction. Hence, we have adopted a value of RM105 per square foot for the land in our valuation.

We have adopted RM200 per square foot for the building value and a depreciation rate of 10%.

The market value for non-bumi units range from RM1,170,000/- to RM1,620,000/-.

In arriving for the market value of Lot No. 7150 which is designated as bumi unit, we have adopted a discount of 15 % as per Melaka State Government Policy (for selling price above RM200,000/-). Therefore, the market value after bumi discount derived at RM1,200,000/-.

Hence, the total market value of the subject property derived from Indirect Comparison Approach is RM18,020,000/-.

b) Double storey semi-detached houses

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|------------------------------|---|----------------------------|---|
| Source | Valuation and Property Services Department (JPPH) | | |
| Scheme | Taman Suria | Taman Merak Mas | Taman Ozana Impian |
| Title No. | GM 396 | GM 372 | PN 37992 |
| Lot No. | 14081 | 15280 | 10558 |
| Mukim/ District/ State | Bukit Katil/ Melaka Tengah/ Melaka | | |
| Address | No. 5, Jalan S3 | No. 37, Jalan Merak Mas 16 | No. 27, Jalan OZ 18 |
| Type | Double storey semi-detached house | | |
| Land Area | 468.00 sm (5,038 sf) | 398.00 sm (4,284 sf) | 282.00 sm (3,035 sf) |
| Tenure | Term in perpetuity | Term in perpetuity | Leasehold 99 years expiring on 25 December 2094 |
| Date | 23/04/2018 | 7/03/2016 | 29/09/2018 |
| Vendor | UNITED ASIA PACIFIC GROUP SDN. BHD. | TAN CHAI LAI | LEE MAY SIANG & LEE BENG CHEE |
| Purchaser | ANG CHENG HAI +1 | WEE WEE FOO +1 | NG MAY JANE & TAN KONG HWEE |
| Consideration | RM850,000/- | RM700,000/- | RM630,000/- |
| Analysis Land Value (RM psf) | RM115.00 psf | RM106.00 psf | RM130.00 psf |
| Adjustments | Adjustments are made on tenure and others-gated & guarded | | |
| Adjusted Land Value (RM psf) | RM115.00 psf | RM111.00 psf | RM149.00 psf |

Note: "psf" denotes per square foot

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 48

VALUE CONSIDERATION (Cont'd)

From the above analysis, the adjusted land values range from RM111 per square foot to RM149 per square foot. We have adopted Comparable 1 as the best comparable due to it has similar characteristics i.e. tenure and gated and guarded as well as located nearest to the subject scheme. Hence, we have adopted a value of RM115 per square foot for the land in our valuation.

We have adopted RM150 per square foot for the building value and a depreciation rate of 10%.

The market value of double storey semi-detached house are RM910,000/- and RM940,000/-.

Hence, the total market value of the subject property derived from Comparison Approach is RM1,850,000/-.

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property **BASED ON THE ASSUMPTIONS AND PROVISIO AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to transfer, rent, lease and free from all encumbrances at RM19,870,000/- (Ringgit Malaysia : Nineteen Million Eight Hundred And Seventy Thousand Only)

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 49

**10.0 Properties within Pangsapuri Atlantis Kota Syahbandar, Jalan KSB 11A, Melaka
(Our Ref : WTW/06/V/002778(A)/19/ARA)**

TERMS OF REFERENCE

The valuation is carried out based on the following BASIS/ASSUMPTIONS :-

WE HAVE INSPECTED ONLY SELECTED UNITS AND THE VALUATION FOR THE REMAINING UNITS IS BASED ON "EXTERNAL VIEWING" AND ASSUMING THE CONDITIONS AND SPECIFICATIONS ARE SAME AS UNIT NOS AS FOLLOWS:-

| No. | Building No./Storey No./ Parcel No. | Unit No. | Type | Parcel Area (sq.metres) |
|---------|--|------------|------|----------------------------|
| Tower A | | | | |
| 1 | M1-Menara A/39 & 40/338 | A-39&40-06 | E | 256 |
| 2 | M1-Menara A/39 & 40/340 | A-39&40-08 | F | 196 |
| 3 | M1-Menara A/39 & 40/336 | A-39&40-04 | G | 236 |
| Tower B | | | | |
| 4 | M1-Menara B/39 & 40/680 | B-39&40-08 | E | 256 |
| 5 | M1-Menara B/39 & 40/678 | A-39&40-06 | F | 196 |
| Tower C | | | | |
| 6 | M1-Menara C/15/768 | C-15-04 | C | 118 |
| 7 | M1-Menara C/36/986 | C-36-04 | C | 118 |
| 8 | M1-Menara C/37/998 | C-37-06 | A | 64 |
| 9 | M1-Menara C/39 & 40/1017 | C-39&40-05 | E | 256 |
| 10 | M1-Menara C/39 & 40/1020 | C-39&40-08 | F | 196 |
| Tower D | | | | |
| 11 | M1-Menara D/34/1303 | D-34-01 | A | 64 |
| 12 | M1-Menara D/39 & 40/1353 | D-39&40-01 | E | 256 |
| 13 | M1-Menara D/39 & 40/1355 | D-39&40-03 | G | 236 |
| 14 | M1-Menara D/39 & 40/1357 | D-39&40-05 | F | 196 |

THE SUBJECT PROPERTY WILL BE ISSUED WITH AN INDIVIDUAL STRATA TITLE AS PER THE PROPOSED STRATA PLAN APPROVED ON 23 SEPTEMBER 2019.

THE STRATA TITLE WHEN ISSUED FOR THE SUBJECT PROPERTY IS GOOD, MARKETABLE AND REGISTRABLE.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE ASSUMPTIONS WHICH ARE PRESUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE ASSUMPTIONS IS INVALID / INCORRECT.

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTIONS AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED."

(This paragraph is required in accordance with Standard 9 of the Malaysian Valuation Standards.)

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 50

PROPERTY IDENTIFICATION

The property : Thirty seven (37) units of serviced apartment

Location : Pangsapuri Atlantis Kota Syahbandar, Jalan KSB 11A, 75200 Melaka

Building No./
Storey No./
Parcel No./
Accessory Parcel
No./Floor Area
based on
proposed strata
plan : Please refer to "General Description" section

Master Title No. : PN 63344

Parent Lot No. : Lot 2307, Town Area XLIV (formerly Town Area VI), District of Melaka Tengah, Melaka

Tenure : Leasehold 99 years expiring on 18 May 2105
(Unexpired term of approximately 85 years)

Registered Owner : ASAL HARTA SDN. BHD.
of Parent Lot

Category of Land : Building
Use

Encumbrances : Nil

Planning : Commercial use (serviced apartment)
Provision

GENERAL DESCRIPTION

The subject building is a 40-storey serviced apartment atop a five (5)-storey carpark podium. It comprises lobby, visitor lounge, management office, multi-purpose room, M&E service rooms, landscape area and carpark located at the ground floor whilst another one (1) level of facilities is located at level 7.

Sky bridge 1 & 2, sky garden, sky garden, sky terrace and toilet are located at level 24. A total of 1,360 units of serviced apartment are located from level 8 to level 23 and level 25 to level 40 together with a green roof (sky garden) erected on top floor (roof level) of the subject building.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 51

GENERAL DESCRIPTION (Cont'd)

Subject Unit

Vide the Proposed Strata Plan dated 23 September 2019, the details of subject property are summarised as follows:-

| No. | Unit No. | Building No./Storey No./Parcel No. | Accessory Parcel No. | | Parcel Area (sq.metres) |
|----------------|--------------|------------------------------------|----------------------|---------------|-------------------------|
| Tower A | | | | | |
| 1 | A-39 & 40-02 | M1 - Menara A/39 & 40/334 | A486 & A487 | A502 & A503 | 256 |
| 2 | A-39 & 40-06 | M1 - Menara A/39 & 40/338 | A494 & A495 | A510 & A511 | 256 |
| 3 | A-39 & 40-07 | M1 - Menara A /39 & 40/339 | A496 & A497 | A512 & A513 | 256 |
| 4 | A-39 & 40-08 | M1 - Menara A/39 & 40/340 | A498 & A499 | A514 & A515 | 196 |
| 5 | A-39 & 40-03 | M1 - Menara A/39 & 40/335 | A488 & A489 | A504 & A505 | 236 |
| 6 | A-39 & 40-04 | M1 - Menara A/39 & 40/336 | A490 & A491 | A506 & A507 | 236 |
| Tower B | | | | | |
| 1 | B-39 & 40-08 | M1 - Menara B/39 & 40/680 | A1011 & A1012 | A1027 & A1028 | 256 |
| 2 | B-39 & 40-07 | M1 - Menara B/39 & 40/679 | A1009 & A1010 | A1025 & A1026 | 256 |
| 3 | B-39 & 40-06 | M1 - Menara B/39 & 40/678 | A1007 & A1008 | A1023 & A1024 | 196 |
| Tower C | | | | | |
| 1 | C-15-04 | M1 - Menara C/15/768 | A1145 | A1146 | 118 |
| 2 | C-34-05 | M1 - Menara C/34/967 | A1438 | | 64 |
| 3 | C-35-05 | M1 - Menara C/35/977 | A1454 | | 64 |
| 4 | C-36-03 | M1 - Menara C/36/985 | A1466 | A1467 | 118 |
| 5 | C-36-04 | M1 - Menara C/36/986 | A1468 | A1469 | 118 |
| 6 | C-36-05 | M1 - Menara C/36/987 | A1470 | | 64 |
| 7 | C-36-08 | M1 - Menara C/36/990 | A1473 | | 64 |
| 8 | C-37-06 | M1 - Menara C/37/998 | A1487 | | 64 |
| 9 | C-39 & 40-05 | M1 - Menara C/39 & 40/1017 | A1518 & A1519 | A1534 & A1535 | 256 |
| 10 | C-39 & 40-06 | M1 - Menara C/39 & 40/1018 | A1520 & A1521 | A1536 & A1537 | 256 |
| 11 | C-39 & 40-07 | M1 - Menara C/39 & 40/1019 | A1522 & A1523 | A1538 & A1539 | 256 |
| 12 | C-39 & 40-08 | M1 - Menara C/39 & 40/1020 | A1524 & A1525 | A1540 & A1541 | 196 |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 52

GENERAL DESCRIPTION (Cont'd)

| No. | Unit No. | Building No./Storey No./Parcel No. | Accessory Parcel No. | Parcel Area (sq.metres) |
|---------|--------------|------------------------------------|----------------------|-------------------------|
| Tower D | | | | |
| 1 | D-23-01 | M1 - Menara D/23/1201 | A1782 | 64 |
| 2 | D-32-02 | M1 - Menara D/32/1284 | A1911 | 64 |
| 3 | D-33-01 | M1 - Menara D/33/1293 | A1926 | 64 |
| 4 | D-34-01 | M1 - Menara D/34/1303 | A1942 | 64 |
| 5 | D-34-02 | M1 - Menara D/34/1304 | A1943 | 64 |
| 6 | D-35-04 | M1 - Menara D/35/1316 | A1962 | A1963 118 |
| 7 | D-36-01 | M1 - Menara D/36/1323 | A1974 | 64 |
| 8 | D-37-01 | M1 - Menara D/37/1333 | A1990 | 64 |
| 9 | D-39 & 40-01 | M1 - Menara D/39 & 40/1353 | A2022 & A2023 | A2038 & A2039 256 |
| 10 | D-39 & 40-02 | M1 - Menara D/39 & 40/1354 | A2024 & A2025 | A2040 & A2041 236 |
| 11 | D-39 & 40-03 | M1 - Menara D/39 & 40/1355 | A2026 & A2027 | A2042 & A2043 236 |
| 12 | D-39 & 40-04 | M1 - Menara D/39 & 40/1356 | A2028 & A2029 | A2044 & A2045 256 |
| 13 | A-39 & 40-02 | M1 - Menara D/39 & 40/1357 | A2030 & A2031 | A2046 & A2047 196 |
| 14 | A-39 & 40-06 | M1 - Menara D/39 & 40/1358 | A2032 & A2033 | A2048 & A2049 196 |
| 15 | A-39 & 40-07 | M1 - Menara D/39 & 40/1359 | A2034 & A2035 | A2050 & A2051 256 |
| 16 | A-39 & 40-04 | M1 - Menara D/39 & 40/1360 | A2036 & A2037 | A2052 & A2053 256 |

METHOD OF VALUATION

The market value of the subject property is arrived principally by the Comparison Approach. We have also carried out a check valuation using the Income Approach (Investment Method).

VALUE CONSIDERATION

a. Comparison Approach

Transactions of similar serviced apartment within Pangsapuri Atlantis Kota Syahbandar with a floor area of 689 square feet are as follows :-

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|-------------------------------|---|------------------------------------|------------------------------------|
| Source | Valuation and Property Services Department (JPPH) | | |
| Scheme | Pangsapuri Atlantis Kota Syahbandar | | |
| Developer's Parcel No. | No. Strata 2307(M1/30/974) | No. Strata 2307(M1/16/398) | No. Strata 2307(M1/21/665) |
| Parent Lot No. | Lot 2307 | | |
| Town Area/ District/ State | Town Area VI/ Melaka Tengah/ Melaka | | |
| Address | Unit No. A-30-06, Jalan KSB 11A | Unit No. B-16-02, Jalan KSB 11A | Unit No. A-08-06, Jalan KSB 11A |
| Type | Serviced apartment | | |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 53

VALUE CONSIDERATION (Cont'd)

a. Comparison Approach (Cont'd)

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|----------------------------|---|---------------------------------------|---------------------------------------|
| Floor Area | 64 square metres (689 square feet) | 64 square metres (689 square feet) | 64 square metres (689 square feet) |
| Tenure | Leasehold 99 years expiring on 18 May 2105 | | |
| Date | 27/05/2019 | 02/05/2019 | 01/04/2019 |
| Vendor | MOHAMMED SALLEH BIN MOHAMMED | LING LEONG HING | MOHAMAD HIRMAN BIN SABAN |
| Purchaser | TAN KANG + 1 | LIM SU YEE | MOHD RIZAL BIN ROKMAN |
| Consideration | RM330,000/- | RM330,000/- | RM300,000 |
| Analysis (RM psf) | RM479 psf | RM479 psf | RM435 psf |
| Adjustments | Adjustments are made on location, floor level, position and quantum allowance | | |
| Adjusted Value (RM psf) | RM460 psf | RM479 psf | RM453 psf |

Note: "psf" denotes per square foot

From the above analysis, the adjusted values ranging from RM453 per square foot to RM479 per square foot. Having regard to the foregoing, we have adopted Comparable 1 as the best comparable due to its latest transaction. The value adopted is RM460 per square foot.

For units with floor area of 689 square feet, the base value adopted is at RM460 per square foot. Further adjustments are made on the location, floor level, tenure, position, and quantum allowance for remaining units with similar floor area.

Transactions of serviced apartment within Pangsapuri Atlantis Kota Syahbandar with a floor area of 1,055 square feet are as follows:-

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|-------------------------------|---|-------------------------------------|------------------------------------|
| Source | Valuation and Property Services Department (JPPH) | | |
| Scheme | Pangsapuri Atlantis Kota Syahbandar | | |
| Developer's Parcel No. | No. Strata 2307(M1/13/260) | No. Strata 2307(M1/34/1138) | No. Strata 2307(M1/21/625) |
| Parent Lot No. | Lot 2307 | | |
| Town Area/ District/ State | Town Area VI/ Melaka Tengah/ Melaka | | |
| Address | Unit No. B-13-08, Jalan KSB 11A | Unit No. A-34-10, Jalan KPKS 11A | Unit No. A-21-01, Jalan KSB 11A |
| Type | Serviced apartment | | |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 54

VALUE CONSIDERATION (Cont'd)

a. Comparison Approach (Cont'd)

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|----------------------------|---|---|---|
| Floor Area | 98 square metres (1,055 square feet) | 98 square metres (1,055 square feet) | 98 square metres (1,055 square feet) |
| Tenure | Leasehold 99 years expiring on 18 May 2105 | | |
| Date | 27/05/2019 | 16/01/2019 | 16/10/2018 |
| Vendor | CHUA SIEW CHEAN | KONG LEE XIANG +1 | ONG BEE CHU |
| Purchaser | WEE JIN HOW | KUEK SOCK HUI | JEMETHAN NG |
| Consideration | RM550,000 | RM540,000 | RM480,000 |
| Analysis (RM psf) | RM521psf | RM512psf | RM455psf |
| Adjustments | Adjustments are made on location, floor level, size, position and quantum allowance | | |
| Adjusted Value (RM psf) | RM503 psf | RM427 psf | RM416psf |

Note: "psf" denotes per square foot

From the above analysis, the adjusted values ranging from RM416 per square foot to RM503 per square foot. Having regard to the foregoing, we have adopted Comparable 2 as the best comparable due to its latest transaction. The value adopted is RM430 per square foot.

For units with floor area more than 689 square feet, the base value adopted is at RM430 per square foot. Further adjustments are made on the location, size, floor level, tenure, position, and quantum allowance.

Based on the enquiries made to the developer, we noted that unsold units are under bumiputra reserved. In arriving for the Market Value of Bumi Unit, we have adopted a discount of 15% as per Melaka State Government Policy (for selling price above RM200,000/-). With the above, the market value of the subject property after bumi discount derived as follows:-

| Floor Area (square feet) | Market Value |
|-----------------------------|--|
| 689 | Range from RM250,000/- to RM RM270,000/- |
| 1,270 | Range from RM400,000/- to RM RM460,000/- |
| 2,110 | RM730,000/- |
| 2,540 | RM850,000/- |
| 2,756 | Range from RM930,000/- to RM RM950,000/- |

Hence, the total market value of the subject property derived from Comparison Approach is RM23,290,000/-.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 55

VALUE CONSIDERATION (Cont'd)

b. Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

| Description | Parameters | Remarks |
|---|-------------------------|--|
| Average Gross Monthly Rental of Parcel Area | RM1.70psf – RM1.96psf | Considered the asking rentals of similar serviced apartment within the subject property |
| Monthly Outgoings | RM0.35 psf – RM0.38 psf | Considered the current outgoings of the subject property. |
| Void | 10.00% | We have adopted the void for rent-free period and risk of vacancy and uncertainty. |
| Capitalisation Rate | 3.50% | Based on the recent transaction of the serviced apartment within Pangsapuri Atlantis Kota Syahbandar, the net yield ranging from 3.36% to 4.01%. Taking into consideration the location, building specification and building age of the subject property, we have adopted the net yield at 3.50%. |
| Present Value | 3.50% | The present value of the capitalised value for the subject property over 1 year at the discount rate of 3.5% per annum is tandem with the above adopted net yield and reflects adequately the time value of money i.e. about 1 year to secure a tenant. |

Therefore, the market value after bumi discount derived as follows:-

| Floor Area (square feet) | Market Value |
|--------------------------|--------------|
| 689 | RM250,000/- |
| 1,270 | RM400,000/- |
| 2,110 | RM600,000/- |
| 2,540 | RM730,000/- |
| 2,756 | RM790,000/- |

Hence, the total market value derived from Income Approach (Investment Method) is RM20,000,000/-.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

| | |
|-------------------------------------|------------------|
| Comparison Approach | - RM23,290,000/- |
| Income Approach (Investment Method) | - RM20,000,000/- |

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are similar transactions available.

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property **BASED ON THE BASIS/ASSUMPTIONS AND PROVISIO AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** free from all encumbrances at RM23,290,000/- (Ringgit Malaysia : Twenty Three Million Two Hundred And Ninety Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 56

**11.0 Properties within Taman Desa Bertam, Melaka
(Our Ref : WTW/06/V/002778(b)/19/TAL)**
PROPERTY IDENTIFICATION

The property : Four (4) units of intermediate, two (2) units of corner lot and four (4) units of end lot double storey terraced house

Location : All within Taman Desa Bertam, 76450 Melaka

Title Nos., Lot
Nos., Address
and Land Area

| Address | Title Nos. | Lot Nos. | Land Area (square metres) |
|------------------------------|------------|------------------------|------------------------------|
| No.14, Jalan Desa Bertam 12 | HSD 82790* | PT 16358 | 143 |
| No. 2, Jalan Desa Bertam 12 | HSD 82796* | PT 16364 | 263 |
| No. 19, Jalan Desa Bertam 13 | HSD 82807* | PT 16374 | 143 |
| No. 20, Jalan Desa Bertam 13 | HSD 82828* | PT 16396 | 143 |
| No. 12, Jalan Desa Bertam 13 | HSD 82832* | PT 16400 | 143 |
| No. 19, Jalan Desa Bertam 14 | HSD 82849* | PT 16415 | 143 |
| No. 29, Jalan Desa Bertam 14 | HSD 82844* | PT 16420 | 143 |
| No. 1, Jalan Desa Bertam 5 | HSD 82528 | PT 16700 | 276 |
| No. 66, Jalan Desa Bertam 6 | HSD 82585 | PT 16873 | 156 |
| No. 106, Jalan Desa Bertam 6 | HSD 82605 | PT 16893 (PT 17758) | 156 [^] |

Note: * Bumi unit

[^]In accordance to Pre-Comp Plan bearing Ref No. JM/13/MEK/137/P/8 dated July 2019

All within Mukim of Tanjong Minyak, District of Melaka Tengah, Melaka

Tenure : Term in Perpetuity

Registered Owner : TELADAN SETIA SDN. BHD.

Category of Land Use : Building

Encumbrances : Nil

Planning Provision : Residential use

GENERAL DESCRIPTION

| Lot Nos. | Land Area (square metres) | Gross Floor Area (square metres) | Shape | Remarks |
|---------------------|------------------------------|-------------------------------------|-------------|--------------|
| PT 16358 | 143 | 263.66 | Rectangular | Intermediate |
| PT 16364 | 263 | 275.74 | Trapezoidal | Corner Lot |
| PT 16374 | 143 | 263.66 | Rectangular | End Lot |
| PT 16396 | 143 | 263.66 | Rectangular | End Lot |
| PT 16400 | 143 | 263.66 | Rectangular | Intermediate |
| PT 16415 | 143 | 263.66 | Rectangular | End Lot |
| PT 16420 | 143 | 263.66 | Rectangular | Intermediate |
| PT 16700 | 276 | 299.71 | Trapezoidal | Corner Lot |
| PT 16873 | 156 | 287.63 | Rectangular | Intermediate |
| PT 16893 (PT 17758) | 156 | 287.63 | Rectangular | End Lot |

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 57**GENERAL DESCRIPTION (Cont'd)**

The land is generally flat in terrain and lies at the same level / slightly above the level of existing frontage metalled roads. To the immediate north-east of Lot No. PT 16893 (PT 17758) across the road is Sungai Bertam river reserve.

The boundaries of subject property are generally demarcated by dwarf plastered brickwalls fencing. The main entrance of each lot is installed with a pair of metal gates.

A Certificate of Completion and Compliance (CCC) for Lot PT 16700, PT 16873 and PT 16893 was issued on 29 July 2019 whilst another CCC dated 30 August 2019 was issued for the remaining lots. Based on the CCC, it is noted that the subject property is newly completed.

METHOD OF VALUATION

The subject property is valued using the Indirect Comparison Approach as other approach is deemed not appropriate.

VALUE CONSIDERATION**Indirect Comparison Approach**

Transactions of similar double storey terraced house within the vicinity area are as follows:-

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|------------------------------|---|-----------------------------------|--------------------------|
| Source | Valuation and Property Services Department (JPPH) | | |
| Name | Taman Bertam Setia | | |
| Title No. | Geran Mukim 1728 | Geran Mukim 1636 | Geran Mukim 1668 |
| Lot No. | 11359 | 11307 | 11339 |
| Mukim/ District/ State | Tanjong Minyak/ Melaka Tengah/ State | | |
| Address | No. 53, Jalan BS 14 | No. 72A, Jalan BS 14 | No. 10, Jalan BS 14 |
| Type | Double storey intermediate terraced house | | |
| Land Area | 156.00 square metres (1,679 square feet) | | |
| Tenure | Term in perpetuity | | |
| Date | 21/10/2018 | 28/8/2018 | 24/7/2018 |
| Vendor | CHAN WAI CHING + 1 | T'NG TECK HUAT + FOO SING CHEAT | LIM YONG KIAN |
| Purchaser | GRIFFIN GAN XIANG JIAN | WONG SHI YEW + KEVIN LOH WEE KIAN | CLEMENT LEE WEI KENT + 1 |
| Consideration | RM408,000/- | RM430,000/- | RM450,000/- |
| Analysis Land Value (RM psf) | RM138 psf | RM151 psf | RM163 psf |
| Adjustments | Adjustments are made on location – general and quantum allowance* | | |
| Adjusted Land Value (RM psf) | RM103/- | RM113/- | RM122/- |

Note: "psf" denotes per square foot

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 58

VALUE CONSIDERATION (Cont'd)

* We have adopted building value for mass development for both the transactions and subject property; therefore, it will not be affected by the quantum factor. However, the land value will be affected by quantum factor where the more the number of units, the lower value expected by the market.

From the above analysis, the adjusted land values range from RM103 per square foot to RM122 per square foot. Having regard to the foregoing, we have adopted adjusted land value of Comparable 1 because it is the most recent transaction. With that, we have adopted a rounded value of RM100 per square foot for the land in our valuation.

We have adopted RM100 per square foot for the building value of intermediate unit whilst the building value for end lot and corner lot are RM105 per square foot and RM115 per square foot, respectively. No depreciation is adopted since the building is newly completed.

The market value for non-bumi units range from RM400,000/- to RM600,000/-.

In arriving for the market value of bumi lots, we have adopted a discount of 10% as approved by Pejabat Tanah dan Galian on 30 November 2015, for selling price RM80,000/- and above. Therefore, the market value after bumi discount ranges from RM370,000/- to RM470,000/-.

Hence, the total market value of the subject property derived from Indirect Comparison Approach is RM4,220,000/-

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property with permission to transfer, lease and free from all encumbrances at RM4,220,000/- (Ringgit Malaysia : Four Million Two Hundred and Twenty Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 59

**12.0 Properties within Taman Seri Tuah Permai, Melaka
(Our Ref : WTW/06/V/002778(C)/19/CHS)**

TERMS OF REFERENCE

The valuation is carried out based on the following BASIS/ASSUMPTIONS:

WE HAVE INSPECTED ONLY SELECTED UNITS AND THE VALUATION FOR THE REMAINING UNITS IS BASED ON "EXTERNAL VIEWING" AND ASSUMING THE CONDITIONS AND SPECIFICATIONS ARE SAME AS UNIT NOS. 2 & 2-1, 4 & 4-1, 6 & 6-1, 8 & 8-1, 10 & 10-1, 12 & 12-1, 14 & 14-1, 16 & 16-1, 56 & 56-1, 58 & 58-1, 60 & 60-1, 62 & 62-1 AND 90 & 90-1.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE ASSUMPTIONS WHICH ARE PRESUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE ASSUMPTIONS IS INVALID / INCORRECT.

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTIONS AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED."

(This paragraph is required in accordance with Standard 9 of the Malaysian Valuation Standards.)

PROPERTY IDENTIFICATION

- The property : Thirty (30) units of double storey shopoffice with twenty six (26) units of intermediate lot, two (2) units of end lot and two (2) units of corner lot
- Address/ Locality : Located at Jalan ST Permai 2, Taman Seri Tuah Permai, Durian Tunggal, 76100 Hang Tuah Jaya, Melaka

| Title Nos., Lot Nos., and Land Area | Unit Nos. | Title Nos. | Lot Nos. | Land Area (square metres) |
|-------------------------------------|---|--|--|---------------------------|
| | 2 & 2-1 | Geran 54734 | 61937 | 587 |
| | 4 & 4-1 | Geran 54735 | 61938 | 182 |
| | 6 & 6-1 | Geran 54736 | 61939 | 172 |
| | 8 & 8-1 | Geran 54737 | 61940 | 162 |
| | 10 & 10-1 | Geran 54738 | 61941 | 152 |
| | 12 & 12-1 | Geran 54739 | 61942 | 144 |
| | 14 & 14-1, 16 & 16-1, 26 & 26 -1, 34 & 34-1, 38 & 38-1, 40 & 40-1 and 42 & 42-1 | Geran 54740, 54741, 54746, 54750, 54752 to 54754 (inclusive) | 61943, 61944, 61949, 61953, 61955 to 61957 (inclusive) | 143 |
| | 46 & 46-1, 48 & 48-1 and 52 & 52-1 | Geran 54756, 54757 & 54759 | 61959, 61960 & 61962 | 154 |
| | 56 & 56-1, 58 & 58-1 and 60 & 60-1 | Geran 54761* to 54763*(inclusive) | 61964 to 61966 (inclusive) | 154 |
| | 62 & 62-1, 64 & 64-1, 66 & 66-1, 68 & 68-1, 70 & 70-1, 72 & 72-1, 74 & 74-1, 76 & 76-1, 78 & 78-1 and 80 & 80-1 | Geran 54764* to 54773*(inclusive) | 61967 to 61976 (inclusive) | 143 |
| | 90 & 90-1 | Geran 54778* | 61981 | 258 |

Note: * Bumi unit

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 60

PROPERTY IDENTIFICATION (Cont'd)

Tenure : Term in perpetuity

Register Owner : TELADAN SETIA SDN. BHD

Category of Land : Building
Use

Encumbrances : Nil

Planning : Commercial use
Provision

GENERAL DESCRIPTION

| Lot Nos. | Land Area (square metres) | Gross Floor Area (square metres) | Shape | Remarks |
|---|------------------------------|-------------------------------------|--------------|--------------|
| 61937 | 587 | 511.22 | Trapezoidal | Corner Lot |
| 61938 | 182 | 364.00 | Trapezoidal | Intermediate |
| 61939 | 172 | 344.00 | Trapezoidal | Intermediate |
| 61940 | 162 | 324.00 | Trapezoidal | Intermediate |
| 61941 | 152 | 304.00 | Trapezoidal | Intermediate |
| 61942 | 144 | 288.00 | Trapezoidal | Intermediate |
| 61943, 61944, 61949, 61953, 61955 to 61957 (inclusive) | 143 | 286.00 | Rectangular | Intermediate |
| 61959, 61960, 61962, 61964 & 61965 | 154 | 308.00 | Intermediate | Regular |
| 61966 | 154 | 308.00 | End Lot | Regular |
| 61967 | 143 | 286.00 | End Lot | Rectangular |
| 61968 to 61976 (inclusive) | 143 | 286.00 | Intermediate | Rectangular |
| 61981 | 258 | 516.00 | Regular | Corner Lot |

The land is generally flat in terrain and lies slightly above the level of existing frontage metalled road, Jalan ST Permai 2.

The subject property has been issued with a Certificate of Completion and Compliance (CCC) dated 19 February 2016 and the building age is about 3.5 years old.

METHOD OF VALUATION

The market value of the subject property is arrived principally by the Indirect Comparison Approach. We have also carried out a check valuation using the Income Approach (Investment Method).

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 61**VALUE CONSIDERATION**a) Indirect Comparison Approach

The transactions of double storey shopoffice within the vicinity area are as follows :-

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|------------------------------|---|-------------------------------|---------------------------|
| Source | Valuation and Property Services Department (JPPH) | | |
| Scheme | Taman Angsa Mas | Taman Cenderawasih | Taman Krubong Perdana |
| Title No. | Geran 26224 | Geran Mukim 1447 | Geran 50434 |
| Lot No. | 8922 | 8885 | 7503 |
| Mukim | Durian Tunggal | Durian Tunggal | Krubong |
| District | Alor Gajah | Alor Gajah | Melaka Tengah |
| State | Melaka | | |
| Address | DT 3949, Jalan Angsa Mas 1 | DT 4133, Jalan Cenderawasih 2 | No. 27 & 27-1, Jalan KP 1 |
| Type | Intermediate | End lot | End lot |
| Land Area | 143.00 sm (1,539 sf) | 143.00 sm (1,539 sf) | 164.00 sm (1,765 sf) |
| Tenure | Term in perpetuity | | |
| Date | 07/11/2018 | 28/03/2018 | 23/02/2018 |
| Vendor | KU CHYE END + 1 | NORAINI BINTI MAWARDI | RAGHAVAN A/L KANASAMY |
| Purchaser | CHIN V-CHUN | RENUKHA A/P SUBRAMANIAM | KEK KIM SING + 1 |
| Consideration | RM470,000/- | RM355,000/- | RM400,000/- |
| Analysis Land Value (RM psf) | 07/11/2018 | RM106.00 psf | RM111.00 psf |
| Adjustments | Adjustments are made on location – general, position and quantum* | | |
| Adjusted Land Value (RM psf) | RM93.33 psf | RM90.51 psf | RM83.20 psf |

Note: "psf" denotes per square foot

* We have adopted building value for mass development for both the transactions and subject property; therefore, it will not be affected by the quantum factor. However, the land value will be affected by quantum factor where the more the number of units, the lower value expected by the market.

We have adopted Lot 61943 as a base and from the above analysis, the adjusted land values range from RM83.20 per square foot to RM93.33 per square foot. We have adopted Comparable 1 as the best comparable due to its most recent transaction.

The base land value adopted is at RM90 per square foot. Further adjustments for remaining units are made on the size and position and therefore, the land values derived ranging from RM68 per square foot to RM90 per square foot.

The building value adopted for the subject building is RM90 per square foot for intermediate unit and RM95 per square foot for corner and end unit with a depreciation rate of 10%.

The market value for non-bumi units range from RM380,000/- to RM770,000/-.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 62

VALUE CONSIDERATION (Cont'd)

In arriving for the market value of bumi units, we have adopted a discount of 15% as per Melaka State Government policy (for selling price above RM200,000/-). Therefore, the market value after bumi discount derived at RM320,000/- to RM590,000/-.

Hence, the total market value of the subject property derived from Indirect Comparison Approach is RM11,690,000/-.

b) Income Approach (Investment Method)

| Description | Parameters | Remarks |
|---|--|--|
| Average Gross Monthly Rental for Double Storey Shopoffice (Tenanted Unit) | RM0.03 psf to RM1.27 psf | We have adopted current passing rent. |
| Average Gross Monthly Rental For Ground Floor Double Storey Shopoffice (Vacant Unit) | RM0.80 psf (intermediate) RM0.85 psf (corner/end) | Considered the rental of ground and first floor of double storey shopoffices within the vicinity. |
| Average Gross Monthly Rental For First Floor Double Storey Shopoffice (Vacant Unit) | RM0.40 psf (intermediate) RM0.45 psf (corner/end) | Considered the rental of similar first floor of double storey shopoffices within the vicinity. |
| Average Gross Monthly Rental For Ground Floor Double Storey Shopoffice – Reversionary (Tenanted Unit) | RM0.80 psf (intermediate) RM0.85 psf (corner/end) | Considered the concluded rental of similar ground floor of double storey shopoffices within the vicinity. |
| Average Gross Monthly Rental For First Floor Double Storey Shopoffice (Tenanted Unit) | RM0.40 psf (intermediate) RM0.45 psf (corner/end) | Considered the concluded rental of similar first floor of double storey shopoffices within the vicinity. |
| Monthly Outgoings | RM0.09 psf | Considered the current actual outgoings of the subject property. |
| Void | 20.00% | We have adopted the void for rent-free period and risk of vacancy and uncertainty. |
| Capitalisation Rate - Term | 3.00% | Based on the recent transaction of the shopoffices within the vicinity, the net yield ranges from 2.76% to 3.65%. Taking into consideration the location, building specification and building age of the subject property, we have adopted the rounded net yield (term) at 3.00% and net yield (reversionary) at 3.50%. |
| Capitalisation Rate - Reversionary | 3.50% | |

The market value derived for non-bumi units range from RM370,000/- to RM740,000/-.

In arriving for the market value of bumi units, we have adopted a discount of 15% as per Melaka State Government policy (for selling price above RM200,000/-). Therefore, the market value after bumi discount derived at RM300,000/- to RM590,000/-.

Hence, the total market value of the subject property derived from Income Approach (Investment Method) is RM11,360,000/-.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 63

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

| | |
|--|------------------|
| Indirect Comparison Approach | - RM11,690,000/- |
| Income Approach (Investment Method) | - RM11,360,000/- |

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are plenty of transactions available within the vicinity.

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property **BASED ON THE BASIS/ASSUMPTIONS AND PROVISIO AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to transfer, lease and free from all encumbrances at RM11,690,000/- (Ringgit Malaysia : Eleven Million Six Hundred And Ninety Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 64

**13.0 Properties within Taman Bertam Putra, Melaka
(Our Ref : WTW/06/V/002778(D)/19/AA)**
TERMS OF REFERENCE

The valuation is carried out based on the following BASIS/ASSUMPTIONS:

WE HAVE INSPECTED ONLY SELECTED UNITS OF THE DOUBLE STOREY SHOPOFFICE AND THE VALUATION FOR THE REMAINING UNITS IS BASED ON "EXTERNAL VIEWING" AND ASSUMING THE CONDITIONS AND SPECIFICATIONS ARE SAME AS NOS. 146 & 146-1 AND 148 & 148-1 OF JALAN BERTAM PUTRA 1.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE ASSUMPTIONS WHICH ARE PRESUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE ASSUMPTIONS IS INVALID / INCORRECT.

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTIONS AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED."

(This paragraph is required in accordance with Standard 9 of the Malaysian Valuation Standards.)

PROPERTY IDENTIFICATION

The property : 1. Thirty (30) units of double storey shopoffice
2. Three (3) Units of double storey terraced house and
3. Thirty six (36) parcels of vacant commercial terraced plot

Location : All within Taman Bertam Putra, Tanjong Minyak, 76450 Melaka

Lot Nos., Title Nos. and Land Area : 1. Thirty (30) units of double storey shopoffice

| Address (Jalan Bertam Putra 1) | Title Nos. | Lot Nos. | Land Area (square metres) |
|--|-------------------------------------|-------------------------------|------------------------------|
| 64 & 64-1 | Geran 62468 [#] | 24837 | 143 |
| 66 & 66-1, 68 & 68-1 and 70 & 70-1 | Geran 62469 to 62471 (inclusive) | 24838 to 24840 (inclusive) | 143 |
| 96 & 96-1, 98 & 98-1, 100 & 100-1, 102 & 102-1, 104 & 104-1, 106 & 106-1, 108 & 108-1 | Geran 62497 to 62503 (inclusive) | 24853 to 24859 (inclusive) | 143 |
| 110 & 110-1 | Geran 62517 | 24860 | 143 |
| 112 & 112-1 | Geran 62506 | 24861 | 143 |
| 114 & 114-1 and 116 & 116-1 | Geran 62508 & 62509 | 24862 & 24863 | 143 |
| 120 & 120-1 | Geran 62511 | 24865 | 143 |

Note: [#] Bumi unit

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 65

PROPERTY IDENTIFICATION (Cont'd)

Lot Nos., Title Nos. and Land Area (Cont'd) : 1. Thirty (30) units of double storey shopoffice (Cont'd)

| Address (Jalan Bertam Putra 1) | Title Nos. | Lot Nos. | Land Area (square metres) |
|---|-------------------------------------|-------------------------------|------------------------------|
| 122 & 122-1 and 124 & 124-1 | Geran 62520 & 62521 | 24866 & 24867 | 143 |
| 126 & 126-1, 128 & 128-1, 130 & 130-1, 132 & 132-1, 134 & 134-1 | Geran 62528 to 62532 | 24868 to 24872 (inclusive) | 143 |
| 136 & 136-1 | Geran 62537 | 24873 | 143 |
| 138 & 138-1 | Geran 62534 | 24874 | 143 |
| 140 & 140-1, 142 & 142-1, 144 & 144-1 and 146 & 146-1 | Geran 62439 to 62442 (inclusive) | 24875 to 24878 (inclusive) | 143 |
| 148 & 148-1 | Geran 62443 | 24879 | 185 |

2. Three (3) units of double storey terraced house

| Address | Title Nos. | Lot Nos. | Land Area (square metres) |
|------------------------------|--------------------------|----------|------------------------------|
| No. 25, Jalan Bertam Putra 5 | Geran 62609 [#] | 24986 | 178 |
| No. 17, Jalan Bertam Putra 5 | Geran 62618 [#] | 24990 | 178 |
| No. 74, Jalan Bertam Putra 2 | Geran 62592 | 25047 | 258 |

Note: [#] Bumi unit

3. Thirty six (36) parcels of vacant commercial terraced plot

| Title Nos. | Lot Nos. | Land Area (square metres) |
|---|----------------------------|------------------------------|
| Geran 62420 [#] | 24806 | 271 |
| Geran 62421 [#] to Geran 62434 [#] (inclusive) | 24807 to 24820 (inclusive) | 143 |
| Geran 62435 [#] | 24821 | 162 |
| Geran 62436 [#] to Geran 62438 [#] (inclusive) | 24822 to 24824 (inclusive) | 143 |
| Geran 62449 [#] to Geran 62452 [#] (inclusive) | 24825 to 24828 (inclusive) | 143 |
| Geran 62454 [#] & 62455 [#] | 24829 & 24830 | 143 |
| Geran 62457 [#] & 62458 [#] | 24831 & 24832 | 143 |
| Geran 62464 [#] & 62465 [#] | 24833 & 24834 | 143 |
| Geran 62466 [#] | 24835 | 162 |
| Geran 62444 | 24880 | 172 |
| Geran 62445 to 62448 (inclusive) | 24881 to 24884 (inclusive) | 143 |
| Geran 62453 | 24885 | 143 |

Note: [#] Bumi unit

All within Mukim of Tanjong Minyak, District of Melaka Tengah,
Melaka

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 66

PROPERTY IDENTIFICATION (Cont'd)

Tenure : Term in perpetuity

Registered Owners : MIDAS DIMENSI SDN. BHD

Encumbrances : Nil

Planning Provision : Property 1 & 3
Commercial use

Property 2
Residential use

GENERAL DESCRIPTION

i) Property 1 : Thirty (30) units of double storey shopoffice

| Lot Nos. | Land Area (square metres) | Gross Floor Area (square metres) | Shape | Remarks |
|---|---------------------------|----------------------------------|-------------|--------------|
| 24837, 24838 to 24840 (inclusive), 24853 to 24863 (inclusive) | 143 | 286.14 | Rectangular | Intermediate |
| 24865 | 143 | 286.14 | Rectangular | End lot |
| 24866 to 21878 (inclusive) | 143 | 286.14 | Rectangular | Intermediate |
| 24879 | 185 | 369.26 | Regular | Corner lot |

The land is generally flat in terrain and lies slightly above the existing frontage metalled road, Jalan Bertam Putra 1.

The subject property has been issued with a Certificate of Completion and Compliance (CCC) on 20 December 2018 and the building is about 8 months old.

ii) Property 2 : Three (3) units of double storey terraced house

| Lot Nos. | Land Area (square metres) | Gross Floor Area (square metres) | Shape | Remarks |
|----------|---------------------------|----------------------------------|-------------|--------------|
| 24986 | 178 | 253.19 | Rectangular | Intermediate |
| 24990 | 178 | 253.19 | Rectangular | Intermediate |
| 25047 | 258 | 284.38 | Odd | Intermediate |

The land is generally flat in terrain and lies at about the same level with the existing frontage road, Jalan Bertam Putra 2. The site boundaries of the subject property are demarcated by plastered brickwalls and chain link fencing. The main entrance is installed with a pair of metal gates.

The subject property has been issued with a Certificate of Completion and Compliance (CCC) on 20 December 2018 and the building is about 8 months old.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 67

PROPERTY IDENTIFICATION (Cont'd)

ii) Property 3 : Thirty six (36) parcels of vacant commercial terraced plot

The thirty six (36) parcels of vacant commercial terraced plot have a combined land area of 5,343 square metres (approximately 57,512 square feet or 1.32 acres). The site boundaries were demarcated by metal cladding during the time of inspection and the subject land had been cleared, levelled and ready for immediate development.

The subject property has also obtained planning approval and building plans approval for the development of double storey shopoffice.

METHOD OF VALUATION

Property 1 & 3

The market value of the subject property is arrived principally by the Indirect Comparison Approach. We have also carried out a check valuation using the Income Approach (Investment Method).

Property 2

The subject property is valued using the Comparison Approach as other approach is deemed not appropriate.

VALUE CONSIDERATION

Property 1 : Thirty (30) units of double storey shopoffice

a. Indirect Comparison Approach

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|---------------------------------|--|--|--|
| Source | Valuation and Property Services Department (JPPH) | | |
| Name | Taman Bertam Impian | Taman Bertam Impian | Taman Bertam Jaya |
| Title No. | GRN 44946 | GRN 44909 | GM 301 |
| Lot No. | 6681 | 6663 | 1575 |
| Mukim | Tanjong Minyak | Tanjong Minyak | Paya Rumput |
| District/ State | Melaka Tengah/ Melaka | | |
| Address | No. 52, Jalan BI 1 | No. 16 & 16-1 Jalan BI 1 | No. 20 & 20/1, Jalan Bertam Jaya 9A |
| Type | Double storey intermediate shopoffice | | |
| Land Area | 130 square metres (1,399 square feet) | 130 square metres (1,399 square feet) | 153 square metres (1,647 square feet) |
| Tenure | Term in perpetuity | | |
| Date | 11/01/2018 | 11/04/2018 | 02/08/2018 |
| Vendor | TAN SEE KUI@TAN CEE KWEE + 3 | TAY BIE DEN + 1 | GRAND EMPEROR SDN BHD |
| Purchaser | BRITISH DOMAIN SDN BHD | THI KIM HOCK | SOH YIH HARNG |
| Consideration | RM330,000/- | RM300,000/- | RM415,000/- |
| Analysis Land Value (RM psf) | RM99.48 | RM95.08 | RM123.03 |
| Adjustments | Adjustments are made on location – general, location – accessibility / visibility and quantum* | | |
| Adjusted Land Value (RM psf) | RM90.00 | RM86.00 | RM92.00 |

Note: "psf" denotes per square foot

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 68

VALUE CONSIDERATION (Cont'd)

Property 1 : Thirty (30) units of double storey shopoffice

* We have adopted building value for mass development for both the transactions and subject property; therefore, it will not be affected by the quantum factor. However, the land value will be affected by quantum factor where the more the number of units, the lower value expected by the market.

From the above analysis, the adjusted land values range from RM86 per square foot to RM92 per square foot. Having regard to the foregoing, we have adopted the adjusted land value of Comparable 1 and 2 as the best comparable due to its similarity in terms of location, surrounding and most recent transaction. With that, we have adopted the average value of Comparable 1 and 2 and rounded to RM90 per square foot for the land in our valuation.

We have adopted RM90 per square foot for the building value of intermediate unit and RM100 per square foot for end unit and corner unit. No depreciation adopted for the building since the buildings are newly completed.

The market value for non-bumi units is derived at RM410,000/- for intermediate unit and RM440,000/- for end unit.

In arriving for the market value of Lot 24837 (Unit No. 64 & 64-1) which is designated as bumi unit, we have adopted a discount of 15% as per Melaka State Government Policy (for selling price above RM200,000/-). Therefore, the market value after bumi discount derived at RM370,000/-.

For corner unit (Unit No. 148 & 148-1), the market value is derived at RM560,000/-.

Hence, the total market value of the subject property derived from Comparison Approach is RM12,440,000/-.

b. Income Approach (Investment Method)

| Description | Parameters | Remarks |
|------------------------------|---|---|
| Average Gross Monthly Rental | RM0.65 psf (intermediate) RM0.70psf (end/corner lot) | Considered the asking rentals of similar double storey shopoffice within the subject scheme. |
| Monthly Outgoings | RM0.10 psf | Considered the current outgoings of the subject property. |
| Void | 20% | We have adopted the void for rent-free period and risk of vacancy and uncertainty. |
| Capitalisation Rate | 3.50% | Based on the recent transaction of the shopoffices, the net yield ranges from 3.05% to 3.98%. |
| Present Value | 3.50% | The present value of the capitalised value for the subject property over 1 year at the discount rate of 3.5% per annum is tandem with the above adopted net yield and reflects adequately the time value of money i.e. about 1 year to secure a tenant. |

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 69

VALUE CONSIDERATION (Cont'd)

The market value for non-bumi units is derived at RM400,000/- for intermediate unit RM440,000/- for end unit.

In arriving for the market value of Lot 24837 (Unit No. 64 & 64-1) which is designated as bumi unit, we have adopted a discount of 15% as per Melaka State Government Policy (for selling price above RM200,000/-). Therefore, the market value after bumi discount derived at RM360,000/-. For corner unit (Unit No. 148 & 148-1), the market value is derived at RM510,000/-.

Hence, the total market value of the subject property derived from Income Approach (Investment Method) is RM12,110,000/-.

Property 2 : Three (3) units of double storey terraced house

Indirect Comparison Approach

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|---------------------------------|---|--|--|
| Source | Valuation and Property Services Department (JPPH) | | |
| Name | Taman Bertam Setia | Taman Bertam Setia | Taman Bertam Setia |
| Title No. | GM 1728 | GM 1636 | GM 1668 |
| Lot No. | 11359 | 11307 | 11339 |
| Mukim/ District/ State | Tanjong Minyak/ Melaka Tengah/ Melaka | | |
| Address | No. 53, Jalan BS 14 | No. 72A, Jalan BS 14 | No. 10, Jalan BS 14 |
| Type | Double storey intermediate terraced house | | |
| Land Area | 156 square metres (1,679 square feet) | 156 square metres (1,679 square feet) | 156 square metres (1,679 square feet) |
| Tenure | Term in perpetuity | | |
| Date | 21/10/2018 | 28/08/2018 | 24/07/2018 |
| Vendor | CHAN WAI CHING + 1 | TNG TECK HUAT + FOO SING CHEAT | LIM YONG KIAN |
| Purchaser | GRIFFIN GAN XIANG JIAN | WONG SHI YEW + KEVIN LOH WEE KIAN | CLEMENT LEE WEI KENT + 1 |
| Consideration | RM408,000/- | RM430,000/- | RM450,000/- |
| Analysis Land Value (RM psf) | RM137.52 | RM150.62 | RM162.53 |
| Adjustments | Adjustments are made on location – general, land area, shape, quantum* and others – Facing T-junction | | |
| Adjusted Land Value (RM psf) | RM62.00 | RM68.00 | RM73.00 |

Note: "psf" denotes per square foot

* We have adopted building value for mass development for both the transactions and subject property; therefore, it will not be affected by the quantum factor. However, the land value will be affected by quantum factor where the more the number of units, the lower value expected by the market.

From the above analysis, the adjusted land values range from RM62 per square foot to RM73 per square foot. Having regard to the foregoing, we have adopted Comparable 1 because it is the most recent transaction. With that we have adopted a rounded value of RM65 per square foot for the land in our valuation.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 70

VALUE CONSIDERATION (Cont'd)

We have adopted RM100 per square foot for the building value and no depreciation adopted for the building since the buildings are newly completed.

The market value for non-bumi unit is derived at RM450,000/-.

In arriving for the market value of bumi unit, we have adopted a discount of 15% as per Melaka State Government Policy (for selling price above RM200,000/-). Therefore, the market value derived for bumi unit is RM400,000/-.

Hence, the market value of the subject property derived from Comparison Approach is RM1,250,000/-.

Property 3 : Thirty six (36) parcels of vacant commercial terraced plot

a. Income Approach (Residual Method)

Summary of Parameters

| | |
|-------------------------------|-------------------------|
| Gross Development Value (GDV) | RM14,910,000/- (Note 1) |
| Gross Development Cost (GDC) | RM13,023,418/- (Note 2) |
| Developer's profit | 20% of GDV |
| Development period | 1 year (Note 3) |
| Discount Rate | 8.0% per annum |

Note 1:

The GDV in our valuation is arrived at by reference to the selling/ transacted prices of double storey shopoffice in the neighbourhood of the subject property and the details are as follows:-

| Scheme | Land Area (square metres) | Transacted Price Range (RM per unit) |
|---------------------|---------------------------|--------------------------------------|
| Taman Bertam Impian | 130 | RM300,000 & 330,000/- |
| Taman Bertam Jaya | 153 | RM415,000/- |

For the purpose of this valuation, we have adopted a proposed selling price as follows:

| Position | Proposed Selling Price (RM) | |
|--------------|-----------------------------|-------------|
| | Non Bumi | Bumi |
| Intermediate | RM430,000/- | RM390,000/- |
| End Lot | RM460,000/- | RM410,000/- |
| Corner Lot | RM590,000/- | RM530,000/- |

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 71

Note 2:

The GDC are based on the following material parameters:-

| Item | Rate Adopted | Remarks |
|--|--|---|
| Preliminaries | RM20,000 per acre | Based on normal rate within the industry practice. |
| Statutory Contributions | | |
| -DID | - | DID contribution has been paid. |
| -Syarikat Air Melaka Berhad (SAMB) | RM650 per unit | Based on information gathered from the relevant departments/ agencies and records that were compiled from our previous valuations of similar property in Malacca. |
| -Tenaga Nasional Berhad (TNB) | RM450 per unit | |
| -Indah Water Konsortium (IWK) | 1.00% of GDV | |
| -Building Plan | - | The building plan has been approved. |
| -Title, Certificate of Completion and Compliance application and other fees and licenses | RM500 per plot | Based on information gathered from the relevant departments/ agencies and records that were compiled from our previous valuations of similar property in Malacca. |
| Earthwork & Site Clearance | - | The earthworks and site clearance have been completed. |
| Building Construction Cost | RM70 psf/GFA | Based on the JUBM & Arcadis Construction Cost Handbook Malaysia 2019 as well as our investigation. |
| Infrastructure Works | - | The infrastructure work has been done. |
| Finance Cost | 8.0% | We have adopted a rate of 8.0% on 30% of the total estimated cost for earthwork and site clearance, building construction cost, and infrastructure cost of the proposed development to be incurred for half of the development period. The finance cost of 8.0% per annum is based on our enquiries with financial institutions, i.e. Base Lending Rate (BLR) 6.9% per annum plus security margin of 1.0% to 2.5% per annum. |
| Legal fees, Agency fees and Marketing | 3.0% of the GDV | Based on market rate which is in the region of 2% to 4% of GDV. |
| Administration & Project Management | 3.0% of total earthwork & site clearance, building construction and infrastructure costs | Based on normal rate within the industry practice. |
| Professional Fees | 7.0% of total earthwork & site clearance, building construction and infrastructure costs | Based on normal rate within the industry practice. |
| Contingencies | 5.0% of the total construction cost and development costs | Based on normal rate within the industry practice. |

Note 3:

This is the time frame required for construction and completion as well as the marketing of the units of development. The development period is essential market derived and is also based on analysis of similar developments.

Reference made to the development order bearing Reference No. PTG(M)A/352/1/14/2352(11) issued on 4 February 2016, it is noted that a total of 80 units double storey shop offices (22' x 70') have been approved for the subject scheme. However, out of the 80 units, there are still 36 remaining units to be constructed.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 72**VALUE CONSIDERATION (Cont'd)**

Following our findings, we are of the view that the construction of 36 units of shopoffice will take around 6 months because the building plans of the subject property have been approved and all the infrastructures i.e. roads and drainages have been completed.

Furthermore, the selling price adopted by us to derive the gross development value (GDV) of the 36 units of shopoffice is in-line with secondary market and approximately 26% lower than the developer's selling price of the completed shopoffices located within the same scheme.

With the above, we have proposed a development period of 1 year which is consider reasonable after taking into account another 6 months for additional sales & marketing period.

b. Comparison Approach

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|------------------------------|--|--|--|
| Source | Valuation and Property Services Department (JPPH) | | |
| Name | Next to Automotif Muzium | Klebang | Klebang |
| Title No. | PM 60179 | HSD 69033 | HSD 75535 |
| Lot No. | 64364 | PT 436, Seksyen 2 | PT 554, Seksyen 2 |
| Mukim / Pekan | Durian Tunggal | Pekan Klebang S.2 | Pekan Klebang |
| District | Alor Gajah | Melaka Tengah | Melaka Tengah |
| State | Melaka | | |
| Address | Along Lebu SPA | Jalan Klebang | Jalan Klebang |
| Type | Commercial Land | Commercial Land (Reclaimed Land) | Commercial Land (Reclaimed Land) |
| Land Area | 8,131 square metres (87,521 square feet) | 20,308 square metres (218,593 square feet) | 31,200 square metres (335,834 square feet) |
| Tenure | Leasehold 99 years (expiring on 12/03/2110) | Leasehold 99 years (expiring on 28/11/2109) | Leasehold 99 years (expiring on 30/07/2112) |
| Date | 27/12/2018 | 23/11/2018 | 21/11/2018 |
| Vendor | CAMBERLEY PARK SDN BHD | CHONG CHING REALTY SDN. BHD. | ARENA PROGRESIF SDN BHD |
| Purchaser | SEONG HOE PREMIUM MOTORS SDN BHD | STAR DREAM SDN. BHD | INSTINCT HUB SDN BHD |
| Consideration | RM4,500,000/- | RM10,055,291/- | RM14,609,371/- |
| Analysis (RM psf) | RM51/- | RM46/- | RM44/- |
| Adjustments | Adjustments are made on location – general, land area, tenure, restriction and other – gross land area | | |
| Adjusted Land Value (RM psf) | RM36/- | RM41/- | RM41/- |

Note: "psf" denotes per square foot

From the above analysis, the adjusted land values range from RM36 per square foot to RM41 per square foot. Having regard to the foregoing, we have adopted an adjusted land value of Comparable 1 due to its similarity in terms of surrounding and development type. Therefore, we have adopted a rounded value of RM35 per square foot for the land in our valuation.

The market value of the subject property derived from Comparison Approach, say RM2,000,000/-

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 73

RECONCILIATION OF VALUE

Property 1 : Thirty (30) units of double storey shopoffice

The market value for the subject property derived from both Indirect Comparison Approach and Income Approach (Investment Method) are shown as follows:-

| | |
|--|------------------|
| Indirect Comparison Approach | - RM12,440,000/- |
| Income Approach (Investment Method) | - RM12,110,000/- |

We have adopted the market value derived from Indirect Comparison Approach at RM12,440,000/- as a fair representation of the market value of the subject property in view that there are transactions available within the vicinity.

Property 2 : Three (3) Units of double storey terraced house

The market value for the subject property is only derived from Indirect Comparison Approach and shown as follows:-

| | |
|------------------------------|-----------------|
| Indirect Comparison Approach | - RM1,250,000/- |
|------------------------------|-----------------|

We have adopted the Comparison Approach as the only method of valuation since there are adequate transactions of similar property available in the vicinity. Hence, we have not considered the Income Approach in this valuation.

Property 3 : Thirty six (36) parcels of vacant commercial terraced plot

The market value for the subject property derived from both Comparison Approach and Income Approach (Residual Method) are shown as follows:-

| | |
|-----------------------------------|-----------------|
| Income Approach (Residual Method) | - RM1,700,000/- |
| Comparison Approach | - RM2,000,000/- |

We have adopted the market value derived from Income Approach (Residual Method) at RM1,700,000/- as a fair representation of the market value of the subject property in view that there is a dearth of terraced plot transactions available within the vicinity coupled with the fact that the subject property has obtained planning approval and building plans approval.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON THE BASIS/ASSUMPTION AS STATED IN THE TERMS OF REFERENCE HEREIN** with permission to transfer, lease and free from all encumbrances at RM15,390,000/- (Ringgit Malaysia : Fifteen Million Three Hundred And Ninety Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 74

**14.0 Properties within Bandar Baru Merlimau Utara, Melaka
(Our Ref : WTW/06/V/002778(F)/19/MTT)**

PROPERTY IDENTIFICATION

The property : Seven (7) units of double storey intermediate shopoffice and two (2) units of double storey end lot shopoffice

Location : Along Jalan BMU 2, Bandar Baru Merlimau Utara, 77300 Merlimau, Melaka

| Unit Nos., Title Nos., Lot Nos., and Land Area | Unit Nos. | Title Nos. | Lot Nos. | Land Area (square metres) |
|--|--------------------------------------|---|------------------------------------|---------------------------|
| | JC 137, JC 131 to JC 126 (inclusive) | PM 1716, PM 1722 to PM 1727 (inclusive) | Lot 8759, 8765 to 8770 (inclusive) | 143 |
| | JC 133 & JC 132 | PM 1720 & 1721 | 8763 & 8764 | 167 |

All within Mukim of Merlimau, District of Jasin, Melaka

Tenure : Leasehold 99 years expiring on 27 January 2109
(Unexpired term of approximately 89 years)

Registered Owner : TELADAN SETIA SDN. BHD.

Category of Land Use : Building

Encumbrances : Nil

Planning Provision : Commercial use

GENERAL DESCRIPTION

| Lot Nos. | Land Area (square metres) | Gross Floor Area (square metres) | Shape | Remarks |
|------------------------------------|---------------------------|----------------------------------|-------------|------------------|
| Lot 8759, 8765 to 8770 (inclusive) | 143 | 286.00 | Rectangular | Intermediate Lot |
| 8763 & 8764 | 167 | 332.78 | Rectangular | End Lot |

The land is generally flat in terrain and lies slightly above the level of existing frontage metalled road, Jalan BMU 2.

The subject property has been issued with a Certificate of Completion and Compliance (CCC) dated 30 December 2011 and it is about 8 years old.

METHOD OF VALUATION

The market value of the subject property is arrived principally by the Indirect Comparison Approach. We have also carried out a check valuation using the Income Approach (Investment Method).

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 75

VALUE CONSIDERATIONa) Indirect Comparison Approach

Transactions of double storey shopoffice within the vicinity area are as follows :-

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|---------------------------------|--|--|---------------------------------|
| Source | Valuation and Property Services Department (JPPH) | | |
| Scheme | Bandar Baru Merlimau Utara | | Taman Merlimau Maju |
| Title No. | PM 1591 | PM 1619 | GM 1251 |
| Lot No. | 8629 | 8657 | 8403 |
| Mukim/ District/ State | Merlimau/ Jasin/ Melaka | | |
| Address | JC 113, Jalan BMU 2 | JC 14, Jalan BMU 1 | JA 8695, Jalan Merlimau / Jasin |
| Type | Intermediate | End lot | Intermediate |
| Land Area | 143.00 sm (1,539 sf) | 143.00 sm (1,539 sf) | 131.00 sm (1,410 sf) |
| Tenure | Leasehold 99 years expiring on 27 January 2109 | Leasehold 99 years expiring on 27 January 2109 | Term in Perpetuity |
| Date | 24/10/2016 | 13/10/2016 | 12/07/2019 |
| Vendor | HO SUN YUAN | TAN KIM TAT | YAW SENG CHA |
| Purchaser | HOW CHIEW FONG + 1 | GARY GOH PANG JIAN | GAN CHIN KEONG + 1 |
| Consideration | RM400,000/- | RM500,000/- | RM450,000/- |
| Analysis Land Value (RM psf) | RM115.00 psf | RM172.00 psf | RM186.00 psf |
| Adjustments | Adjustments are made on location-general, location-accessibility / visibility, tenure, position (intermediate / end lot), quantum* and others-Near to IWK | | |
| Adjusted Land Value (RM psf) | RM57.50 psf | RM51.57 psf | RM46.44 psf |

Note: "psf" denotes per square foot

* We have adopted building value for mass development for both the transactions and subject property; therefore, it will not be affected by the quantum factor. However, the land value will be affected by quantum factor where the more the number of units, the lower value expected by the market.

From the above analysis, the adjusted land values range from RM46.44 per square foot to RM57.50 per square foot. We have adopted Comparable 1 and Comparable 2 as the best comparable since are located in the same scheme. With that, we have adopted a rounded average value of RM55 per square foot for the land in our valuation.

We have adopted a building value of RM90 per square foot for intermediate unit and RM95 per square foot for end unit together with a depreciation rate of 15%.

The market value for intermediate unit and end unit are RM310,000/- and RM390,000/-, respectively.

Hence, the total market value of the subject property derived from Comparison Approach is RM2,950,000/-.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 76

VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

| Description | Parameters | Remarks |
|------------------------------|--|---|
| Average Gross Monthly Rental | RM0.50 psf (intermediate) RM0.525 psf (end lot) | Considered the asking rental of similar double storey shopoffice within the subject scheme. |
| Monthly Outgoings | RM0.06 psf | Considered the current actual outgoings of the subject property. |
| Void | 20.00% | We have adopted the void for rent-free period and risk of vacancy and uncertainty. |
| Capitalisation Rate | 3.50% | Based on the recent transaction of the shopoffices within Bandar Baru Merlimau Utara, the net yield ranges from 3.39% to 3.76%. Taking into consideration the location, building specification and building age of the subject property, we have adopted the net yield at 3.50%. |
| Present Value | 3.50% | The present value of the capitalised value for the subject property over 1 year at the discount rate of 3.5% per annum is tandem with the above adopted net yield and reflects adequately the time value of money i.e. about 1 year to secure a tenant. |

The market value for intermediate unit and end unit are RM310,000/- and RM390,000/-, respectively.

Hence, the total market value of the subject property derived from Income Approach (Investment Method) is RM2,950,000/-.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Indirect Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Indirect Comparison Approach - RM2,950,000/-
Income Approach (Investment Method) - RM2,950,000/-

We have adopted the market value derived from Indirect Comparison Approach as a fair representation of the market value of the subject property in view that there are plenty of transactions available within the vicinity.

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property with permission to transfer, lease and free from all encumbrances at RM2,950,000/- (Ringgit Malaysia : Two Million Nine Hundred And Fifty Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 77

**15.0 Properties within Taman Cheng Setia, Melaka
(Our Ref : WTW/06/V/002778(G)/19/TAL)**

PROPERTY IDENTIFICATION

The property : Eleven (11) units of intermediate and one (1) unit of end lot double storey terraced house

Location : Along Jalan CS 4, Taman Cheng Setia, 76450 Melaka

Title Nos., Lot Nos., Address and Land Area

| Unit Nos. | Title Nos. | Lot Nos. | Land Area (square metres) |
|-----------------------------|----------------------------------|--------------------------|---------------------------|
| 31 | GRN 45885* | 8974 | 159 |
| 29, 27, 25, 23, 21, 19 & 17 | GRN 45884* to 45878* (inclusive) | 8975 to 8981 (inclusive) | 133 |
| 11, 9, 7 & 5 | GRN 45875 to 45872 (inclusive) | 8984 to 8987 (inclusive) | 133 |

Note: * Bumi unit

All within Mukim of Cheng, District of Melaka Tengah, Melaka

Tenure : Term in Perpetuity

Registered Owner : TELADAN SETIA SDN. BHD.

Category of Land Use : Building

Encumbrances : Nil

Planning Provision : Residential use

GENERAL DESCRIPTION

| Lot Nos. | Land Area (square metres) | Gross Floor Area (square metres) | Shape | Remarks |
|---|---------------------------|----------------------------------|-------------|------------------|
| Lot 8974 | 159 | 207.18 | Rectangular | End Lot |
| 8975 to 8981 (inclusive) & 8984 to 8987 (inclusive) | 133 | 207.18 | Rectangular | Intermediate Lot |

The land is generally flat in terrain and lies slightly above the existing frontage metalled road, Jalan CS 4. The boundaries of subject property are demarcated by plastered brickwalls. The main entrance is installed with foldable metal gates.

The subject property has been issued with a Certificate of Completion and Compliance (CCC) dated 7 November 2018.

15. VALUATION CERTIFICATES (Cont'd)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC

Page 78

METHOD OF VALUATION

The subject property is valued using the Indirect Comparison Approach as other approach is deemed not appropriate.

VALUE CONSIDERATIONIndirect Comparison Approach

| Details | Comparable 1 | Comparable 2 | Comparable 3 |
|---------------------------------|---|--------------------|-----------------------------------|
| Source | Valuation and Property Services Department (JPPH) | | |
| Name | Taman Cheng Setia | | |
| Title No. | Geran 45853 | Geran Mukim 1149 | Geran 43798 |
| Lot No. | 9026 | 8765 | 8701 |
| Mukim/ District/ State | Cheng/ Melaka Tengah/ Melaka | | |
| Address | No. 22, Jalan CS 6 | No. 96, Jalan CS 5 | No. 86, Jalan CS 6 |
| Type | Double (2) storey intermediate terraced house | | |
| Land Area | 143.00 square metres (1,539 square feet) | | |
| Tenure | Term in perpetuity | | |
| Date | 11/10/2018 | 06/04/2018 | 12/11/2016 |
| Vendor | DINAH ON SIEW PENG | KOH YOONG LEI + 1 | HOO MUN SZE @ HOOI MUN SZE + 1 |
| Purchaser | LAU MAY LING | TAN SOO ANN + 1 | LIM SOON CHUAN |
| Consideration | RM460,000/- | RM415,000/- | RM375,000/- |
| Analysis Land Value (RM psf) | RM201 psf | RM171 psf | RM170 psf |
| Adjustments | Adjustments is made on quantum allowance* | | |
| Adjusted Land Value (RM psf) | RM190/- | RM163/- | RM161/- |

Note: "psf" denotes per square foot

* We have adopted building value for mass development for both the transactions and subject property; therefore, it will not be affected by the quantum factor. However, the land value will be affected by quantum factor where the more the number of units, the lower value expected by the market.

From the above analysis, the adjusted land values range from RM161 per square foot to RM190 per square foot. We have adopted adjusted land value of Comparable 1 because it is the most recent transaction. With that, we have adopted a value of RM190 per square foot for the land in our valuation.

The building value adopted for the intermediate lot is RM100 per square foot whilst the building value for end lot is RM105 per square foot. In view that the building is newly completed, no depreciation is adopted.

The market value for non-bumi units range from RM480,000/- to RM520,000/-.

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 79

VALUE CONSIDERATION (Cont'd)

In arriving for the market value of bumi lots, we have adopted a discount of 15% as per Melaka State Government Policy (for selling price more than RM200,000/-). Therefore, the market value after bumi discount range from RM410,000/- to RM440,000/-.

Hence, the total market value of the subject property derived from Indirect Comparison Approach is RM5,230,000/-

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property with permission to transfer, lease and free from all encumbrances at RM5,230,000/- (Ringgit Malaysia : Five Million Two Hundred And Thirty Thousand Only).

15. VALUATION CERTIFICATES (Cont'd)



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001792/19/TBC
Page 80

Additional Statement

Following the outbreak of COVID-19, Malaysia Government has implemented Movement Control Order (MCO) throughout the whole nation starting 18 March 2020.

The fact that our date of valuation was 31 August 2019 which is prior to the virus outbreak, therefore, we would like to confirm that the market value of the subject properties should remain unchanged.

In the light of this outbreak and MCO, we foresee that the property market in general is likely to experience a slight slow down in the very near future because potential buyers have entered into a wait-and-see state before they are fully convinced to enter into property investment/ transaction after MCO.

However, we are of the view that its impact to the subject properties are relatively minimal/ insignificant since the sale status of the subject properties have been quite promising and we have also allocated certain buffer/ contingency period to the developments while projecting their timeline for completion.

16. STATUTORY AND OTHER INFORMATION

16.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (ii) Save for the Pink Form Allocations as disclosed in Section 4.3.3, as at the date of this Prospectus:
 - (a) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
 - (b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (iii) Save for the new Shares issued and to be issued under the Acquisition and Public Issue as disclosed in Sections 6.2 and 4.3 respectively, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (iv) Other than our Public Issue as disclosed in Section 4.3, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (v) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

16.2 CHANGES IN SHARE CAPITAL OF OUR SUBSIDIARIES

16.2.1 Teladan Setia

Teladan Setia's share capital as at LPD is RM3,750,000 comprising 3,750,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| Date of allotment | No. of shares allotted | Consideration/ Type of issue | Cumulative share capital |
|--------------------------|-------------------------------|-------------------------------------|---------------------------------|
| | | | RM |
| 13 April 1993 | 2 | RM2/subscribers' shares | 2 |
| 30 December 1993 | 2,099,998 | RM2,099,998/cash | 2,100,000 |
| 15 October 1996 | 100,000 | RM100,000/ cash | 2,200,000 |
| 19 February 2004 | 800,000 | RM800,000/ cash | 3,000,000 |
| 9 July 2014 | 750,000 | RM750,000/ cash | 3,750,000 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Teladan Setia. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16. STATUTORY AND OTHER INFORMATION (Cont'd)

16.2.2 Asal Harta

Asal Harta's share capital as at LPD is RM250,000 comprising 250,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| <u>Date of allotment</u> | <u>No. of shares allotted</u> | <u>Consideration/ Type of issue</u> | <u>Cumulative share capital</u> <u>RM</u> |
|--------------------------|-------------------------------|-------------------------------------|--|
| 16 November 1993 | 2 | RM2/subscribers' shares | 2 |
| 28 January 1997 | 99,998 | RM99,998/ cash | 100,000 |
| 29 May 2006 | 150,000 | RM150,000/ cash | 250,000 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Asal Harta. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.3 Midas

Midas' share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| <u>Date of allotment</u> | <u>No. of shares allotted</u> | <u>Consideration/ Type of issue</u> | <u>Cumulative share capital</u> <u>RM</u> |
|--------------------------|-------------------------------|-------------------------------------|--|
| 11 February 2011 | 2 | RM2/subscribers' shares | 2 |
| 25 April 2011 | 999,998 | RM999,998/ cash | 1,000,000 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Midas. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.4 Oriview

Oriview's share capital as at LPD is RM300,000 comprising 300,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| <u>Date of allotment</u> | <u>No. of shares allotted</u> | <u>Consideration/ Type of issue</u> | <u>Cumulative share capital</u> <u>RM</u> |
|--------------------------|-------------------------------|-------------------------------------|--|
| 5 May 1997 | 2 | RM2/subscribers' shares | 2 |
| 22 September 1997 | 299,998 | RM299,998/ cash | 300,000 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Oriview. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16. STATUTORY AND OTHER INFORMATION (Cont'd)

16.2.5 Riverwell

Riverwell's share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| Date of allotment | No. of shares allotted | Consideration/ Type of issue | Cumulative share capital RM |
|-------------------|------------------------|---|--------------------------------|
| 21 April 2000 | 2 | RM2/Subscribers' shares | 2 |
| 30 August 2000 | 249,998 | RM25,000/cash and RM224,998/capitalisation of debts owing | 250,000 |
| 1 September 2000 | 250,000 | RM250,000/ capitalisation of debts owing | 500,000 |
| 24 January 2003 | 225,000 | RM225,000/ cash | 725,000 |
| 22 October 2007 | 275,000 | RM275,000/ cash | 1,000,000 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Riverwell. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.3 CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of the provisions of our Constitution and the applicable law. The terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

16.3.1 Remuneration, voting and borrowing of Directors

The provision in our Constitution dealing with remuneration, voting and borrowing of Directors are as follows:

(i) Clause 21.3 - Alternate Director

Any Director may from time to time appoint any person (other than a Director) who is approved by a majority of the other Directors to be an alternate Director of the Company, and may at any time remove the alternate Director so appointed by him from office. Any fee paid by the Company to the alternate Director shall be deducted from his appointor's remuneration. An alternate Director shall be entitled to receive notices of and attend all meetings of the Directors, and to vote as a Director at any such meeting at which the Director appointing him is not present, and generally in the absence of his appointer to perform all the functions of his appointer as a Director. An alternate Director may be removed from office by resolution of the Board, and shall ipso facto cease to be an alternate Director if his appointer ceases for any reason to be a Director or becomes bankrupt or unsound mind or on the happening of any event which render him legally disqualified from acting as a Director. All appointments and removals of alternate Directors made by any Director in pursuance of the provisions of this Constitution shall be in writing under the hand of the Director making the same and left at the Office.

16. STATUTORY AND OTHER INFORMATION (Cont'd)

The nomination of an alternate Director may be made in writing and sent by hand, post, facsimile or in any other form or manner, electronic or otherwise, as approved by the Directors, provided that such nomination shall be confirmed within 3 months from the date of such notice by a written nomination complying with the above mentioned requirements, and any act done by the alternate Director nominated in such notice between the date thereof and the date of the receipt within the prescribed period by the Company of the written nomination shall be as valid and effectual as if such alternate Director had been duly appointed in the fit instance, whether such written nomination shall be received by the Company within the prescribed period or not.

(ii) Clause 21.4 - Remuneration

The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

- (a) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) Salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) Fees payable to Directors and any benefits payable to Directors shall be subject to annual member approval by an Ordinary Resolution at a meeting of Members; and
- (d) Any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

(iii) Clause 21.5 – Reimbursement

In addition to the remuneration provided under Clause 21.4, each Director shall be paid such reasonable travelling, hotel and other expenses as he shall incur in attending and returning from meetings of the Directors or any committee of the Directors or meeting of Members or which they may otherwise incur in connection with the business of the Company.

(iv) Clause 22.3 – Remuneration of Managing Director

The remuneration of a Managing Director shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

(v) Clause 23.2 - Directors' borrowing powers

- (a) The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the

16. STATUTORY AND OTHER INFORMATION (Cont'd)

Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.

- (b) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.
- (c) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.
- (d) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.

(vi) Clause 23.4 – Directors' pensions

The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who has held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

(vii) Clause 23.11 - Declaration of interest by a Director

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Clause otherwise provided, a Director shall not vote in respect of any contract or arrangement in which he is directly or indirectly interested. The Directors will not be considered as interested in the following circumstances:

- (a) Any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; or
- (b) Any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (c) Any contract by him to subscribe for or underwrite share; or debentures of the Company; or

16. STATUTORY AND OTHER INFORMATION (Cont'd)

- (d) Any contract or arrangement with any other company in which he is interested only as a director or other officer or creditor of or as a shareholder in or beneficially interested in the shares of the Company.

(viii) Clause 23.12 – Relaxation of restriction on voting

A Director, notwithstanding his interest may be counted in the quorum present at any meeting (provided that none of Directors present disagree) whereat he or any other Director is appointed to hold any executive office or other office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment are considered, and he may vote on any such matter other than in respect of his own appointment or the arrangement of the terms thereof.

The provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract arrangement or transaction carried out in contravention of this Constitution may be ratified by Ordinary Resolution of the Company.

(ix) Clause 24.7 - Proceedings of meeting

A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by the Directors generally. Subject to this Constitution, questions arising at any meeting of the Directors shall be decided by a majority of votes of the Directors present and each Director having 1 vote and determination by a majority of Directors shall for all purposes deemed as a decision from the Board.

(x) Clause 24.8 - Chairman's casting vote

In case of an equality of votes, the chairman shall have a second or casting vote provided always that the chairman of a meeting at which only 2 Directors form a quorum or at which only 2 Directors are competent to vote on the questions at issue, shall not have a second or casting vote.

(xi) Clause 27.1 - Circular resolution

A circular resolution signed and/or assented to by any means of Electronic Communication by a majority of the Directors entitled to receive notice or meeting of Directors, being not less than sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Resolution in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by him in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by 1 or more Directors or their alternates.

The expressions "in writing" and "signed" include approval by legible confirmed transmission by facsimile or other forms of Electronic Communications.

16. STATUTORY AND OTHER INFORMATION (Cont'd)

16.3.2 Changes to share capital

The provision in our Constitution dealing with share capital are as follows:

(i) Clause 7.1 - Types of shares

The share capital of the Company is its issued share capital. The shares in the original or any increased capital or any alteration of capital may be divided into several classes and there may be attached thereto respectively any preferred, deferred, qualified or other special rights, privileges, conditions or restrictions whether in regard to dividend, capital, voting or otherwise.

(ii) Clause 7.2 - Issue of shares

No Director shall participate in an issue of shares or options to employees of the Company unless the Members in meeting of Members have approved of the specific allotment to be made to such Director and provided always that he holds office in the Company in an executive capacity.

(iii) Clause 7.10 - Issue of securities

Subject to the Applicable Laws and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must ensure that it shall not issue any shares or convertible securities if the total number of those Shares or convertible Securities, when aggregated with the total number of any such Shares or convertible Securities issued during the preceding 12 months, exceeds 10% of the total number of the issued Shares of the Company, except where the Shares or convertible Securities are issued with the prior approval of the Members in meeting of Members of the precise terms and conditions of the issue. In working out the number of Shares or convertible Securities that may be issued by the Company, if the Security is a convertible security, each such Security is counted as the maximum number of Shares into which it can be converted or exercised.

16.3.3 Transfer of securities

The provision in our Constitution dealing with transfer of securities of our Company are as follows:

(i) Clause 11.1 - Transfer in writing and to be left at the Office

For the purpose of registration of a transfer of Shares that are not Deposited Securities, every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office together with such fee not exceeding RM3.00 or as the Directors may determine, where a share certificate has been issued for the share to be transferred, the certificate of the Shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as the Member within 30 days from receipt of such duly executed and stamped instrument of transfer.

(ii) Clause 11.2 - Transfer of Securities

The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Security.

16. STATUTORY AND OTHER INFORMATION (Cont'd)

(iii) Clause 11.3 - Execution

The instrument of transfer of a Share in the Company shall be signed by or on behalf of the transferor and transferee provided that subject to compliance with the SICDA and the Rules, an instrument of transfer in respect of which the transferee is Central Depository shall be effective although not signed by or on behalf of the Central Depository if it has been certified by an authorised depository agent pursuant to Section 18 of the SICDA. Subject to the Applicable Laws, the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.

(iv) Clause 11.4 - Prohibited transfer

Subject to this Constitution, the Rules and except as may be required by the Applicable Laws, there should be no restriction on the transfer of fully paid up Securities in the Company. However, no Securities shall, in any circumstances, be transferred to any infant, bankrupt or person of unsound mind.

(v) Clause 11.5 - Directors may refuse registration of transfer

Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Rules, the Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not the Company claims lien on the same.

(vi) Clause 11.7 - Limitation of liability

Neither the Company nor the Directors nor any of its officers shall incur any liability for authorising or causing the registering or acting upon a transfer of securities apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that, the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. In every such case, the person registered as the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

16.3.4 Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights

The provision in our Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend and liquidation are as follows:

(i) Clause 15.1 - Company may alter its capital in certain ways

Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

- (a) Consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;

16. STATUTORY AND OTHER INFORMATION (Cont'd)

- (b) Subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, 1 or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;
- (c) Cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
- (d) Convert all or any of its issued shares into stock and reconvert that stock into paid up shares; and
- (e) Subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of shares into any other class of shares.

(ii) Clause 15.2 - Power to reduce capital

The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

(iii) Clause 15.3 - Purchase of own shares

Subject to the provisions of the Act and/or the Applicable Laws, the Company may, with the sanction of an Ordinary Resolution of the Members in meeting of Members, purchase its own Shares and make payment in respect of the purchase and/or give financial assistance to any person for the purpose of purchasing its own Shares on such date(s), terms and manner as may be determined from time to time by the Directors. Any Shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and/or the Applicable Laws. The provision of Clauses 15.1 and 15.2 hereof shall not affect the power of the Company to cancel any Shares or reduce its share capital pursuant to any exercise of the Company's power under this Clause.

(iv) Clause 16.1 - Increase of share capital

The Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into Shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the Company by the resolution authorising such increase may direct.

(v) Clause 16.2 - Preference shares

Subject to the Applicable Laws and this Constitution, any preference shares may with the sanction of an Ordinary Resolution of shareholders in meeting of Members, be issued on terms that they are redeemable and/or convertible or at the option of the Company are liable to be redeemed and/or converted into ordinary shares on such terms and in such manner as may be provided for by this Constitution from time to time.

16. STATUTORY AND OTHER INFORMATION (Cont'd)

(vi) Clause 16.3 - Reservation of right to issue further

If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.

(vii) Clause 16.4 - Rights of preference shareholders

- (a) A holder of preference shares must have a right to vote in each of the following circumstances:
 - (aa) When the dividend or part of the dividend on the share is in arrears for more than 6 months;
 - (bb) On a proposal to reduce the Company's share capital;
 - (cc) On a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (dd) On a proposal that affects the rights and privileges attached to the preference shares;
 - (ee) On a proposal to wind up the Company; and
 - (ff) During the winding up of the Company.
- (b) A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited accounts and attending meetings.
- (c) The Company shall have the power to issue further preference capital ranking equally with, or in priority to, preference shares already issued subject to the observation of the provision in Clause 16.3 thereafter.

(viii) Clause 16.5 - Repayment of preference capital

The repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholders' rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing obtained from the holders of 75% of the preference capital concerned within 2 months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

(ix) Clause 16.6 - Offer of new shares to existing members

Subject to any direction to the contrary that may be given by the Company in meeting of Members, all new shares or other convertible securities shall, before issue, be offered to such persons who as at the date of the offer, are entitled to receive notices from the Company of meetings of Members, in proportion, as nearly as circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and, after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may, subject to this Constitution, dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities), cannot, in the opinion of the Directors, be conveniently, offered under this Constitution.

16. STATUTORY AND OTHER INFORMATION (Cont'd)

(x) Clause 17 – Variation on rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of 75% of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be 2 persons at least holding or representing by proxy at least 1/3 of the issued shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

(xi) Clause 19.6 – Voting by show of hands

On a resolution to be decided on show of hand, a Member who is personally present or by proxy or attorney or by a duly authorised representative and entitled to vote shall be entitled to 1 vote.

(xii) Clause 19.8 – Voting by poll

- (a) Subject to any express requirements under the Listing Requirements, any resolution set out in the notice of any meeting of Members, or in any notice of resolution which may properly be moved and is intended to be moved at any meeting of Members, shall be voted by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken, but a poll demanded on the election of chairman or on a question of adjournment shall be taken immediately.
- (b) On a poll, votes may be given either personally or by proxy. A proxy shall be any person appointed by a Member and who shall not necessarily be a Member and such proxy shall be entitled to vote on a poll provided he is the only proxy appointed by the Member. Where a Member entitled to vote on a resolution has appointed more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise, the appointment shall not be valid.

16.4 GENERAL INFORMATION

- (i) Save for the dividend paid to the shareholders of Teladan Setia in FYE 2017 to 2019 and FPE 2020 and up to LPD, purchase consideration paid to the Vendors under the Acquisition as disclosed in Section 6.2, purchase consideration paid to Teo Lay Ban for the acquisition of 2.5% equity interest in Riverwell as disclosed in Section 6.5(xi) and Directors' remuneration as disclosed in Section 5.2.4, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoter, Director or substantial shareholder.
- (ii) Save as disclosed in Sections 10.1 and 6.5(xvii) to (xxiii) and (xxvii), none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

16. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the summarised details of the procedures for application of our Shares are set out in Section 17.
- (iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

16.5 CONSENTS

- (i) The written consents of our Adviser, Sponsor, Underwriter and Placement Agent, Solicitors, Share Registrar, Company Secretaries and Issuing House for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consents of our Auditors and Reporting Accountants for the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma financial information of our Company in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consent of our IMR for the inclusion in this Prospectus of its name and the IMR Report and the extracts of the said report in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.
- (iv) The written consent of our Independent Valuer for the inclusion in this Prospectus of its name and the valuation certificates in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

16.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (i) Constitution;
- (ii) Audited financial statements of Teladan Setia, Asal Harta, Midas, Oriview and Riverwell for FYE 2017, 2018, 2019 and FPE 2020 and audited financial statements of TSG for FYE 2019 and FPE 2020;
- (iii) Accountants' Report as set out in Section 13;
- (iv) Reporting Accountants' report relating to our pro forma financial information as set out in Section 14;
- (v) IMR Report as set out in Section 8;
- (vi) Material contracts as set out in Section 6.5;
- (vii) Letters of consent as set out in Section 16.5; and

16. STATUTORY AND OTHER INFORMATION (Cont'd)

(viii) Valuation certificates as set out in Section 15 and the valuation reports.

16.7 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

The rest of this page is intentionally left blank

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THESE SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DO NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

17.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 23 February 2021

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 2 March 2021

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

17.2 METHODS OF APPLICATIONS

17.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

| Types of Application and category of investors | Application Method |
|--|--|
| Applications by our eligible Directors, employees and business associates/persons who have contributed to the success of our Group | Pink Application Form only |
| Applications by the Malaysian Public: | |
| (i) Individuals | White Application Form or Electronic Share Application or Internet Share Application |
| (ii) Non-Individuals | White Application Form only |

The rest of this page is intentionally left blank

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

17.2.2 Placement

| Types of Application | Application Method |
|--|--|
| Applications by: | |
| (i) Selected investors | The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions. |
| (ii) Bumiputera investors approved by MITI | MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions. |

17.3 ELIGIBILITY

17.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

17.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
 - (a) White Application Form; or
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

17.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

17.4 APPLICATION BY WAY OF APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform STRICTLY to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.48 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 698**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 2 March 2021 or by such other time and date specified in any change to the date or time for closing.

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

17.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

17.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

17.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 17.8 below.

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

17.8 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

17.8.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

17.8.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

17.9 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS Account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

17.10 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

| Mode of application | Parties to direct the enquiries |
|------------------------------|---|
| Application Form | Issuing House Enquiry Services Telephone at 03-2783 9299 |
| Electronic Share Application | Participating Financial Institution |
| Internet Share Application | Internet Participating Financial Institution and Authorised Financial Institution |

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

APPENDIX I – LIST OF MATERIAL PROPERTIES

(A) Properties owned by our Group

Details of the material properties in our Group as at LPD are set out below:

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|--------------------------------------|--|---------------------------------------|--|--|---|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Property, plant and equipment | | | | | | | | | |
| (i) | No. 8, 8-1, 8-2, Jalan Mutiara Melaka 2, Taman Mutiara Melaka, 75350 Batu Berendam, Melaka | Teladan Setia | 3 storey shop office/ Office/ Building | Leasehold of 99 years expiring on 17 April 2093 (72 remaining years as at LPD) | 0.04/ 4,313 | 19 August 2019 | Nil | 217/ No market value ascribed ⁽¹⁾ | 208 |
| (ii) | C-39-03, 39th Floor, Pangsapuri Atlantis Kota Syahbandar, Jalan KBS 11A, 75200 Melaka | Asal Harta | Penthouse/ Tenanted/ Building | Leasehold of 99 years expiring on 18 May 2105 (84 remaining years as at LPD) | Not applicable/ 2,454 | 19 January 2018 | Nil | 916/ No market value ascribed ⁽¹⁾ | 893 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|---|--|---------------------------------------|---|--|---|-------------------------|-----------------------------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Land held for on-going development | | | | | | | | | |
| (i) | 830 units of service apartments and 18 units of retail shops held under Pajakan Negeri 56839 Lot 12932 in the Town Area VI, District of Melaka Tengah, State of Melaka | Asal Harta | Development into Bali Residences, of which 163 service apartments and 11 retail shops are unsold as at LPD/ Held for development and sale/ Building | Leasehold of 99 years expiring on 18 May 2105 (84 remaining years as at LPD) | 3.72/ Not applicable | Not applicable | Charged to Hong Leong Bank Berhad | 18,206/ 30,000 | 26,216 |
| (ii) | 64 units of detached house held under: • HS(D) 22188 PT 626 to HS(D) 22203 PT 641, • HS(D) 22216 PT 654 to HS(D) 22231 PT 669, • HS(D) 22246 PT 684 to HS(D) | Teladan Setia ⁽⁴⁾ | Development into 64 units of 1 storey detached house in Taman Belimbing Setia, of which 3 are unsold as at LPD/ | Freehold | 7.29 ⁽⁵⁾ / Not applicable | Not applicable | Nil | 1,934/ 8,000 | 1,112 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|-------|---|---------------------------------------|--|----------|---|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | 22259 PT 697, • HS(D) 22268 PT 706 to HS(D) 22285 PT 723, in the Mukim of Belimbing, District of Alor Gajah, State of Melaka | | Held for development and sale/ Building | | | | | | |
| (iii) | 148 units of 1 storey terrace house (20' x 70') held under HS(D) 85819 PT 17855 to HS(D) 85966 PT 18002, and 127 units of 2 storey terrace house (22' x 70') held under HS(D) 85967 PT 18003 to HS(D) 86093 PT 18129, and 114 units of 2 storey semi-detached house | Teladan Setia ⁽⁴⁾ | Development into 148 units of 1 storey terrace house, 127 units of 2 storey terrace house and 114 units of 2 storey semi-detached house in Taman Desa Bertam (Phase 2), of which 5 units of 1 storey terrace | Freehold | 19.63/ Not applicable | Not applicable | Nil | Not applicable ⁽⁶⁾ / 90,000 ascribed for Taman Desa Bertam Phase 1C, 2, 3 and 4 | 22,732 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|------|---|---------------------------------------|--|----------|---|-------------------------|--------------|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | (110 units of 40' x 80' and 4 units of 35' x 70') held under HS(D) 86095 PT 18131 to HS(D) 86208 PT 18244, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | | house, 54 units of 2 storey terrace house and 25 units of 2 storey semi-detached house are unsold as at the LPD/ Held for development and sale/ Building | | | | | | |
| (iv) | 244 units of 2 storey semi-detached house (40' x 80') held under • HS(D) 86543 PT 18526 to HS(D) 86578 PT 18561, • HS(D) 86579 PT 18568 to HS(D) 86628 PT 18617, • HS(D) 86701 PT 18618 to HS(D) | Teladan Setia ⁽⁴⁾ | Development into 258 units of 2 storey semi-detached house in Taman Desa Bertam (Phase 3A), of which 167 units of 2 storey semi-detached house are | Freehold | 20.06/ Not applicable | Not applicable | Nil | Not applicable ⁽⁶⁾ / 90,000 ascribed for Taman Desa Bertam Phase 1C, 2, 3 and 4 | 25,059 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|-----|---|---------------------------------------|--|--------|---|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | 86723 PT 18640, | | unsold as at | | | | | | |
| | • HS(D) 86725 PT 18642 to HS(D) 86801 PT 18718, | | the LPD/ Held for development and sale/ Building | | | | | | |
| | • HS(D) 86802 PT 18721 to HS(D) 86847 PT 18766, | | | | | | | | |
| | • HS(D) 86848 PT 18769 to HS(D) 86859 PT 18780, | | | | | | | | |
| | and | | | | | | | | |
| | 14 units of 2 storey semi-detached house (35' x 80') held under | | | | | | | | |
| | • HS(D) 86486 PT 18522 to HS(D) 86489 PT 18525, | | | | | | | | |
| | • HS(D) 86490 PT 18562 to HS(D) 86495 PT 18567, | | | | | | | | |
| | • HS(D) 86500 PT 18719 and HS(D) 86501 PT 18720, | | | | | | | | |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Land area (acres)/ Built-up area (sq ft) | Tenure | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|-----|---|---------------------------------------|--|---|--------|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | <ul style="list-style-type: none"> HS(D) 86502 PT 18767 and HS(D) 86503 PT 18768, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | | | | | | | | |

The rest of this page is intentionally left blank

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|--|--|---------------------------------------|---|----------|---|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Land held for future development (with planning permission) | | | | | | | | | |
| (i) | 186 units of 2 storey semi-detached house (40' x 80') held under | Teladan Setia | Development into 228 units of 2 storey semi-detached house in Taman Desa Bertam (Phase 3B)/ Held for development and sale/ Building | Freehold | 38.33/ Not applicable | Not applicable | Nil | Not applicable ⁽⁶⁾ / 90,000 | 22,601 |
| | • HS(D) 86860 PT 18820 to HS(D) 86973 PT 18933, | | | | | | | | |
| | • HS(D) 86629 PT 18934 to HS(D) 86685 PT 18990, | | | | | | | | |
| | • HS(D) 86686 PT 18995 to HS(D) 86700 PT 19009, | | | | | | | | |
| | and | | | | | | | | |
| | 4 units of 2 storey semi-detached house (35' x 80') held under | | | | | | | | |
| | • HS(D) 86496 PT 18991 to HS(D) 86499 PT 18994, | | | | | | | | |
| | and | | | | | | | | |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|------|--|-----------------------------------|--|----------|--|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | 38 units of 2 storey semi-detached house (50' x 80') held under | | | | | | | | |
| | • HS(D) 86504 PT 18781 to HS(D) 86542 PT 18809, | | | | | | | | |
| | • HS(D) 86512 PT 18810 to HS(D) 86520 PT 18818, | | | | | | | | |
| | in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | | | | | | | | |
| (ii) | 273 units of 1 storey cluster house (35' x 70') held under | Teladan Setia | Development into 273 units of 1 storey cluster house in Taman Desa Bertam (Phase 4)/ Held for development and sale/ Building | Freehold | 17.72/ Not applicable | Not applicable | Nil | Not applicable ⁽⁶⁾ / 90,000 ascribed for Taman Desa Bertam Phase 1C, 2, 3 and 4 | 22,576 |
| | • HS(D) 86211 PT 18247 to HS(D) 86258 PT 18294, | | | | | | | | |
| | • HS(D) 86260 PT 18296 to HS(D) 86327 PT 18429 | | | | | | | | |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|-------|---|------------------------------------|---|----------|--|-------------------------|--------------|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | <ul style="list-style-type: none"> HS(D) 86394 PT 18430 to HS(D) 86484 PT 18520 | | | | | | | | |
| | <ul style="list-style-type: none"> in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | | | | | | | | |
| (iii) | <ul style="list-style-type: none"> 36 parcels of land located within Taman Bertam Putra, Melaka held under <ul style="list-style-type: none"> Geran 62420 Lot 24806 to Geran 62438 Lot 24824 Geran 62449 Lot 24825 to Geran 62452 Lot 24828 Geran 62454 Lot 24829 to Geran 62455 Lot 24830 Geran 62457 Lot 24831 to Geran 62458 Lot 24832 | Midas | Development into 36 units of shop office in Taman Bertam Putra (Phase 2)/ Held for development and sale/ Building | Freehold | 1.32/ Not applicable | Not applicable | Nil | 907/ 1,700 | 907 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|------|---|------------------------------------|--|----------|--|-------------------------|---|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | <ul style="list-style-type: none"> Geran 62464 Lot 24833 to Geran 62466 Lot 24835 Geran 62444 Lot 24880 to Geran 62448 Lot 24884 Geran 62453 Lot 24885 | | | | | | | | |
| | all in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | | | | | | | | |
| (iv) | All that piece of land located along Lebuhi SPA, Melaka held under Geran 6772 Lot 53, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | Teladan Setia | Vacant land/ Held for development into Taman Bertam Heights/ Nil | Freehold | 166.32/ Not applicable | Not applicable | Charged to Hong Leong Islamic Bank Berhad | 89,771/ (2)72,000 | 100,941 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|---|---|-----------------------------------|--|----------|--|-------------------------|-------------------------------|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Land held for future development (without planning permission) | | | | | | | | | |
| (v) | All that piece of land located within Taman Desa Bertam, off Lebuah SPA, Melaka held under Geran 22813 Lot 1137, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | Teladan Setia | Vacant land/ Held for development/ Nil | Freehold | 14.00/ Not applicable | Not applicable | Charged to Public Bank Berhad | 5,026/ (3)6,700 | 5,026 |
| (vi) | All that piece of land located along Lebuah SPA, Melaka held under Geran 14999 Lot 2308, in the Mukim of Sungei Udang, District of Melaka Tengah, State of Melaka | Teladan Setia | Vacant land/ Held for development/ Nil | Freehold | 9.88/ Not applicable | Not applicable | Charged to Public Bank Berhad | 3,330/ (3)7,600 | 3,330 |
| (vii) | All that piece of land located within Taman Desa Bertam, off | Teladan Setia | Vacant land/ Held for development/ | Freehold | 2.48/ Not applicable | Not applicable | Charged to CIMB Bank Berhad | 666/ (3)1,200 | 666 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|--------|---|------------------------------------|--|--|--|-------------------------|--|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | Lebuh SPA, Melaka held under GM 107 Lot 66, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | Nil | | | | | | | |
| (viii) | All that piece of land located within Taman Desa Bertam, off Lebuh SPA, Melaka held under GM2565 Lot 24668 (formerly known as Lot 36), in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | Teladan Setia | Vacant land/ Held for development/ Nil | Freehold | 4.82/ Not applicable | Not applicable | Charged to CIMB Bank Berhad | 2,071/ (3)1,600 | 2,071 |
| (ix) | All that piece of land located along Jalan Orkid, off Sungai Besi Expressway, Seri Kembangan, | Teladan Setia | Vacant land / Held for development / Building | Leasehold of 99 years expiring on 28 May 2102 (82 remaining years as at LPD) | 3.62/ Not applicable | Not applicable | Charged to United Overseas Bank (Malaysia) Bhd | 49,559/ (3)46,000 | 49,559 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|-----|--|------------------------------------|--|--|--|-------------------------|--|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | Selangor held under PN 114690 Lot 2030 (formerly known as HS(D) 185534 PT 383), in the Pekan Baru Sungai Besi, District of Petaling, State of Selangor | | | | | | | | |
| (x) | All that piece of land located along Jalan Orkid, off Sungai Besi Expressway, Seri Kembangan, Selangor held under PN 118248 Lot 57747 (formerly known as HS(D) 316625 PT 1259), in the Pekan Baru Sungai Besi, District of Petaling, State of Selangor | Teladan Setia | Vacant land / Held for development / Building | Leasehold of 74 years expiring on 20 March 2091 (71 remaining years as at LPD) | 1.25/ Not applicable | Not applicable | Charged to United Overseas Bank (Malaysia) Bhd | 24,062/ (3)21,000 | 24,062 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|---|---|---------------------------------------|---|----------|---|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Completed units held for sale | | | | | | | | | |
| Taman Cheng Setia (Phase 6) | | | | | | | | | |
| (i) | 3 units of 2 storey terrace house of 22' x 65' held under: Geran 45883 Lot 8976, Geran 45881 Lot 8978 and Geran 45880 Lot 8979 | Teladan Setia | 2 storey terrace house/ Pending for sale/ Building | Freehold | 0.40/ 26,761 | 7 November 2018 | Nil | (7)2,200/ 5,230 | (7)1,099 |
| all in the Mukim Cheng, District of Melaka Tengah, State of Melaka | | | | | | | | | |
| Taman Saujana Heights | | | | | | | | | |
| (ii) | 2 units of 2 storey bungalow (60' x 100') held under Geran 45431 Lot 7109 and Geran 35670 Lot 7171 | Teladan Setia | 2 storey semi-detached house and double storey detached house/ Pending for sale/ Building | Freehold | 2.12/ 71,838 | 8 December 2014 | Nil | (8)12,847/ 19,870 | (8)2,934 |
| all in the Mukim of Bukit Katil, District of Melaka Tengah, State of Melaka | | | | | | | | | |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|-------------------------------|---|---------------------------------------|--|----------|---|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Taman Seri Tuah Permai | | | | | | | | | |
| (iii) | 23 units of 2 storey shop office (22' x 70') held under: | Teladan Setia | 2 storey shop office/ Pending for sale/ Building | Freehold | 1.24/ 100,763 | 19 February 2016 | Nil | (9)8,370/ 11,690 | (9)6,975 |
| | • Geran 54734 Lot 61937 to Geran 54739 Lot 61942, Geran 54753 Lot 61956, Geran 54754 Lot 61957, Geran 54756 Lot 61959, Geran 54757 Lot 61960, Geran 54759 Lot 61962, Geran 54761 Lot 61964, Geran 54763 Lot 61966, Geran 54764 Lot 61967, Geran 54766 Lot 61969 to Geran 54773 Lot 61976 and Geran 54778 Lot 61981. | | | | | | | | |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|-----------------------------|--|-----------------------------------|--|--|--|-------------------------|--------------|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Bandar Baru Merlimau | | | | | | | | | |
| (iv) | 9 units of 2 storey shop office held under Pajakan Mukim 1716 Lot 8759, Pajakan Mukim 1720 Lot 8763 to Pajakan Mukim 1727 Lot 8770, in the Mukim of Merlimau, District of Jasin, State of Melaka | Teladan Setia | 2 storey shop office/ Pending for sale/ Building | Leasehold of 99 years expiring on 27 January 2109 (89 remaining years as at LPD) | 0.33/ 28,713 | 30 December 2011 | Nil | 1,740/ 2,950 | 1,740 |
| Taman Desa Bertam | | | | | | | | | |
| (v) | 2 units of 2 storey terrace house (Phase 1A) (24' x 70') held under <ul style="list-style-type: none"> • HS(D) 82528 PT 16700, and • HS(D) 82605 PT 16893, and 1 unit (Bumi lot) of 2 storey terrace house | Teladan Setia | 2 storey terrace house/ Pending for sale/ Building | Freehold | 0.42/ 29,414 | 29 July 2019 | Nil | (10)2,153/ 4,220 | (10)749 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|------|--|------------------------------------|--|----------|--|-------------------------|--------------|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| | (Phase 1B) (22' x 70') held under HS(D) 82796 PT 16364 | | | | | 2019 | | | |
| | all in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | | | | | | | | |
| (vi) | 3 units of 2 storey terrace house (Phase 1C) held under <ul style="list-style-type: none"> • HS(D) 82376 PT 16449, • HS(D) 82399 PT 16492, and • HS(D) 82412 PT 16505 | Teladan Setia | 2 storey terrace house/ Pending for sale/ Building | Freehold | 0.29/ 14,434 | 26 June 2020 | Nil | Not applicable / 90,000 ascribed together with Taman Desa Bertam Phase 1C, 2, 3 and 4 | 609 |

in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|----------------------------|---|------------------------------------|--|--|--|-------------------------|--|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Atlantis Residences | | | | | | | | | |
| (vii) | 37 units of serviced apartment held under Master Title Pajakan Negeri 63344 Lot 2307 in the Mukim of Kawasan Bandar XLIV, District of Melaka Tengah, State of Melaka forming part of the development known as "Atlantis Residences" | Asal Harta | Serviced apartments/ Pending for sale/ Building | Leasehold of 99 years expiring on 18 May 2105 (85 remaining years as at LPD) | Not applicable/ 68,019 | 2 April 2018 | 10 units of serviced apartment identified as C39-07 & C-39-08, Level 39, Tower C and D39-01 to D39-08, Level 39, Tower D are charged to United Overseas Bank (Malaysia) Bhd pursuant to a specific debenture | 20,424/ 23,290 | 20,536 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|----------------------------|---|------------------------------------|---|----------|--|-------------------------|--------------|---|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| Tajnan Bertam Putra | | | | | | | | | |
| (viii) | 1 unit of 2 storey terrace house (24' x 80') held under Geran 62592 Lot 25047, and 29 units of 2 storey shop office (22' x 70') held under: | Midas | 2 storey terrace house and 2 storey shop office/ Pending for sale/ Building | Freehold | 1.22/ 101,806 | 20 December 2018 | Nil | (11)7,768/ 13,690 | (11)6,969 |
| | • Geran 62468 Lot 24838 to Geran 62471 Lot 24840, | | | | | | | | |
| | • Geran 62497 Lot 24853 to Geran 62503 Lot 24859, | | | | | | | | |
| | • Geran 62517 Lot 24860, | | | | | | | | |
| | • Geran 62506 Lot 24861, | | | | | | | | |
| | • Geran 62508 Lot 24862, | | | | | | | | |
| | • Geran 62509 Lot 24863, | | | | | | | | |
| | • Geran 62511 Lot 24865, | | | | | | | | |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 June 2019/ Market value as at 31 August 2019 | Audited NBV as at 30 September 2020 |
|-----|---|---------------------------------------|--|--------|---|-------------------------|--------------|--|-------------------------------------|
| | | | | | | | | RM'000 | RM'000 |
| • | Geran 62520 Lot 24866, | | | | | | | | |
| • | Geran 62521 Lot 24867, | | | | | | | | |
| • | Geran 62528 Lot 24868 to Geran 62532 Lot 24872, | | | | | | | | |
| • | Geran 62537 Lot 24873, | | | | | | | | |
| • | Geran 62534 Lot 24874, and | | | | | | | | |
| • | Geran 62439 Lot 24875 to Geran 62443 Lot 24879, | | | | | | | | |

in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka

Notes:

- (1) No valuation was conducted as the NBV of this property as at 30 June 2019 is less than RM1.0 million and it is used as our business premises/accommodation, and as such was deemed immaterial for valuation purposes

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

- (2) The market value as at 31 August 2019 does not account for the value of project as the planning permission was only obtained subsequent to the date of valuation
- (3) The market value as at 31 August 2019 does not account for the development potential
- (4) Land title for properties which have been sold to buyers with end-financing have been/will be transferred to the respective buyers and charged to their respective end-financiers prior to the first drawdown
- (5) Being the aggregate title area of all units under this development. For avoidance of doubt, the area disclosed for this development under Section 7.2.2(b) refers to the site area of the entire project
- (6) The parcels of land originally comprising Taman Desa Bertam Phases 2 to 4 have been approved for development after 30 June 2019, where Phases 2 and 3A have been launched, and Phases 3B and 4 are approved for future development, and as such, the NBV of each phase is not available as at 30 June 2019
- (7) For completed units in Taman Cheng Setia:
- Market value as at 31 August 2019 and NBV as at 30 June 2019 comprises 12 units held under: Geran 45885 Lot 8974, Geran 45884 Lot 8975, Geran 45883 Lot 8976, Geran 45882 Lot 8977, Geran 45881 Lot 8978, Geran 45880 Lot 8979, Geran 45879 Lot 8980, Geran 45878 Lot 8981, Geran 45875 Lot 8984, (Bumi lot), Geran 45874 Lot 8985, (Bumi lot), Geran 45873 Lot 8986 (Bumi lot), and Geran 45872 and Lot 8987 (Bumi lot)
 - NBV as at 30 September 2020 comprises 6 unsold units held under: Geran 45885 Lot 8974, Geran 45883 Lot 8976, Geran 45882 Lot 8977, Geran 45881 Lot 8978, Geran 45880 Lot 8979 and Geran 45878 Lot 8981
- (8) For completed units in Taman Saujana Heights:
- Market value as at 31 August 2019 and NBV as at 30 June 2019 comprises 15 units held under: Geran 42001 Lot 7084, Geran 58351 Lot 31039, Geran 42734 Lot 7096, Geran 45785 Lot 7108, HS(D) 81070 PT 24384, Geran 35648 Lot 7159, Geran 45369 Lot 7146, Geran 45431 Lot 7109, Geran 45374 Lot 7150 (Bumi lot), Geran 45375 Lot 7151, Geran 35655 Lot 7166, Geran 35667 Lot 7169, Geran 35672 Lot 7170, Geran 35670 Lot 7171, and Geran 35665 Lot 7172
 - NBV as at 30 September 2020 comprises 3 unsold units held under Geran 45785 Lot 7108, Geran 45431 Lot 7109, and Geran 35670 Lot 7171.
- (9) For completed units in Taman Seri Tuah Permai:

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

- Market value as at 31 August 2019 and NBV as at 30 June 2019 comprises 30 units held under: Geran 54734 Lot 61937 to Geran 54741 Lot 61944, Geran 54746 Lot 61949, Geran 54750 Lot 61953, Geran 54752 Lot 61955 to Geran 54754 Lot 61957, Geran 54756 Lot 61959, Geran 54757 Lot 61960, Geran 54759 Lot 61962, Geran 54761 Lot 61964 to Geran 54773 Lot 61976 (all Bumi lots), and Geran 54778 Lot 61981 (Bumi lot)
 - NBV as at 30 September 2020 comprises 25 unsold units held under Geran 54734 Lot 61937 to Geran 54740 Lot 61943, Geran 54746 Lot 61949, Geran 54753 Lot 61956, Geran 54754 Lot 61957, Geran 54756 Lot 61959, Geran 54757 Lot 61960, Geran 54759 Lot 61962, Geran 54761 Lot 61964, Geran 54763 Lot 61966, Geran 54764 Lot 61967, Geran 54766 Lot 61969 to Geran 54773 Lot 61976 and Geran 54778 Lot 61981 (Bumi lot)
- (10) For completed units in Taman Desa Bertam:
- Market value as at 31 August 2019 and NBV as at 30 June 2019 comprises:
 - 3 units in Phase 1A held under: HS(D) 82528 PT 16700, HS(D) 82585 PT 16873, HS(D) 82605 PT 16893; and
 - 7 units in Phase 1B held under: HS(D) 82790 PT 16358, HS(D) 82796 PT 16364, HS(D) 82807 PT 16374, HS(D) 82828 PT 16396, HS(D) 82832 PT 16400, HS(D) 82849 PT 16415, and HS(D) 82844 PT 16420
 - NBV as at 30 September 2020 comprises:
 - 2 units in Phase 1A held under HS(D) 82528 PT 16700 and HS(D) 82605 PT 16893; and
 - 1 unit in Phase 1B held under HS(D) 82796 PT 16364
- (11) For completed units in Taman Bertam Putra:
- Market value as at 31 August 2019 and NBV as at 30 June 2019 comprises:
 - 3 units of 2 storey terrace house held under: Geran 62609 Lot 24986, (Bumi lot), Geran 62618 Lot 24990, (Bumi lot) and Geran 62592 Lot 25047; and
 - 30 units of 2 storey shop office held under: Geran 62468 Lot 24837 (sole Bumi lot) to Geran 62471 Lot 24840, Geran 62497 Lot 24853 to Geran 62503 Lot 24859, Geran 62517 Lot 24860, Geran 62506 Lot 24861, Geran 62508 Lot 24862, Geran 62509 Lot 24863, Geran 62511 Lot 24865, Geran 62520 Lot 24866, Geran 62521 Lot 24867, Geran 62528 Lot 24868 to Geran 62532 Lot 24872, Geran 62537 Lot 24873, Geran 62534 Lot 24874, and Geran 62439 Lot 24875 to Geran 62443 Lot 24879
 - NBV as at 30 September 2020 comprises:
 - 1 unit of 2 storey terrace house held under: Geran 62592 Lot 25047; and
 - 29 units of 2 storey shop office held under: Geran 62469 Lot 24838 to Geran 62471 Lot 24840, Geran 62497 Lot 24853 to Geran 62503 Lot 24859, Geran 62517 Lot 24860, Geran 62506 Lot 24861, Geran 62508 Lot 24862, Geran 62509 Lot 24863, Geran 62511 Lot 24865, Geran 62520 Lot 24866, Geran 62521 Lot 24867, Geran 62528 Lot 24868 to Geran 62532 Lot 24872, Geran 62537 Lot 24873, Geran 62534 Lot 24874, and Geran 62439 Lot 24875 to Geran 62443 Lot 24879.

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

In addition to the properties above, as at LPD we also own the following parcels of land for which no valuation was conducted as they were recently purchased.

| No. | Title Details or Postal Address | Registered Owner/ Beneficial Owner | Description of property/ Existing use/ Category of land use (if any) | Tenure | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Encumbrances | Audited NBV as at 30 September 2020 |
|------------|--|---|---|---------------|---|--------------------------------|-----------------------------|--|
| (i) | All that piece of land held under Geran 6720 Lot 34, in Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | Teladan Setia | Vacant land / Held for development / Nil | Freehold | 11.45/ Not applicable | Not applicable | Charged to CIMB Bank Berhad | 399 |
| (ii) | All that piece of land held under GM 150 Lot 37, in Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | Teladan Setia | Vacant land / Held for development / Nil | Freehold | 5.49/ Not applicable | Not applicable | Charged to CIMB Bank Berhad | 191 |
| (iii) | All that piece of land held under Geran 12906 Lot 39, in Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | Teladan Setia | Vacant land / Held for development / Nil | Freehold | 14.95/ Not applicable | Not applicable | Charged to CIMB Bank Berhad | 521 |
| (iv) | All that piece of land held under GM 151 Lot 40, in Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka | Teladan Setia | Vacant land / Held for development / Nil | Freehold | 5.85/ Not applicable | Not applicable | Charged to CIMB Bank Berhad | 204 |

APPENDIX I – LIST OF MATERIAL PROPERTIES (Cont'd)

(B) Properties rented by our Group

Details of the material properties rented by us as at LPD are set out below:

| No. | Postal address | Landlord/ Tenant | Description/ Existing use | Land area (acres)/ Built-up area (sq ft) | Date of issuance of CCC | Period of tenancy/ Rental per annum |
|-------|---|--|---|---|----------------------------|---|
| (i) | No. 2 & 2-1, Jalan Mutiara Melaka 2, Taman Mutiara Melaka, 75350 Batu Berendam, Melaka | First Machita Sdn Bhd / Teladan Setia | Ground floor and first floor of a 3 storey shop office/ Business office | 0.04/ 2,773 | 19 August 2019 | 3 years from 9 March 2018 and expiring on 8 March 2021 ⁽¹⁾ / RM30,000 |
| (ii) | No. 6 & 6-1, Jalan Mutiara Melaka 2, Taman Mutiara Melaka, 75350 Batu Berendam, Melaka | Wong Boon Seng @ Wong Siew Chean & Wong Chee Seng / Teladan Setia | Ground floor and first floor of a 3 storey shop office/ Business office | 0.04/ 2,773 | 19 August 2019 | 3 years from 1 August 2019 and expiring on 31 July 2022 / RM32,400 |
| (iii) | No. 10, Jalan Mutiara Melaka 2, Taman Mutiara Melaka, 75350 Batu Berendam, Melaka | Low Chin & Chong Moy @ Chong Sam Moy / Teladan Setia | Ground floor of a 3 storey shop office/ Business office | 0.04/ 1,232 | 19 August 2019 | 3 years from 1 July 2018 and expiring on 30 June 2021 / RM32,400 |
| (iv) | No. 33, 33-1, 33-2, Jalan KSB 11, Taman Kota Syahbandar, 75200 Melaka | Liw Chee Yen / Asal Harta | 3 storey shop office/ Business office and sales gallery | 0.04/ 4,543 | 25 February 2015 | 2 years from 1 March 2019 and expiring on 28 February 2021 ⁽²⁾ / RM59,400 |
| (v) | No. 35, 35-1, 35-2, Jalan KSB 11, Taman Kota Syahbandar, 75200 Melaka | Lee Yong Huat / Asal Harta | 3 storey shop office/ Business office and sales gallery | 0.04/ 4,543 | 25 February 2015 | 2 years from 1 March 2019 and expiring on 28 February 2021 ⁽²⁾ / RM59,400 |

Notes:

- (1) Renewed for 2 years commencing from 9 March 2021 and expiring on 8 March 2023, at the same rent
(2) Renewed for 2 years commencing from 1 March 2021 and expiring on 28 February 2023 at revised rent per annum of RM60,000

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS

As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|------------|-----------------|--|---|---|---|--------------------------|
| (i) | Teladan Setia | MHLG / 7305-20/12-2020/03421 (L) & 7305-20/12-2020/03421 (P) | 31 December 2019/ 30 December 2021 | APDL for the development of 133 units and 64 units of single storey detached house on Lot Nos. PT596 - PT598, in the Mukim of Belimbing, District of Alor Gajah, State of Melaka known as "Taman Belimbing Setia" | <u>Housing Developer Licence</u> 1. The developer is prohibited from offering "Interest Capitalisation Scheme" package including "Developer Interest Bearing Scheme (DIBS)" or other similar scheme. 2. The developer must give priority to first house buyer for houses priced below RM300,000. 3. The developer must ensure that the surrounding of the housing development approved in this licence fulfils the requirements imposed under Section 11, Destruction of Disease-Bearing Insects Act 1975 and Guidelines in respect of Control of Aedes Mosquito at Construction Site. | Complied |
| | | | | | <u>Advertising and Sale Permit</u> 1. The developer must display the selling price in detail, including all special items, services and payment offered to the purchasers. 2. The purchaser is entitled to reject or refuse to accept the developer's offer in the form of special item, services and payment, where the developer must reduce such value from the selling price. 3. Developers who intend to make bulk sale for more than 4 units of houses to an individual/company must register the relevant purchaser with Housing Controller within 14 | Complied |

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|------|---------------|---|-----------------------------------|--|---|-------------------|
| (ii) | Teladan Setia | MHLG/ 7305-23/03-2021/01896(L) & 7305-23/03-2021/01896(P) | 26 March 2020/ 25 March 2021 | APDL for the development of 32 and 128 units of double storey cluster house on Lot No. PT817 in the Mukim of Belimbing, District of Alor Gajah, State of Melaka known as "Taman Belimbing Setia" | <p>days from the date of execution of the sale and purchase agreement.</p> <p>4. A copy of the plan approved by the Local Authority must be submitted with the Sale and Purchase Agreement in accordance with Regulation 11, Housing Development (Control and Licensing) Regulations (Amendment) 2015 in the form of hardcopy of A0 or A1 size; or in the form of soft copy (pdf format) by using compact disc or other appropriate electronic media.</p> <p>The developer must use the sale and purchase agreements in the prescribed form of Schedule G, H, I, J of the Housing Development (Control and Licensing) Regulations (Amendment) 2015.</p> | Complied |
| | | | | | <p><u>Housing Developer Licence:</u></p> <ol style="list-style-type: none"> The developer is prohibited from offering "Interest Capitalisation Scheme" package including "Developer Interest Bearing Scheme (DIBS)" or other similar scheme. The developer must give priority to first house buyer for houses priced below RM300,000. The developer must ensure that the surrounding of the housing development approved in this licence fulfils the requirements imposed under Section 11, Destruction of Disease-Bearing Insects Act 1975 and Guidelines in respect of Control of Aedes | |

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|-----|----------|--|-----------------------------------|---------------------------------|--|-------------------|
| | | | | | Mosquito at Construction Site. | |
| | | | | | <p><u>Advertising and Sale Permit:</u></p> <ol style="list-style-type: none"> The developer must display the selling price in details, including all special items, services and payment offered to the purchasers. The purchaser is entitled to reject or refuse to accept the developer's offer in the form of special item, services and payment, where the developer must reduce such value from the selling price. Developers who intend to make bulk sale for more than 4 units of houses to an individual/company must register the relevant purchaser with Housing Controller within 14 days from the date of execution of the sale and purchase agreement. A copy of the plan approved by the Local Authority must be submitted with the Sale and Purchase Agreement in accordance with Regulation 11, Housing Development (Control and Licensing) Regulations (Amendment) 2015 in the form of hardcopy of A0 or A1 size; or in the form of soft copy (pdf format) by using compact disc or other appropriate electronic media. | Complied |

The developer must use the sale and purchase agreements in the prescribed form of Schedule G, H, I, J of the Housing Development (Control and

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|-------|---------------|---|-----------------------------------|---|---|-------------------|
| (iii) | Teladan Setia | MHLG/ 7305-26/04-2021/0345(L)/7305-26/04-2021/0345(P) | 18 April 2019/ 17 April 2021 | APDL for the development of 77 units of 1.5 storey terrace house on Lot Nos. 9931-9961, 9974-9984 & 9997-10031, Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka known as "Taman Bertam Setia" | <p>Licensing) Regulations (Amendment) 2015.</p> <p><u>Housing Developer Licence:</u></p> <ol style="list-style-type: none"> The developer is not allowed to offer "Interest Capitalisation Scheme" package or other similar scheme including "Developer Interest Bearing Scheme (DIBS)". The developer must give priority to first house buyer for houses priced below RM300,000. The developer must ensure that the surrounding of the housing development approved in this licence fulfils the requirements imposed under Section 11, Destruction of Disease-Bearing Insects Act 1975 and Guidelines in respect of Control of Aedes Mosquito at Construction Site. The developer must submit the application to renew the APDL at least 60 days prior to the expiry of the existing APDL. | Complied |
| | | | | | <p><u>Advertising and Sale Permit:</u></p> <ol style="list-style-type: none"> The developer must display the selling price in details, including all incentives offered in the form of special items, services and payment offered to the purchasers. If the developer offers any incentives in the form of items, services or payment and the purchaser elects to reject the developer's offer, the developer must reduce such value from the selling price. | Complied |

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|------|---------------|---|-----------------------------------|---|---|-------------------|
| (iv) | Teladan Setia | 7305-25/05-2021/02282(L)/ 7305-25/05-2021/02282(P) | 26 May 2020/ 25 May 2021 | APDL for the development of 135 units of double storey terrace house, 390 units of double storey terrace house, 55 units of single storey cluster house and 193 units of single storey terrace house on Lot | <p>3. Developers who intend to make bulk sale of more than 4 units of houses to an individual/company must register the relevant purchaser with the Housing Controller within 14 days from the date of execution of the sale and purchase agreement.</p> <p>4. A copy of the plan approved by the Local Authority must be submitted with the Sale and Purchase Agreement in accordance with Regulation 11, Housing Development (Control and Licensing) Regulations 1989 in the form of hardcopy of A0 or A1 size or in the form of soft copy (pdf format) by using compact disc or other appropriate electronic media.</p> <p>The developer must use the sale and purchase agreements (Schedule G, H, I, J) in the new format as amended pursuant to the Housing Development (Control and Licensing) Regulations (Amendment) 2015 unless the APDL is approved prior to 1 June 2015 with compliance of Regulation 14 in the said Regulation.</p> | Complied |
| | | | | | <p><u>Housing Developer Licence:</u></p> <p>1. The developer is prohibited from offering "Interest Capitalisation Scheme" package or other similar scheme including "Developer Interest Bearing Scheme (DIBS)".</p> <p>2. The developer must give priority to first house buyer for houses priced below RM300,000.</p> | |

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|-----|----------|--|-----------------------------------|---|--|-------------------|
| | | | | Nos. 57 & 38, in the Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka known as "Taman Desa Bertam" | 3. The developer must ensure that the surrounding of the housing development approved in this licence fulfils the requirements imposed under Section 11, Destruction of Disease-Bearing Insects Act 1975 and Guidelines in respect of Control of Aedes Mosquito at Construction Site. | Complied |
| | | | | | <p><u>Advertising and Sale Permit:</u></p> <ol style="list-style-type: none"> <li data-bbox="518 1825 550 2145">1. The developer must display the selling price in details, including all incentives offered in the form of special items, services and payment to the purchasers. <li data-bbox="550 1825 582 2145">2. The purchaser is entitled to reject or refuse to accept the incentives offered by the developer in the form of items, services and payment, where the developer must reduce such value from the selling price. <li data-bbox="582 1825 614 2145">3. Developers who intend to make bulk sale of more than 4 units of houses to an individual/company must register the relevant purchaser with the Housing Controller within 14 days from the date of execution of the sale and purchase agreement, with effect from 16 May 2014. <li data-bbox="614 1825 646 2145">4. A copy of the plan approved by the Local Authority must be submitted with the Sale and Purchase Agreement in accordance with Regulation 11, Housing Development (Control and Licensing) Regulations (Amendment) 2015 | Complied |

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|-----|---------------|---|-----------------------------------|---|---|-------------------|
| (v) | Teladan Setia | 7305-27/06-2022/0330(L) & 7305-27/06-2022/0330(P) | 10 June 2020/ 9 June 2022 | APDL for the development of 148 units of single storey terrace house, 127 units of double storey terrace house and 114 units of double storey semi-detached house on PT 17097, Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka known as "Taman Desa Bertam" | <p>in the form of hardcopy of A0 or A1 size; or in the form of soft copy (pdf format) by using compact disc or other appropriate electronic media.</p> <p>The developer must use the sale and purchase agreements in the prescribed form of Schedule G, H, I, J of the Housing Development (Control and Licensing) Regulations (Amendment) 2015.</p> <p>If there is no Sale and Purchase Agreement being stamped within 2 years from the date of the APDL, the APDL will automatically be revoked.</p> <p><u>Housing Developer Licence:</u></p> <ol style="list-style-type: none"> The developer is prohibited from offering "Interest Capitalisation Scheme" package or other similar scheme including "Developer Interest Bearing Scheme (DIBS)". The developer must give priority to first house buyer for houses priced below RM300,000. The developer must ensure that the surrounding of the housing development approved in this licence fulfils the requirements imposed under Section 11, Destruction of Disease-Bearing Insects Act 1975 and Guidelines in respect of Control of Aedes Mosquito at Construction Site. The developer must submit the application to renew the APDL at least 60 days prior to the | Complied |
| | | | | | | Complied |

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|-----|----------|--|-----------------------------------|---------------------------------|--|-------------------|
| | | | | | <p>expiry of the existing APDL.</p> <p><u>Advertising and Sale Permit:</u></p> <ol style="list-style-type: none"> The developer must display the selling price in details, including all incentives offered in the form of special items, services and payment to the purchasers. The purchaser is entitled to reject or refuse to accept the incentives offered by the developer in the form of items, services and payment, where the developer must reduce such value from the selling price. Developers who intend to make bulk sale of more than 4 units of houses to an individual/company must register the relevant purchaser with the Housing Controller within 14 days from the date of execution of the sale and purchase agreement. A copy of the plan approved by the Local Authority must be submitted with the Sale and Purchase Agreement in accordance with Regulation 11, Housing Development (Control and Licensing) Regulations (Amendment) 2015 in the form of hardcopy of A0 or A1 size; or in the form of soft copy (pdf format) by using compact disc or other appropriate electronic media. | |

The developer must use the sale and purchase agreements in the prescribed form of Schedule G, H,

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|--|---------------|---|-----------------------------------|--|---|-------------------|
| (vi) | Teladan Setia | 7305-28/08-2022/0500(L) & 7305-28/08-2022/0500(P) | 12 August 2020/ 11 August 2022 | APDL for the development of 486 units of double storey semi-detached house on PT 17098, Mukim of Tanjong Minyak, District of Melaka Tengah, State of Melaka known as "Taman Desa Bertam" | <p>If there is no Sale and Purchase Agreement being stamped within 2 years from the date of the APDL, the APDL will automatically be revoked.</p> <p><u>Housing Developer Licence:</u></p> <ol style="list-style-type: none"> The developer is prohibited from offering "Interest Capitalisation Scheme" package or other similar scheme including "Developer Interest Bearing Scheme (DIBS)". The developer must give priority to first house buyer for houses priced below RM300,000. The developer must ensure that the surrounding of the housing development approved in this licence fulfils the requirements imposed under Section 11, Destruction of Disease-Bearing Insects Act 1975 and Guidelines in respect of Control of Aedes Mosquito at Construction Site. The developer must submit the application to renew the APDL at least 60 days prior to the expiry of the existing APDL. | Complied |
| <u>Advertising and Sale Permit:</u> | | | | | | Complied |
| <ol style="list-style-type: none"> The developer must display the selling price in details, including all incentives offered in the | | | | | | |

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|-----|----------|--|-----------------------------------|---------------------------------|--|-------------------|
| | | | | | form of special items, services and payment to the purchasers. | |
| 2. | | | | | The purchaser is entitled to reject or refuse to accept the incentives offered by the developer in the form of items, services and payment, where the developer must reduce such value from the selling price. | |
| 3. | | | | | Developers who intend to make bulk sale of more than 4 units of houses to an individual/company must register the relevant purchaser with the Housing Controller within 14 days from the date of execution of the sale and purchase agreement. | |
| 4. | | | | | A copy of the plan approved by the Local Authority must be submitted with the Sale and Purchase Agreement in accordance with Regulation 11, Housing Development (Control and Licensing) Regulations (Amendment) 2015 in the form of hardcopy of A0 or A1 size; or in the form of soft copy (pdf format) by using compact disc or other appropriate electronic media. | |

The developer must use the sale and purchase agreements in the prescribed form of Schedule G, H, I, J of the Housing Development (Control and Licensing) Regulations (Amendment) 2015, except for APDL approved prior to 1 June 2015 which complies with Regulation 14 of the said Regulations.

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|-------|------------|---|-----------------------------------|---|---|-------------------|
| (vii) | Asal Harta | MHLG /13504-3/08-2021/02624(L) & 13504-3/08-2021/02624(P) | 9 August 2020/ 8 August 2021 | APDL for the development of 2 serviced apartments of 39 storey comprising 415 units each on Lot No. 12932, in the Mukim of Bandar Melaka, District of Melaka Tengah, State of Melaka known as "Residensi Mutiara Bali, Kota Syahbandar" | <p><u>Housing Developer Licence:</u></p> <ol style="list-style-type: none"> The developer is prohibited from offering "Interest Capitalisation Scheme" package including "Developer Interest Bearing Scheme (DIBS)" or other similar scheme. The developer must give priority to first house buyer for houses priced below RM300,000. The developer must ensure that the surrounding of the housing development approved in this licence fulfils the requirements imposed under Section 11, Destruction of Disease-Bearing Insects Act 1975 and Guidelines in respect of Control of Aedes Mosquito at Construction Site. | Complied |

Advertising and Sale Permit:

Complied

- The developer must display the selling price in details, including all special items, services and payment offered to the purchasers.
- The purchaser is entitled to reject or refuse to accept the developer's offer in the form of special item, services and payment, where the developer must reduce such value from the selling price.
- Developers who intend to make bulk sale for more than 4 units of houses to an individual/company must register the relevant purchaser with Housing Controller within 14 days from the date of execution of the Sale and

APPENDIX II – LIST OF MAJOR LICENCES AND PERMITS (Cont'd)

| No. | Licensee | Issuing authority/ Registration no. | Date of issue / Date of expiry | Licences/ Nature of approval | Equity and/or major conditions imposed | Compliance status |
|-----|----------|--|-----------------------------------|---------------------------------|---|-------------------|
| | | | | | <p>Purchase Agreement.</p> <p>4. A copy of the plan approved by the Local Authority must be submitted with the sale and purchase agreement in accordance with Regulation 11, Housing Development (Control and Licensing) Regulations (Amendment) 2015 in the form of hardcopy of A0 or A1 size; or in the form of soft copy (pdf format) by using compact disc or other appropriate electronic media.</p> | |
| | | | | | <p>The developer must use the sale and purchase agreements in the prescribed form of Schedule G, H, I, J of the Housing Development (Control and Licensing) Regulations (Amendment) 2015.</p> | |

The rest of this page is intentionally left blank