	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Own property development								
On-going developments								
The Logg – Parkhill	-	-	-	-	13,026	11.5	10,095	8.4
The Logg – Shorea^{n}Astoria	-	-	-	-	4,381	3.9	9,276	7.7
Total on-going developments	**-**	**-**	**-**	**-**	**17,407**	**15.4**	**19,371**	**16.1**
Grand total	**90,193**	**100.00**	**98,518**	**100.00**	**112,880**	**100.00**	**120,167**	**100.0**

Notes:

* Less than 0.1%

(1) Being rebates granted to customers in relation to units sold, which were recognised based on credit notes that form part of the payments made by customers.

(2) Revenue recognised for the units of the projects which were sold before the project was completed.

(3) Revenue recognised for the units of the projects which were sold after the project was completed.

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The revenue unbilled for sold and unsold units as the end of FYE 2023 for our on-going projects are set out below:

	Revenue unbilled for	
Projects	**Sold units[(1)]**	**Unsold units[(2)]**
	RM'000	**RM'000**
Taman Seri Lemawang Phase 1E	30,658	506
Residensi Seri Akasia (Block A and B)	29,790	402
Residensi Seri Akasia (Block C and D)	18,510	12,290
The Logg – Parkhill	97,334	14,100
The Logg – Shorea^{n}Astoria	58,858	384,100
Taman Bukit Alamanda	35,716	-
Plaza Lemawang 2	712	28,336
	271,578	**439,734**

Notes:

(1) Revenue for sold units will be recognised over time based on completion progress.

(2) Revenue for unsold units are not yet recognised as they are not sold yet. The revenue will be recognised upon execution of sale and purchase agreement, along with the letter of offer from the end-financier, where required, up to the relevant stage of completion, and thereafter continue to be recognised over time based on completion progress.

Comparison between FYE 2020 and FYE 2021

Our revenue increased by RM8.3 million or 9.2% from RM90.2 million in FYE 2020 to RM98.5 million in FYE 2021 mainly due to:

(i) on-going development of Taman Seri Lemawang Phase 1D, Phase 1F and Phase 1G which achieved completion of 80.3%, 70.4% and 45.4% respectively in FYE 2021 as compared to 42.4%, 9.8% and 2.9% respectively in FYE 2020 and contributed an incremental revenue of RM32.9 million;

(ii) launching of Taman Seri Lemawang Phase 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B) which contributed revenue of RM12.3 million; and

(iii) sales of completed units in Puncak Gloxinia Phase 2 (Block D, Block E and Block F) which contributed an incremental revenue of RM29.9 million.

This increase was offset by the decreased contribution from Taman Seri Lemawang Phase 1A to 1C by RM29.3 million as this project achieved higher completion stage of 97.4%, 92.1% and 71.2% respectively in FYE 2020 as well as the completion of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) by RM34.2 million in FYE 2020.

Comparison between FYE 2021 and FYE 2022

Our Group's revenue increased by RM14.4 million or 14.6% from RM98.5 million in FYE 2021 to RM112.9 million in FYE 2022 mainly due to:

(i) on-going development of Taman Sri Lemawang Phase 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B) which achieved higher stage of completion of 66.5%, 100.0% and 88.2% respectively in FYE 2022 as compared to 11.8%, 56.4% and 55.0% respectively in FYE 2021 and contributed an incremental revenue of RM28.4 million;

(ii) launching in FYE 2022 of Taman Seri Lemawang Phase 1E and Phase 1I, Residensi Seri Akasia (Block C) and Taman Bukit Alamanda which contributed revenue of RM25.9 million (Residensi Seri Akasia Block D was launched in April 2023 without any sales secured yet); and

(iii) launching of The Logg – Parkhill and The Logg – Shorea^{n}Astoria which contributed revenue of RM17.4 million.

This increase was partially offset by the decreased contribution from Taman Seri Lemawang Phase 1B to 1D by RM18.7 million as this project achieved higher completion stage of 98.7%, 91.7% and 80.3% respectively in FYE 2021. The increase was also partially offset by lower revenue contribution from sales of completed units in Puncak Gloxinia Phase 2 (Block D and Block E) (decrease of RM28.5 million) and the completion of Puncak Gloxinia Phase 2 – Block F (decrease of RM6.3 million) in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our Group's revenue increased by RM7.3 million or 6.5% from RM112.9 million in FYE 2022 to RM120.2 million in FYE 2023 mainly due to:

(i) on-going development of Taman Sri Lemawang Phase 1E and Taman Bukit Alamanda which achieved higher stage of completion of 94.1% and 94.1% respectively in FYE 2023 as compared to 39.9% and 60.8% respectively in FYE 2022 and contributed an incremental revenue of RM24.4 million;

(ii) launching in FYE 2023 of Plaza Lemawang 2 and Residensi Seri Akasia (Block C and Block D) which contributed revenue of RM15.9 million;

(iii) relaunching of The Logg – Shorea^{n}Astoria which contributed revenue of RM19.4 million; and

(iv) sales of completed units of Plaza Seri Lemawang and Taman Nelly 8D as well as sale of Taman Lavender Land which contributed revenue of RM8.6 million.

This increase was partially offset by the decreased contribution from Taman Seri Lemawang Phase 1D, 1F to 1I, Residensi Seri Akasia (Block A And B) and Plaza Seri Lemawang by RM37.4 million as these projects achieved higher completion stage of 91.9%, 98.4%, 78.5%, 66.5%, 65.0%, 88.2% and 100.0% respectively in FYE 2022. The increase of revenue recognised at the point of time by RM6.4 million from the sales of completed unit of Plaza Seri Lemawang and Taman Nelly 8D as well as sale of Taman Lavender Land which offset the decrease of RM2.0 million from the sales of completed units in FYE 2022 and the completion of Puncak Gloxinia Phase 2 – Block D and Block E and Taman Seri Lemawang Phase 1B in FYE 2022.

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by activities

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sales of development properties								
- From project sales, which are recognised over time based on completion progress	54,686	88.3	44,429	64.0	80,211	97.7	81,669	96.6
- From sales of our inventory of completed units, which is recognised at a point in time	6,772	10.9	24,602	35.5	1,510	1.8	1,505	1.8
- From sales of land held for property development, which is recognised at a point in time	-	-	-	-	-	-	1,070	1.2
	61,458	99.2	69,031	99.5	81,721	99.5	84,244	99.6
Other costs[1]	511	0.8	366	0.5	352	0.5	336	0.4
	61,969	**100.0**	**69,397**	**100.0**	**82,073**	**100.0**	**84,580**	**100.0**

Note:

[1] Being the costs incurred for the defect rectification works during the vacant possession period of the completed projects, which are not directly attributable to sales of on-going development projects or completed properties.

Analysis of cost of sales by development projects

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of design and build construction services to LPPB								
On-going development								
Taman Seri Lemawang Phase 1A	6,424	10.4	(85)	(0.1)	596	0.7	-	-
Taman Seri Lemawang Phase 1B	10,312	16.6	1,560	2.2	241	0.3	-	-
Taman Seri Lemawang Phase 1C	11,901	19.2	5,082	7.3	1,590	1.9	-	-
Taman Seri Lemawang Phase 1D	5,287	8.5	12,387	17.9	3,614	4.4	1,198	1.4
Taman Seri Lemawang Phase 1E	-	-	-	-	2,266	2.8	16,186	19.1
Taman Seri Lemawang Phase 1F	105	0.2	6,848	9.9	4,678	5.7	137	0.2
Taman Seri Lemawang Phase 1G	27	*	9,801	14.1	8,611	10.5	4,305	5.1
Taman Seri Lemawang Phase 1H	-	-	52	0.1	15,304	18.6	8,388	9.9
Taman Seri Lemawang Phase 1I	-	-	-	-	4,573	5.6	4,404	5.2
Plaza Seri Lemawang	-	-	2,526	3.6	4,107	5.0	-	-
Residensi Seri Akasia (Block A and Block B)	-	-	6,258	9.0	9,971	12.1	4,752	5.6
Residensi Seri Akasia (Block C and Block D)	-	-	-	-	618	0.8	11,377	13.5
Taman Bukit Alamanda	-	-	-	-	10,150	12.4	15,109	17.9
Puncak Gloxinia Phase 2 – Block D	8,097	13.1	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block E	4,900	7.9	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block F	7,633	12.3	-	-	-	-	-	-
Plaza Lemawang 2	-	-	-	-	-	-	65	0.1
Total on-going developments	**54,686**	**88.2**	**44,429**	**64.0**	**66,319**	**80.8**	**65,921**	**78.0**

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Completed properties								
Taman Nelly 8D	541	0.9	195	0.3	88	0.1	88	0.1
Taman Seri Lemawang Phase 1B	-	-	-	-	192	0.2	-	-
Taman La Gloxinia Phase 1	294	0.5	-	-	-	-	-	-
Puncak Gloxinia Phase 1 – Block A	682	1.1	228	0.3	-	-	-	-
Puncak Gloxinia Phase 1 – Block B	634	1.0	-	-	-	-	-	-
Puncak Gloxinia Phase 1 – Block C	193	0.3	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block D	2,390	3.9	11,455	16.6	419	0.5	-	-
Puncak Gloxinia Phase 2 – Block E	1,014	1.6	8,845	12.7	811	1.0	-	-
Puncak Gloxinia Phase 2 – Block F	1,024	1.7	3,879	5.6	-	-	-	-
Plaza Seri Lemawang	-	-	-	-	-	-	1,417	1.7
Total completed properties	**6,772**	**11.0**	**24,602**	**35.5**	**1,510**	**1.8**	**1,505**	**1.8**
Land held for property development								
Taman Lavender Land	-	-	-	-	-	-	1,070	1.2
Own-property development								
On-going developments								
The Logg – Parkhill	-	-	-	-	10,688	13.1	8,425	9.9
The Logg – Shorea^{n}Astoria	-	-	-	-	3,204	3.9	7,323	8.7
Total on-going developments	**-**	**-**	**-**	**-**	**13,892**	**17.0**	**15,748**	**18.6**
Other costs[(1)]	**511**	**0.8**	**366**	**0.5**	**352**	**0.4**	**336**	**0.4**
Grand total	**61,969**	**100.0**	**69,397**	**100.0**	**82,073**	**100.0**	**84,579**	**100.0**

Note:

* Less than 0.1%

(1) Being the costs incurred for the defect rectification works during the vacant possession period of the completed projects, which are not directly attributable to sales of on-going development projects or completed properties.

12. FINANCIAL INFORMATION *(Cont'd)*

Analysis of cost of sales by cost component

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Construction materials	7,471	12.1	7,036	10.1	9,926	12.1	7,370	8.7
Statutory contribution	55	0.1	1,302	1.9	297	0.4	2,601	3.1
Land costs	2,969	4.8	5,216	7.5	7,335	8.9	9,690	11.5
Professional fees	2,818	4.5	3,287	4.7	3,360	4.1	2,852	3.4
Infrastructure works	5,408	8.7	6,968	10.0	8,482	10.3	10,352	12.2
Building works	23,819	38.4	31,972	46.1	41,172	50.2	35,770	42.3
M&E works	4,710	7.6	5,147	7.4	4,572	5.6	5,189	6.1
Others[(1)]	14,208	22.9	8,103	11.7	6,577	8.0	10,419	12.3
	61,458	**99.2**	**69,031**	**99.5**	**81,721**	**99.6**	**84,243**	**99.6**
Rectification of defect works	511	0.8	366	0.5	352	0.4	336	0.4
Total	**61,969**	**100.0**	**69,397**	**100.0**	**82,073**	**100.0**	**84,579**	**100.0**

Note:

(1) Being the site expenses, provision for contingency costs and sub-contractor fees for other works such as drawings and site operation costs, as well as depreciation of plant and machinery.

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Analysis of GP and GP margin by activities

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	GP	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sales of development properties								
- Recognised over time based on completion progress	25,180	31.5	17,141	27.8	30,516	27.6	29,868	26.8
- Recognised at a point in time for completed units	3,555	34.4	12,346	33.4	643	29.9	411	21.5
- Recognised at a point in time for land held for property development	-	-	-	-	-	-	5,644	84.1
	28,735	31.9	29,487	29.6	31,159	27.6	35,923	29.9
Other costs[1]	(511)	*	(366)	*	(352)	*	(336)	*
	28,224	**31.3**	**29,121**	**29.6**	**30,807**	**27.3**	**35,587**	**29.6**

Note:

* Less than 0.1%

[1] Being the costs incurred for defect rectification works during the vacant possession period of the completed projects, which are not directly attributable to sales of on-going development projects or completed properties.

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Analysis of GP and GP margin by development projects

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of design and build construction services to LPPB								
On-going development								
Taman Seri Lemawang Phase 1A	1,904	22.9	(25)	22.7	172	22.4	-	-
Taman Seri Lemawang Phase 1B	3,359	24.6	508	24.6	79	24.7	-	-
Taman Seri Lemawang Phase 1C	4,186	26.0	1,788	26.0	559	26.0	-	-
Taman Seri Lemawang Phase 1D	2,096	28.4	4,910	28.4	1,432	28.4	1,397	53.8
Taman Seri Lemawang Phase 1E	-	-	-	-	1,277	36.0	9,125	36.1
Taman Seri Lemawang Phase 1F	44	29.5	2,841	29.3	1,941	29.3	127	48.1
Taman Seri Lemawang Phase 1G	11	28.9	3,694	27.4	3,245	27.4	2,629	37.9
Taman Seri Lemawang Phase 1H	-	-	21	28.8	6,039	28.3	2,935	25.9
Taman Seri Lemawang Phase 1I	-	-	-	-	1,438	23.9	794	15.3
Plaza Seri Lemawang	-	-	1,124	30.8	1,603	28.1	-	-
Residensi Seri Akasia (Block A and Block B)	-	-	2,280	26.7	3,634	26.7	1,731	26.7
Residensi Seri Akasia (Block C and Block D)	-	-	-	-	242	28.1	4,458	28.2
Taman Bukit Alamanda	-	-	-	-	5,340	34.5	3,018	16.6
Puncak Gloxinia Phase 2 – Block D	5,202	39.1	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block E	3,188	39.4	-	-	-	-	-	-
Puncak Gloxinia Phase 2 – Block F	5,190	40.5	-	-	-	-	-	-
Plaza Lemawang 2	-	-	-	-	-	-	31	32.3
Total on-going developments	**25,180**	**31.5**	**17,141**	**27.8**	**27,001**	**28.9**	**26,245**	**28.5**
Completed properties								
Taman Nelly 8D	173	24.2	(1)(76)	(63.9)	22	20.4	22	20.0
Taman Kota Phase 2A	188	100.0	-	-	-	-	-	-
Taman La Gloxinia Phase 1	186	38.8	-	-	-	-	-	-
Taman Seri Lemawang Phase 1B	-	-	-	-	63	24.7	-	-
Puncak Gloxinia Phase 1 – Block A	314	31.5	109	32.3	-	-	-	-
Puncak Gloxinia Phase 1 – Block B	377	37.3	(1)(24)	(100.0)	-	-	-	-
Puncak Gloxinia Phase 1 – Block C	103	34.8	-	-	-	-	-	-

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Puncak Gloxinia Phase 2 – Block D	1,282	34.9	6,017	34.4	158	27.3	-	-
Puncak Gloxinia Phase 2 – Block E	405	28.5	3,944	30.8	400	33.0	-	-
Puncak Gloxinia Phase 2 – Block F	527	34.0	2,376	38.0	-	-	-	-
Plaza Seri Lemawang	-	-	-	-	-	-	389	21.5
Total completed properties	**3,555**	**34.4**	**12,346**	**33.4**	**643**	**29.9**	**411**	**21.5**
Land held for property development								
Taman Lavender Land	-	-	-	-	-	-	5,644	84.1
Own property development								
On-going developments								
The Logg – Parkhill	-	-	-	-	2,338	17.9	1,670	16.6
The Logg – Shorea^{n}Astoria	-	-	-	-	1,177	26.9	1,953	21.1
Total on-going developments	**-**	**-**	**-**	**-**	**3,515**	**20.2**	**3,624**	**18.7**
Other costs[2]	**(511)**	*****	**(366)**	*****	**(352)**	*****	**(336)**	*****
Grand total	**28,224**	**31.3**	**29,121**	**29.6**	**30,807**	**27.3**	**35,587**	**29.6**

Notes:

* Less than 0.1%

(1) Being rebates given to customers.

(2) Being the costs incurred for the defect rectification works during the vacant possession period of the completed projects, which are not directly attributable to sales of on-going development projects or completed properties.

Comparison between FYE 2020 and FYE 2021

Our cost of sales increased by RM7.4 million or 12.0% from RM62.0 million in FYE 2020 to RM69.4 million in FYE 2021 was mainly due to the following:

(i) on-going development of Taman Seri Lemawang Phase 1D, Phase 1F and Phase 1G which achieved percentage of completion of 80.3%, 70.4% and 45.4% respectively in FYE 2021 as compared to 42.4%, 9.8% and 2.9% respectively in FYE 2020 and contributed an incremental cost of RM23.6 million;

(ii) launching of Taman Seri Lemawang Phase 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B) which resulted in an incremental cost of RM8.8 million; and

(iii) sales of completed units in Puncak Gloxinia Phase 2 (Block D, Block E and Block F) which contributed an incremental cost of RM19.8 million.

This increase was offset by the lower property development costs from Taman Seri Lemawang Phase 1A to 1C by RM22.1 million due to more progress achieved in FYE 2020 as well as the completion of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) by RM20.6 million in FYE 2020. Accordingly, our GP increased by RM0.9 million from RM28.2 million in FYE 2020 to RM29.1 million in FYE 2021 mainly due to higher contribution from Puncak Gloxinia Phase 2 (Block D, Block E and Block F) in line with the explanation of revenue above.

Our GP margin decreased from 31.3% in FYE 2020 to 29.6% in FYE 2021 due to the mix of contributions from projects with lower GP margins. The main contributors to this GP margin were sales of completed properties of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) which commanded higher margins of between 39.2% to 44.2%. These projects commanded higher margins due to cost savings from lower building material prices such as steel bar, sanitary wares, tiles and wire mesh), resulting in a higher gross margin in FYE 2020. Conversely, this was balanced by lower GP margin contributions of between 24.6% to 30.8% from the on-going developments of Taman Seri Lemawang Phase 1B to 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B). This was due to the predetermined selling prices under the Technical and Financial Proposal with LPPB which were of lower range, as agreed with LPPB. As a result, the flexibility to optimise margins through pricing adjustments was limited.

Comparison between FYE 2021 and FYE 2022

Our cost of sales increased by RM12.7 million or 18.3% from RM69.4 million in FYE 2021 to RM82.1 million in FYE 2022 was mainly due to the following:

(i) on-going development of Taman Sri Lemawang Phase 1H, Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B) which achieved percentage of completion of 66.5%, 100.0% and 88.2% respectively in FYE 2022 as compared to 11.8%, 56.4% and 55.0% respectively in FYE 2021 and contributed an incremental cost of RM20.5 million;

(ii) launching of Taman Seri Lemawang Phase 1E and Phase 1I, Residensi Seri Akasia (Block C) and Taman Bukit Alamanda which resulted in an incremental cost of RM17.6 million; and

(iii) launching of The Logg – Parkhill and The Logg – Shorea[n]Astoria which resulted in an incremental cost of RM13.9 million.

This increase was partially offset by the lower property development costs from Taman Seri Lemawang Phase 1B to 1D by RM13.6 million as this project recorded a higher completion stage of 98.7%, 91.7% and 80.3% respectively in FYE 2021. The increase was also partially offset by property development costs from sales of completed units in Puncak Gloxinia Phase 2 (Block D and Block E) (decrease of RM19.1 million) and the completion of Puncak Gloxinia Phase 2 – Block F (decrease of RM3.9 million) in FYE 2022.

Our GP margin decreased from 29.6% in FYE 2021 to 27.3% in FYE 2022 due to a mix of projects with lower GP margins for the year. The main contributors to this GP margin were on-going development projects from Taman Bukit Alamanda, Taman Seri Lemawang and Plaza Seri Lemawang and sales of completed units of Puncak Gloxinia Phase 2 which commanded margins of between 20.0% to 34.5%. Similarly, the predetermined selling prices as negotiated with LPPB were the key determinants of these GP margins. Additionally, we recorded lower GP margin of 17.9% from The Logg – Parkhill and 26.9% from The Logg – Shorea^{n}Astoria. These margins were impacted by the rebate package promotions offered to buyers, which led to a reduction in the gross profit realised from these projects.

Comparison between FYE 2022 and FYE 2023

Our cost of sales increased by RM2.5 million or 3.1% from RM82.1 million in FYE 2022 to RM84.6 million in FYE 2023 was mainly due to the following:

(i) on-going development of Taman Sri Lemawang Phase 1E and Taman Bukit Alamanda which achieved percentage of completion of 94.1% and 94.1%, respectively in FYE 2023 as compared to 39.9% and 60.8% respectively in FYE 2022 and contributed an incremental cost of RM18.9 million;

(ii) launching of Plaza Lemawang 2 and Residensi Seri Akasia (Block C and Block D), which resulted in an incremental cost of RM10.8 million;

(iii) relaunching of The Logg – Shorea^{n}Astoria which resulted in an incremental cost of RM4.1 million; and

(iv) sales of completed unit of Plaza Seri Lemawang and Taman Nelly 8D and sale of Taman Lavender Land which result in incremental cost of RM2.6 million.

This increase was partially offset by the lower property development costs from Taman Seri Lemawang Phase 1D, Phase 1F to 1I, Plaza Seri Lemawang and The Logg – Parkhill by RM24.7 million as these projects recorded a higher completion stage of 91.9%, 98.4%, 78.5%, 66.5%, 65.0%, 88.2% and 100% respectively in FYE 2022. The increase was also partially offset by a decrease of RM1.4 million in property development costs from the sale of completed units in Puncak Gloxinia Phase 2 (Block D and Block E) and Taman Seri Lemawang Phase 1B in FYE 2022.

Our GP margin increased from 27.3% in FYE 2022 to 29.6% in FYE 2023 due to a mix of projects with higher GP margins for the year. The main contributors to this GP margin were ongoing development projects from Taman Bukit Alamanda, Taman Seri Lemawang and Plaza Seri Lemawang as well as sale of Taman Lavender Land which commanded margins of between 20.0% to 84.1%. Similarly, the predetermined selling prices as negotiated with LPPB were the key determinants of these GP margins. Additionally, we recorded lower GP margin of 16.6% and 21.1% for The Logg – Parkhill and The Logg – Shorea^{n}Astoria respectively. These margins were impacted by the rebate package promotions offered to our buyers, which led to a reduction in GP realised from these projects.

12. FINANCIAL INFORMATION *(Cont'd)*

(c) Other income

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income	515	22.1	418	10.0	632	21.7	949	53.5
Gain on disposal of investment properties	274	11.8	-	-	-	-	-	-
Gain on disposal of plant & equipment	*	*	100	2.4	50	1.7	66	3.7
Rental income	220	9.5	27	0.7	78	2.7	86	4.9
Government grants	452	19.4	192	4.6	79	2.7	97	5.5
Back charge of material	21	0.9	62	1.5	20	0.7	36	2.0
Back charge of property development costs to subsidiary	669	28.7	-	-	-	-	-	-
Administrative charges for sub-sales	64	2.8	80	1.9	39	1.3	44	2.5
Reversal of provision of contingency costs on completed projects	-	-	3,263	77.9	1,655	56.7	81	4.6
Deposits forfeited	17	0.7	34	0.8	36	1.2	30	1.7
Others[(1)]	96	4.1	11	0.2	330	11.3	384	21.6
	2,328	**100.0**	**4,187**	**100.0**	**2,919**	**100.0**	**1,773**	**100.0**

Note:

* Less than RM1,000.

(1) Mainly comprise of refund from levy and reversal of provision for legal fees and imposed back charge of contractor.

Comparison between FYE 2020 and FYE 2021

Other income increased by RM1.9 million or 79.9% from RM2.3 million in FYE 2020 to RM4.2 million in FYE 2021 mainly attributable to the actual costs incurred during the completion of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) being lower than the estimated contingency amounts. This resulted in a reversal in contingency costs that were originally estimated for the project which amounted to RM3.3 million. The increase in other income was partially offset by the decrease in professional fees incurred in relation to the hotel operator and design for The Logg (recorded as back charge of property development costs), decrease in government grants under: wage subsidy programme, hiring incentives, and training programme from Social Security Organisation (SOCSO) in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Other income decreased by RM1.3 million or 30.3% from RM4.2 million in FYE 2021 to RM2.9 million in FYE 2022. This was mainly due to reduction of RM1.6 million from reversal of provision of contingency costs for Puncak Gloxinia (Block D, Block E and Block F). These are the remaining provisions for contingency costs on Puncak Gloxinia (Block D, Block E and Block F) not fully utilised which were reversed back into other income. The decrease was partially offset by the increase in other income due to higher deposit placed with licensed banks and refund of levy and reversal of provision for legal fees.

Comparison between FYE 2022 and FYE 2023

Other income decreased by RM1.1 million or 39.3% from RM2.9 million in FYE 2022 to RM1.8 million in FYE 2023. This was mainly due to reduction of RM1.6 million from the reversal of provision of contingency costs for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) in prior year. These are the remaining provisions for contingency costs on Puncak Gloxinia Phase 2 (Block D, Block E and Block F) not fully utilised which were reversed back into other income. The decrease in other income was partially offset by the increase in deposit placed with licensed banks and other income generated from the imposition of back charge of contractor for the defect works.

(d) Administrative expenses

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Auditors' remuneration	72	0.7	118	1.1	168	1.3	188	1.5
Bank charges	165	1.6	563	5.4	606	4.9	548	4.3
Depreciation of property, plant and equipment	1,633	15.9	1,548	14.9	1,553	12.5	1,362	10.6
Directors' remuneration	1,590	15.5	1,369	13.2	1,745	14.1	2,542	19.9
Legal and professional fee	549	5.3	1,352	13.0	1,877	15.2	1,378	10.8
Printing, stationery and postage	59	0.6	84	0.8	105	0.9	115	0.9
Rental	104	1.0	95	0.9	64	0.5	62	0.5
Repair and maintenance	174	1.7	192	1.8	178	1.4	584	4.6
Staff costs	3,345	32.5	3,699	35.5	4,197	33.9	4,006	31.3
Stamp duty	1,502	14.6	84	0.8	3	*	50	0.4
Sundry and other expenses(1)	770	7.4	890	8.6	1,546	12.4	1,546	12.0
Utility charges	197	1.9	336	3.2	205	1.7	248	1.9
Travel and vehicle running expenses	132	1.3	80	0.8	152	1.2	163	1.3
	10,292	**100.0**	**10,410**	**100.0**	**12,399**	**100.0**	**12,792**	**100.0**

Note:

* Less than 0.1%

(1) Comprises advertisement, donation, entertainment, insurance, promotional expenses, penalty and quit rent and assessment.

Comparison between FYE 2020 and FYE 2021

Administrative expenses increased by RM0.1 million or 1.2% from RM10.3 million in FYE 2020 to RM10.4 million in FYE 2021. We recorded an increase of RM0.8 million related to legal and professional fees for solicitors to carry out arbitration of RM0.2 million, and legal fees we bear for the benefit of purchasers of RM0.7 million and legal fees incurred for additional credit facilities of RM0.1 million. Conversely, there were minimal stamp duty expenses incurred for the year (reduced by RM1.4 million) due to fewer bank facilities undertaken in comparison to the previous year.

Comparison between FYE 2021 and FYE 2022

Administrative expenses increased by RM2.0 million or 19.1% from RM10.4 million in FYE 2021 to RM12.4 million in FYE 2022. We recorded an increase of RM0.5 million in legal and professional fees for the proposed listing exercise, directors' remuneration of RM0.3 million, staff cost of RM0.5 million, sundry and other expenses of RM0.7 million and other miscellaneous expenses of RM0.4 million.

Comparison between FYE 2022 and FYE 2023

Administrative expenses increased by RM0.4 million or 3.2% from RM12.4 million in FYE 2022 to RM12.8 million in FYE 2023. We recorded an increase of RM0.8 million in directors' remuneration as well as repair and maintenance of RM0.4 million which offset against the decrease in other expenses of RM0.5 million.

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12. FINANCIAL INFORMATION *(Cont'd)*

(e) Selling and marketing expenses

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertisement	385	13.0	350	25.1	288	6.1	5	0.1
Commission to sales agent	2,202	74.4	591	42.2	1,761	37.4	2,027	48.7
Promotional expenses	373	12.6	458	32.7	2,662	56.5	2,129	51.2
	2,960	**100.0**	**1,399**	**100.0**	**4,711**	**100.0**	**4,161**	**100.0**

Comparison between FYE 2020 and FYE 2021

Selling and marketing expenses decreased by RM1.6 million or 52.7% from RM3.0 million in FYE 2020 to RM1.4 million in FYE 2021. The decrease was mainly attributable to reversal of overprovision for commission of RM1.0 million provided in FYE 2020 which was offset against the commission paid to freelance sales agents for Taman Seri Lemawang Phase 1A, Phase 1B, Phase 1C, Phase 1D and Phase 1F.

Comparison between FYE 2021 and FYE 2022

Selling and marketing expenses increased by RM3.3 million or 236.7% from RM1.4 million in FYE 2021 to RM4.7 million in FYE 2022. The increase was mainly attributable to an increased commission scheme to sales agents amounting to RM1.2 million for Taman Bukit Alamanda and Residensi Seri Akasia in order to achieve the targeted sales volume, as well as increase in promotional expenses, mainly being RM1.0 million for The Logg's marketing events and the building costs of The Logg's sales gallery of RM1.2 million. This was offset by a reduction of public advertisement costs of RM0.1 million.

Comparison between FYE 2022 and FYE 2023

Selling and marketing expenses decreased by RM0.5 million or 11.7% from RM4.7 million in FYE 2022 to RM4.2 million in FYE 2023. The decrease in advertisement costs of RM0.3 million and promotional expenses of RM0.5 million for The Logg, Taman Seri Lemawang and Residensi Seri Akasia. The decrease was offset by the increase of commissions paid to sale agents for The Logg – Shorea^{n}Astoria of RM0.3 million in order to achieve the targeted sales.

(f) Finance cost

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bank overdraft interest	183	10.3	121	5.8	49	2.2	109	3.5
Bank interest - trade facility / bank guarantee	407	22.8	171	8.1	180	8.0	446	14.5
Hire purchase interest	85	4.7	110	5.2	215	9.6	267	8.7
Bridging loan interest / Revolving credit interest	451	25.3	1,073	51.0	481	21.5	628	20.5
Term loan interest	658	36.9	628	29.9	1,316	58.7	1,626	52.8
	1,784	**100.0**	**2,103**	**100.0**	**2,241**	**100.0**	**3,076**	**100.0**

Comparison between FYE 2020 and FYE 2021

Finance cost increased by RM0.3 million or 17.9% from RM1.8 million in FYE 2020 to RM2.1 million in FYE 2021. The increase was mainly attributable to additional bridging loans drawdown for Taman Seri Lemawang Phase 1A to 1G, Plaza Seri Lemawang and Residensi Seri Akasia.

Comparison between FYE 2021 and FYE 2022

Finance cost increased by RM0.1 million or 6.6% from RM2.1 million in FYE 2021 to RM2.2 million in FYE 2022. The increase was mainly attributable to term loan interest of RM0.7 million for The Logg, which was offset against the redemption of bridging loans used to finance Taman Seri Lemawang, Plaza Seri Lemawang and Residensi Seri Akasia, resulting in reduction of related interest of RM0.6 million.

Comparison between FYE 2022 and FYE 2023

Finance cost increased by RM0.9 million or 37.2% from RM2.2 million in FYE 2022 to RM3.1 million in FYE 2023. The increase was mainly attributable to term loan interest of RM0.3 million for The Logg, bridging loan interests of RM0.2 million for The Logg and Residensi Seri Akasia (Block C and D), trade facility interest of RM0.3 million and bank overdraft interest of RM0.1 million.

(g) PBT and PBT margin

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
PBT (RM'000)	15,516	19,396	13,986	17,301
PBT margin (%)	17.2	19.7	12.4	14.4

Comparison between FYE 2020 and FYE 2021

Our PBT increased by RM3.9 million or 25.0% from RM15.5 million in FYE 2020 to RM19.4 million in FYE 2021 in line with our improved GP and other income. Accordingly, our PBT margin also increased from 17.2% to 19.7%, mainly due to the higher other income, in relation to RM3.3 million of contingency costs reversed, as well as lower selling and marketing expenses due to reversal in commissions overprovided.

Comparison between FYE 2021 and FYE 2022

Our PBT decreased by RM5.4 million or 27.9% from RM19.4 million in FYE 2021 to RM14.0 million in FYE 2022. PBT margin decreased from 19.7% to 12.4% mainly due to lower other income being the difference of RM1.6 million in reversal of contingency costs provided, and higher selling and marketing expenses being commissions paid for the sales of completed units of Taman Seri Lemawang and Taman Bukit Alamanda as well as promotional costs in relation to The Logg, Taman Seri Lemawang and Taman Bukit Alamanda in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our PBT increased by RM3.3 million or 23.7% from RM14.0 million in FYE 2022 to RM17.3 million in FYE 2023. PBT margin increased from 12.4% to 14.4% mainly due to increase in higher GP margin through the sale of Taman Lavender Land of RM5.6 million together with lower selling and marketing expenses and higher commissions paid for the sales of completed units of Taman Seri Lemawang and Taman Bukit Alamanda as well as promotional costs in relation to The Logg, Taman Seri Lemawang, Residensi Seri Akasia and Taman Bukit Alamanda in FYE 2023.

(h) Tax expenses

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expenses	2,921	3,776	3,504	3,479
Effective tax rate (%)	18.8	19.5	25.1	20.1
Statutory tax rate (%)	24.0	24.0	24.0	24.0

FYE 2020

Our effective tax rate for FYE 2020 of 18.8% was lower than the statutory tax rate of 24.0%, due to grants received from Puncak Gloxinia project, which was offset by profit derived from Taman Seri Lemawang which was not entitled to the tax exemption. Additionally, we claimed capital allowances of RM2.2 million in relation to our purchase of a wet mix batching plant of RM0.6 million, modification of wall panel of RM0.2 million and purchase of a beam moulding of RM0.1 million in FYE 2020.

FYE 2021

Our effective tax rate for FYE 2021 of 19.5% was lower than the statutory tax rate of 24.0% mainly due to utilisation of capital allowances of RM2.4 million in relation to the purchase of property, plant and machinery in FYE 2021 amounting to RM3.0 million, which comprise crawler crane (RM1.2 million); 4 units of mixer trucks (RM0.6 million); 2 unit of cranes (RM 0.7 million); a steel bed (RM0.2 million); a wall plate (RM 0.2 million); and a staircase and wall moulding (RM0.1 million).

FYE 2022

Our effective tax rate for FYE 2022 of 25.1% was higher than the statutory tax rate of 24.0% mainly due to the building costs of The Logg's sales gallery and listing expenses, all of which are disallowed for tax deductions amounting to RM0.5 million, which was offset against the non-taxable grants received for Puncak Gloxinia (Block D, Block E and Block F) of RM0.3 million.

FYE 2023

Our effective tax rate for FYE 2023 of 20.1% was lower than the statutory tax rate of 24.0% mainly due to the unabsorbed capital allowance and tax losses which was brought forward from the non-taxable grants received for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) and unabsorbed capital allowances of RM0.4 million, which offset against the RM0.3 million reversal of the deferred tax and also overprovision of tax of RM0.4 million.

12.2.3 Review of financial position

(a) Assets

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current assets				
Property, plant and equipment	11,854	27,247	39,865	68,871
Inventories	1,921	1,921	1,921	851
Deferred tax assets	543	154	-	454
Total non-current assets	**14,318**	**29,322**	**41,786**	**70,176**
Current assets				
Inventories	109,050	99,649	111,069	235,821
Trade receivables	10,724	8,411	7,141	9,451
Contract assets	20,824	27,501	19,829	18,320
Other receivables	3,324	2,265	11,289	6,207
Amount due from a Director	64	64	-	-
Tax recoverable	160	1,533	1,450	1,403
Fixed deposits with licensed bank	10,564	13,835	22,136	15,551
Cash and bank balances	23,147	50,807	35,456	19,598
Total current assets	**177,857**	**204,065**	**208,370**	**306,351**
Total assets	**192,175**	**233,387**	**250,156**	**376,527**

Comparison between FYE 2020 and FYE 2021

Non-current assets

Our non-current assets increased by RM15.0 million from RM14.3 million in FYE 2020 to RM29.3 million in FYE 2021, mainly due to reclassification of land costs for Avani Luyang @ The Logg of RM2.1 million, capitalisation of legal and professional fees to MHG of RM1.0 million and capitalisation of work-in-progress of RM11.9 million for Avani Luyang @ The Logg.

Current assets

Our current assets increased by RM26.2 million from RM177.9 million in FYE 2020 to RM204.1 million in FYE 2021, mainly due to:

(i) cash and bank balances arising from the drawdown of term loan to be used towards development of Avani Luyang @ The Logg amounting to RM18.0 million and drawdown of term loans amounting to RM10.0 million for the development of The Logg; and

(ii) increase in contract assets of RM6.7 million in line with development progress of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) pending billings of the same.

The increase in current asset was offset by the decrease in inventories of RM9.4 million, mainly due to the disposal of completed units of Puncak Gloxinia Phase 2 (Block D, Block E and Block F).

Comparison between FYE 2021 and FYE 2022

Non-current assets

Our non-current assets increased by RM12.5 million from RM29.3 million in FYE 2021 to RM41.8 million in FYE 2022, mainly due to:

(i) capitalisation of work-in-progress of Avani Luyang @ The Logg of RM12.5 million; and

(ii) purchase of tower crane of RM0.9 million, 2 units of mobile crane of RM0.3 million, 1 unit of excavator of RM0.1 million, 1 unit of lorry crane of RM0.1 million and scaffolding together with accessories of RM0.6 million.

Conversely, the decrease in property, plant and machinery was due to yearly depreciation of RM3.0 million, office equipment and plant and machineries written off of RM0.1 million and disposals of motor vehicles amounting to RM0.1 million.

Current assets

Our current assets increased by RM4.3 million from RM204.1 million in FYE 2021 to RM208.4 million in FYE 2022, mainly due to:

(i) increase in inventories of RM11.4 million, mainly being property development costs for The Logg – Parkhill and The Logg – Shorea^{n}Astoria;

(ii) increase in other receivables mainly due to payment of deposits for the Alamesra Lands of RM7.4 million to the landowner, Millennium Amber Sdn Bhd, a RM0.5 million increase in payment for sales agents' commissions due to launching of Taman Seri Lemawang Phase 1E and 1I, Residensi Seri Akasia (Block C), Taman Bukit Alamanda and The Logg – Parkhill and the Logg - Shorea^{n}Astoria and a RM0.6 million increase in quit rent due from homebuyers; and

(iii) increase in placement of fixed deposit with licensed banks of RM8.3 million from excess cash generated from operations.

The increase in current assets was offset by:

(i) decrease in cash and bank balances of RM15.4 million used for the foregoing fixed deposits of RM8.3 million and payment of deposit for the Alamesra Lands of RM7.4 million; and

(ii) decrease in trade receivables of RM1.3 million in line with collections and decrease in contract assets of RM7.8 million for billings issued for all the on-going projects for The Logg, Residensi Seri Akasia and Taman Seri Lemawang.

Comparison between FYE 2022 and FYE 2023

Non-current assets

Our non-current assets increased by RM28.4 million from RM41.8 million in FYE 2022 to RM70.2 million in FYE 2023, mainly due to:

(i) capitalisation of construction work-in-progress of Avani Luyang @ The Logg of RM23.1 million; and

(ii) purchase 1 unit excavator of RM0.5 million, 1 unit of forklift of RM0.1 million, 3 units of motor vehicles of RM0.5 million, project site cabin of RM0.3 million, 1 unit of generator set of RM0.1 million, aluminium formwork of RM0.6 million, steel bed for wall panel of RM0.1 million, 1 set of podium lightrek formwork of RM1.7 million, 1 set of formwork system of RM0.9 million and scaffolding together with accessories of RM2.2 million.

The increase in non-current assets were offset by the decrease in depreciation of RM3.5 million and disposal of motor vehicles as well as generator set amounting to RM0.1 million.

Current assets

Our current assets increased by RM98.4 million from RM208.0 million in FYE 2022 to RM306.4 million in FYE 2023, mainly due to:

(i) increase in inventories of RM124.8 million, mainly being property development costs for The Logg – Parkhill and The Logg – Shorea^{n}Astoria (of RM40.6 million) and Ayuria Place project (of RM86.0 million) and Taman Seri Lemawang project (of RM6.2 million), which offset against the sale of completed units of Plaza Seri Lemawang and Taman Nelly 8D of RM1.4 million and RM0.1 million respectively; and

(ii) increase in trade receivables of RM2.3 million in line with the progress billings issued to the on-going projects for The Logg, Residensi Seri Akasia and Taman Seri Lemawang of RM16.8 million as well as decrease in contract asset of RM1.5 million.

The increase in current assets was offset by:

(i) decrease in cash and bank balances of RM15.9 million, being used for the property development expenditure for the ongoing project for The Logg, Residensi Seri Akasia and Taman Seri Lemawang;

(ii) upliftment of fixed deposit of RM6.6 million, being used for the working capital requirements for The Logg, Residensi Seri Akasia and Taman Seri Lemawang;

(iii) decrease in other receivables of RM5.1 million mainly due to reversal of prepayment of deposit for Alamesra Lands of RM7.5 million; increase in deposit payment of micro piles and protection screen of RM0.5 million; payment of promotional expenses for Ayuria Place project RM0.3 million; increase in amount to be back charged to contractor of RM0.2 million; prepayment of listing expenses of RM1.1 million; and

(iv) decrease in contract assets of RM1.5 million in line with progress billings issued for the development progress.

(b) Liabilities

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current liabilities				
Deferred tax liability	797	717	895	933
Lease liabilities	2,313	2,138	2,303	5,062
Borrowings	6,624	22,677	21,796	23,654
Total non-current liabilities	**9,734**	**25,532**	**24,994**	**29,649**
Current liabilities				
Trade payables	15,893	19,071	26,070	42,551
Contract liabilities	1,171	62	21,962	15,068
Other payables(1)	18,555	13,680	7,834	7,157
Amount due to a related party	35	21	45	41
Amount due to Directors	2,669	4,173	1,057	-
Lease liabilities	1,211	1,301	1,491	2,054
Borrowings	31,098	40,849	27,714	142,408
Tax payables	128	1,397	1,205	992
Total current liabilities	**70,760**	**80,554**	**87,378**	**210,271**
Total liabilities	**80,494**	**106,086**	**112,372**	**239,920**

Note:

(1) The breakdown of our other payables for FYE 2020 to 2023 are as follows:

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-trade payables[(a)]	1,436	461	1,952	1,655
Accruals[(b)]	14,800	11,678	4,943	3,952
Accrued landowner's entitlement	1,076	228	935	1,489
Deposits received	1,233	1,304	-	-
Deposits payables	10	9	4	62
	18,555	**13,680**	**7,834**	**7,157**

(a) Comprises mainly fees in relation to our arbitration with GC Architect and sales commission owing to our sale agents.

(b) Comprises mainly provision of contingency cost, commission, salaries and bonus and audit fees.

Comparison between FYE 2020 and FYE 2021

Our non-current liabilities increased by RM15.8 million from RM9.7 million in FYE 2020 to RM25.5 million in FYE 2021, mainly due to the drawdown of term loan of RM18.5 million for the development of The Logg.

Our current liabilities increased by RM9.8 million from RM70.7 million in FYE 2020 to RM80.6 million in FYE 2021, mainly as a net effect of:

(i) increase in borrowings of RM65.4 million, being the drawdown of term loan of RM10.1 million (for The Logg); the drawdown of bridging loan of RM38.8 million (for Tuaran projects); and drawdown of trade facilities of RM16.5 million for ongoing projects;

(ii) increase in trade payables of RM3.2 million, being retention sum withheld from our contractor;

(iii) advances from our Director, Chin Mee Leen of RM1.5 million for working capital requirements; and

(iv) increase in income tax payable of RM1.3 million in line with our growing profits.

The increase in current liabilities was offset by the decrease of borrowings of RM55.7 million; decrease in other payables of RM4.9 million due to reversal of provision of contingency cost no longer required for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) amounting RM3.3 million; and reversal of commission overprovided of RM1.0 million in FYE 2020.

Comparison between FYE 2021 and FYE 2022

Our non-current liabilities decreased marginally by RM0.5 million from RM25.5 million in FYE 2021 to RM25.0 million in FYE 2022, mainly due to repayment of term loans amounting to RM0.8 million in relation to The Logg and Taman Bukit Alamanda, which offset by the increase in lease liabilities of RM0.2 million and increase in deferred tax liability of RM0.2 million.

Our current liabilities increased by RM6.8 million from RM80.6 million in FYE 2021 to RM87.4 million in FYE 2022, mainly due to:

(i) increase in borrowings of RM52.7 million, being the drawdown of term loans of RM11.6 million (for The Logg and Taman Bukit Alamanda); drawdown of bridging loans of RM23.3 million (for Taman Bukit Alamanda and Taman Seri Lemawang) and drawdown of other trade facilities of RM17.8 million for ongoing projects;

(ii) increase in trade payables of RM7.0 million, being retention sum withheld from our contractors; and

(iii) increase in contract liabilities of RM21.9 million being billings issued for The Logg – Parkhill and Taman Seri Lemawang Phase 1G projects where construction is not yet done.

The increase in current liabilities was offset by:

(i) decrease in borrowings by RM67.6 million being repayment of term loans of RM5.0 million (for The Logg and Taman Bukit Alamanda); repayment of bridging loans of RM38.3 million (for Taman Bukit Alamanda and Taman Seri Lemawang); settlement of term loan of RM0.8 million (for Taman Seri Lemawang); and repayment of trade facilities of RM21.7 million for other ongoing projects;

(ii) repayment to our Directors, Chin Mee Leen and Loke Theen Fatt, of RM3.1 million and RM0.1 million respectively; and

(iii) decrease in other payables of RM5.8 million in relation to the reversal of provision for contingency cost which was no longer required amounting to RM1.6 million for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) and reversal of provision of fees in relation to our arbitration with GC Architect of RM1.6 million, which was offset by the provision for contingency cost of RM1.2 million for the rectification works carried out for Puncak Gloxinia Phase 1 and Phase 2.

Comparison between FYE 2022 and FYE 2023

Non-current liabilities

Our non-current liabilities increased by RM4.7 million from RM25.0 million in FYE 2022 to RM29.7 million in FYE 2023, mainly due to:

(i) increase in borrowings of RM5.8 million, being the drawdown of term loan for The Logg; and

(ii) net payment of lease liabilities of RM2.7 million;

which were offset by the full settlement of term loans of RM3.9 million (being used to finance the construction costs of our headquarters and working capital requirements for Plaza Gloxinia project).

Current liabilities

Our current liabilities increased by RM122.9 million from RM87.4 million in FYE 2022 to RM210.3 million in FYE 2023, mainly due to:

(i) increase in trade payables of RM16.5 million, being increase in retention sum withheld from our contractors amounting to RM2.1 million and increase in trade payable of RM14.4 million from The Logg, Residensi Seri Akasia and Taman Seri Lemawang;

(ii) increase in lease liabilities of RM0.6 million, being additional lease finance incurred for motor vehicles, excavator, lightrek formwork and craneable scaffold, which net of payment existing lease payment; and

(iii) increase in borrowings by RM169.4 million, mainly from the drawdown of term loan of RM54.0 million (for the settlement of Alamesra Lands); drawdown of term loan of RM30.0 million (for The Logg); drawdown of bridging loans of RM36.5 million (for The Logg and Taman Seri Lemawang); drawdown of revolving credit of RM20.0 million (for the settlement of Alamesra Lands); and drawdown of trade facilities of RM28.9 million for our ongoing projects.

The increase in current liabilities was offset by:

(i) decrease in borrowings of RM54.7 million, being the repayment of term loans of RM5.9 million (for The Logg), settlement of term loans of RM1.5 million (for Taman Bukit Alamanda and Plaza Gloxinia); repayment of bridging loan of RM22.9 million (for Taman Sri Lemawang); settlement of bridging loan of RM1.1 million (for Taman Bukit Alamanda); and repayment of trade facilities of RM23.3 million for our ongoing projects;

(ii) repayment to our Directors, Chin Mee Leen and Loke Theen Fatt, of RM1.0 million and RM0.1 million respectively;

(iii) decrease in other payables of RM0.7 million in relation to the reversal of provision for contingency cost which was no longer required amounting to RM0.1 million for Taman Seri Lemawang Phase 1A, Phase 1B and Phase 1C and payment of other payables;

(iv) decrease in contract liabilities of RM6.9 million, being the billings issued for The Logg – Parkhill of RM4.2 million and Avani Luyang @ The Logg of RM2.7 million; and

(v) decrease in tax payable by RM0.2 million.

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12.2.4 Review of cash flows

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from / (used in) operating activities	17,180	6,593	25,168	(20,016)
Net cash from / (used in) investing activities	1,518	(2,060)	(13,746)	(27,073)
Net cash from / (used in) financing activities	7,719	32,964	(18,011)	22,641
Net increase / (decrease) in cash and cash equivalents	26,417	37,497	(6,589)	(24,448)
Cash and cash equivalent at beginning of financial year	(13,168)	13,249	50,746	44,157
Cash and cash equivalent at end of financial year	**13,249**	**50,746**	**44,157**	**19,709**
Cash and cash equivalents comprise:				
Fixed deposits placed with licensed bank	10,564	13,835	22,136	19,598
Cash and bank balances	23,147	50,807	35,456	15,551
	33,711	64,642	57,592	35,149
Less: Fixed deposit pledged as collaterals	(9,791)	(13,044)	(13,325)	(14,187)
Less: Housing development account	(93)	(463)	(110)	(107)
Less: Bank overdraft	(10,578)	(389)	-	(1,146)
	13,249	**50,746**	**44,157**	**19,709**

FYE 2020

Net cash for operating activities

We recorded net cash inflow from operating activities of RM17.2 million, based on an operating profit of RM18.1 million and after taking into account the following working capital changes:

(a) increase in inventories of RM24.8 million mainly due to development progress for The Logg, and other on-going projects' property development costs incurred;

(b) decrease in trade and other receivables of RM26.7 million mainly due to collection of outstanding progress billings from Puncak Gloxinia Phase 2 (Block D, Block E and Block F);

(c) increase in trade and other payables of RM6.1 million due to provision for contingency costs to completion for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) amounting to RM12.7 million and offset against the net decrease in trade payables of RM9.0 million being payment to our suppliers and contractors, and increase in accrual of land costs and deposits received of RM2.4 million in relation to other projects;

(d) increase in contract assets of RM4.3 million mainly in relation to the accrued billings for the commencement of the development for Taman Seri Lemawang Phase 1A to 1G; and

(e) interest paid of RM2.5 million and tax payments of RM2.6 million.

Net cash for investing activities

We recorded net cash inflow for our investing activities of RM1.5 million, mainly due to:

(a) utilisation of monies from housing development account of RM1.2 million;

(b) purchase of property, plant and machinery of RM0.4 million being the cash payments in relation to the batching plant for Tuaran, modification of moulding and other equipment; and

(c) proceeds from disposal of investment property in Plaza Gloxinia of RM0.8 million.

Net cash for financing activities

We recorded net cash inflow for our financing activities of RM7.7 million, mainly due to:

(a) repayment of lease liabilities of RM1.0 million;

(b) net drawdown of bank borrowings amounting RM5.4 million;

(c) repayment to our Director, Loke Theen Fatt of RM2.0 million offset against advances from our Director, Chin Mee Leen of RM0.5 million;

(d) upliftment of fixed deposit of RM4.9 million; and

(e) drawdown of bridging loans for Taman Seri Lemawang Phase 1A to 1F of RM21.3 million and offset against the redemption of RM17.9 million of bridging loans for the projects.

FYE 2021

Net cash for operating activities

We recorded net cash inflow from operating activities of RM6.6 million, based on an operating profit of RM22.5 million and after taking into account the following working capital changes:

(a) net increase in inventories of RM3.5 million, being mainly RM29.2 million property development costs for on-going projects, offset by decrease in inventories of RM24.6 million mainly due to disposal of completed units from Puncak Gloxinia Phase 2 (Block D, Block E and Block F) and capitalisation of RM1.1 million of depreciation;

(b) decrease in trade and other receivables of RM2.3 million mainly due to collection of outstanding progress billings from cash buyers and end-financiers for projects, mainly in relation to Puncak Gloxinia Phase 2 (Block D, Block E and Block F);

(c) increase in contract assets of RM7.8 million mainly in relation to the accrued billings for the commencement of the property development costs incurred for Taman Seri Lemawang Phase 1A to 1H, Plaza Seri Lemawang, Residensi Seri Akasia (Block A and Block B);

(d) decrease in trade and other payables of RM1.7 million, mainly due to reversal of contingency cost provided for Puncak Gloxinia Phase 2 (Block D, Block E and Block F) of RM3.3 million and other accruals amounting RM1.6 million comprising mainly land costs and utilisation of contingency sum provided for Puncak Gloxinia Phase 2 (Block D, Block E and Block F). This was offset by RM3.2 million net increase in trade payables in relation to our suppliers and contractors; and

(e) interest paid of RM2.1 million and tax payments of RM3.6 million.

Net cash for investing activities

We recorded net cash outflow for our investing activities of RM2.1 million mainly due to:

(a) payments of cash portions for purchases of property, plant and machinery of RM1.8 million being crawler crane, rough terrain crane, mobile crane, mixer truck, steel mould and other equipment for project usage;

(b) increase in housing development account of RM0.4 million; and

(c) proceeds from disposal of motor vehicles of RM0.1 million.

Net cash for financing activities

We recorded net cash inflow for our financing activities of RM33.0 million mainly due to:

(a) repayment of lease liabilities of RM1.3 million;

(b) net drawdown of bank borrowings of RM36.0 million for the development of The Logg, Taman Seri Lemawang (Phase 1A to 1D and 1F to 1H), Plaza Seri Lemawang and Residensi Seri Akasia (Block A and Block B);

(c) advance from our Director, Chin Mee Leen of RM1.5 million for our working capital; and

(d) increase in pledged fixed deposits of RM3.3 million from excess funds available.

FYE 2022

Net cash for operating activities

We recorded net cash inflow from operating activities of RM25.2 million, based on an operating profit of RM17.1 million and after taking into account the following working capital changes:

(a) net increase in inventories of RM10.0 million, mainly being property development costs for The Logg, Taman Bukit Alamanda, Residensi Seri Akasia (Block C and Block D) projects;

(b) increase in trade and other receivables of RM7.8 million mainly due to deposit paid for Alamesra Lands of RM7.4 million;

(c) decrease in contract assets of RM7.9 million mainly in relation to the accrued billings for the commencement of the property development costs incurred for Taman Seri Lemawang Phase 1E to 1I, Residensi Seri Akasia (Block C and Block D) and The Logg and increase in contract liabilities of RM21.9 million mainly due to progress billings exceeding construction progress for The Logg – Parkhill;

(d) increase in trade and other payables of RM1.2 million, mainly due increase in trade payable of RM7.0 million to suppliers and contractors for on-going development projects, and provision of contingency cost for the rectification work carried out for Puncak Gloxinia projects of RM1.2 million, offset by:

    (i) reversal of contingency cost provided upon completion of Puncak Gloxinia Phase 2 (Block D, Block E and Block F) of RM1.7 million;

(ii) reversal of provision of architect fees in relation to our arbitration with GC Architect of RM1.6 million; and

(iii) deposits received from purchasers of The Logg – Parkhill of RM1.3 million; and

(e) interest paid of RM2.2 million and tax payments of RM3.7 million.

Net cash for investing activities

We recorded net cash outflow for our investing activities of RM13.7 million, mainly due to:

(a) increase in property, plant and machinery of RM14.2 million being:

(i) work-in-progress for Avani Luyang @ The Logg in which we intend to own of RM12.5 million;

(ii) purchase of plant and machinery such as tower crane, lorry crane, mobile crane, mini excavator, double cab, water truck, scaffolding and accessories of RM1.1 million for project usage; and

(iii) office equipment and motor vehicles amounting of RM0.6 million;

(b) net decrease in housing development account of RM0.4 million;

(c) repayment from a director of RM0.06 million; and

(d) proceeds from disposal of motor vehicles of RM0.05 million.

Net cash for financing activities

We recorded net cash outflow for our financing activities of RM18.0 million, mainly due to:

(a) net repayment of lease liabilities of RM1.0 million;

(b) net repayment of bank borrowings of RM13.6 million for The Logg, Taman Bukit Alamanda, Taman Seri Lemawang, Plaza Seri Lemawang and Residensi Seri Akasia on the land and bridging financing;

(c) repayment to our Director, Chin Mee Leen of RM3.1 million; and

(d) net placement of fixed deposits of RM0.3 million.

FYE 2023

Net cash for operating activities

We recorded net cash outflow from operating activities of RM20.0 million, based on an operating profit of RM17.3 million and after taking into account the following working capital changes:

(a) net increase in inventories of RM47.8 million, mainly being property development costs for The Logg of RM39.0 million, Tuaran project (which include Residensi Seri Akasia Taman Seri Lemawang and Plaza Lemawang 2) of RM7.1 million, Residensi Seri Akasia (Block C and Block D) projects and Ayuria Place projects of RM86.5 million, which offset by:

   (i) decrease in property development cost for Taman Bukit Alamanda of RM5.3 million;

   (ii) sales of completed units of Taman Nelly 8D and Plaza Seri Lemawang as well as sale of land held for property development (i.e. Taman Lavender Land) of RM1.6 million; and

   (iii) settlement of Alamesra Lands of RM74.0 million (including the depreciation costs capitalised of RM1.9 million);

(b) decrease in trade and other receivables of RM2.8 million mainly due to reversal of deposit paid for Alamesra Lands of RM7.4 million, which is offset by the increase in trade receivable of RM2.3 million and increase in other receivables for deposit payments and other debtors of RM4.6 million;

(c) decrease in contract assets of RM5.4 million mainly in relation to the accrued billings for the commencement of the property development costs incurred for Taman Seri Lemawang Phase 1E, Residensi Seri Akasia (Block C and Block D), Residensi Seri Akasia (Block E & F), Plaza Seri Lemawang and The Logg;

(d) increase in trade and other payables of RM15.8 million, mainly due increase in trade payable of RM16.5 million to suppliers and contractors for ongoing development projects, which offset by reversal of contingency cost provided upon completion of Taman Seri Lemawang Phase 1A to Phase 1C of RM0.1 million and decrease in other payables of RM0.6 million; and

(e) interest paid of RM3.1 million and tax payments of RM4.1 million.

Net cash for investing activities

We recorded net cash outflow for our investing activities of RM27.1 million, mainly due to:

(a) increase in property, plant and machinery of RM27.1 million being:

   (i) capitalisation of work-in-progress for Avani Luyang @ The Logg of RM23.1 million;

   (ii) purchase of plant machinery such as excavator, generator set, office cabin, staff modular cabin, aluminum formwork, steel bed for wall panel, podium lightrek formwork, formwork system and scaffolding together with accessories of RM6.3 million;

   (iii) purchase of office equipment and motor vehicles amounting of RM1.1 million; and

(iv) the lease of a land of RM1.6 million for Alamesra site casting yard; and

(b) proceeds from disposal of motor vehicle and equipment of RM0.1 million.

Net cash for financing activities

We recorded net cash inflow for our financing activities of RM22.6 million, mainly due to:

(a) net drawdown of bank borrowings of RM41.4 million The Logg, Taman Bukit Alamanda, Taman Seri Lemawang, Plaza Seri Lemawang and Residensi Seri Akasia as well as the settlement of Alamesra Lands;

(b) repayment to our Director, Chin Mee Leen and Loke Theen Fatt of RM1.1 million;

(c) upliftment of fixed deposits of RM0.9 million; and

(d) dividend paid of RM15.0 million.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We have been financing our operations through existing cash and bank balances, cash generated from our operations, credit extended by our suppliers and external sources of funds. Our external sources of funds comprise mainly term loans, bridging loans, bank overdrafts, trade financing, as well as lease liabilities under hire purchase arrangement. The principal use of our borrowings is for working capital purpose and purchase of plant and machinery.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflow and outflow, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

After taking into consideration the following, our Board is of the view that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

(a) our cash and cash equivalents as at LPD of approximately RM10.4 million (excluding RM4.1 million which is pledged as security for our banking facilities);

(b) our banking facilities (excluding lease liabilities) of up to a limit of RM634.7 million as at LPD, of which RM221.7 million has been utilised;

(c) our expected future cash flows from operations taking into account our on-going projects of RM820.2 million as at LPD, to be recognised progressively up to FYE 2026; and

(d) our pro forma NA position of RM165.8 million and gearing level of 0.9 times as at 31 December 2023, after accounting for the Public Issue and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments, such as new landbank acquisition and commencement of new property development projects.

12.4 BORROWINGS

All of our borrowings are secured and interest-bearing. Our total outstanding borrowings as at 31 December 2023 stood at RM173.2 million, details of which are set out below:

	Purpose	Security	Tenure	Effective interest rate %	As at 31 December 2023 RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Banker's acceptance, trust receipts and overdraft	Trade financing	Third party first legal charge over project land, fixed deposit and joint and several guarantee by 3 directors(1)	1 to 3 months	3.85 – 7.90	9,131
Revolving credit	Trade financing	Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Bhd and joint and several guarantee by all directors(1)	4 months	6.85 – 7.00	491
CMC-i	Bridging finance	Third party first legal charge over the project land. Joint and several guarantee by 2 directors(1)	48 to 60 months	7.14 – 7.99	3,802
Term loan	Land and building	First party first legal charge over building. Joint and several guarantee by all directors(1)	54 to 180 months	4.70 – 7.31	39,978
Bridging loan	Land and building	First party first legal charge over building. Joint and several guarantee by all directors(1)	54 to 180 months	8.25	6
Revolving credit	Land and building	First party first legal charge over building. Joint and several guarantee by all directors(1)	36 to 180 months	5.78 – 6.21	20,000

	Purpose	Security	Tenure	Effective interest rate	As at 31 December 2023
				%	**RM'000**
Bridging loan	Land and building	First party first legal charge over building. Joint and several guarantee by all directors(1)	54 to 180 months	4.70 – 7.31	15,000
CMFTF-i	Land	First party first legal charge over land and first party legal charge over the commercial land with one unit of warehouse Lot 223 and third party first legal charge over commercial land of 5 storeys corporate office building Lot 222. Joint and several guarantee by 2 directors	54 to 156 months	7.14 – 7.39	54,000
Lease liabilities (hire purchase)	Plant, machinery and motor vehicle financing	Joint and several guarantee by all directors(1)	36 to 60 months	4.28 – 6.60	2,054
Interest bearing long-term borrowings, payable after 1 year:					
Term loan	Land, building and hotel financing	First party first legal charge over buildings and third party first legal charge over project land. Joint and several guarantee by all directors(1)	54 to 180 months	4.70 – 7.31	23,654
Lease liabilities (hire purchase)	Plant, machinery and motor vehicle financing	Joint and several guarantee by all directors(1)	36 to 60 months	4.28 – 6.60	5,062
Total borrowings					**173,178**
Gearing (times)					1.3

Purpose	Security	Tenure	Effective interest rate	As at 31 December 2023
			%	**RM'000**
After Acquisitions and subsequent events but before Public Issue[3] (times)				1.4
After Acquisitions and subsequent events, Public Issue and utilisation of proceeds[3] (times)				0.9

Notes:

(1) In conjunction with the Listing, we have applied to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective financiers, our Directors will continue to guarantee the banking facilities extended to our Group. In this respect, we have obtained a conditional release from all of our financiers. Please refer to Section 10.2.2(b) for further details.

(2) Computed based on our pro forma NA of RM121.6 million in the pro forma statements of financial position after the Acquisitions and subsequent events, but before Public Issue and proposed utilisation of proceeds.

(3) Computed based on our pro forma NA of RM165.8 million in the pro forma statements of financial position after the Acquisitions, and subsequent events, Public Issue and utilisation of proceeds which includes the repayment of bank borrowings of RM3.0 million.

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 2020 to 2023 and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

Over FYE 2020 to 2023, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used towards purchase of property, plant and equipment and our property development business. As at 31 December 2023, save for our lease liabilities which are based on fixed rates, all our other facilities with licensed financial institutions are based on base lending rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	To be funded internally or with borrowings	To be funded from proceeds of our Public Issue	Total
	RM'000	RM'000	RM'000
Land held for property development:			
Authorised and contracted for			
Taman Seri Lemawang, The Logg and Sandakan projects	**[1]46,935**	**20,700**	**67,635**

Note:

[1] In respect of Taman Seri Lemawang project, our Group has secured bank borrowings from Hong Leong Islamic Bank Berhad.

In respect of The Logg project, our Group has secured bank borrowings from Sabah Development Bank Berhad for the land and bridging financing, and Hong Leong Bank Berhad with respect to Avani Luyang @ The Logg.

In respect of the Sandakan project, our Group has not secured any bank borrowings as at LPD as our Group is in the midst of pursuing a revised development plan for such project.

The material capital commitment above shall be funded through the proceeds to be raised from our Public Issue, our internally generated funds and/or bank borrowings at our discretion. Further details are set out in Section 4.9.1(d).

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

(a) Material litigation

Save as disclosed below, we are not been engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of our Group as at LPD:

(i) Landmark Property v Ketua Pengarah Hasil Dalam Negeri and Lembaga Hasil Dalam Negeri Malaysia ("LHDN")

Pursuant to the letter dated 2 November 2020 from LHDN to Landmark Property, LHDN stated that the expenses incurred by Landmark Property in relation to the government grant awarded to Landmark Property of up to RM56,225,544 for the years of assessment 2016, 2017 and 2018 are not deductible for tax purposes pursuant to Paragraph 3 of the Income Tax (Exemption) (No.22) Order 2006 ("**Exemption Order**").

Landmark Property filed a judicial review application on 25 November 2020 ("**Judicial Review**") seeking for a declaration that the following notices are ultra vires the Exemption Order, Section 127(3)(b) of the Income Tax Act 1967 and accordingly are null and void in law:

(aa) the Notice of Assessment for the Year of Assessment 2016;

(bb) the Notice of Assessment for the Year of Assessment 2017; and

(cc) the Notice of Additional Assessment for the Year of Assessment 2018,

(collectively, "**the Impugned Assessments**").

On 23 December 2020, the High Court of Sabah & Sarawak at Kota Kinabalu ("**High Court**") granted Landmark Property leave to commence the said Judicial Review, and subsequently on 9 July 2021, the Judicial Review application was allowed by the High Court. Following that, LHDN filed a Notice of Appeal to the Court of Appeal against the decision of the High Court ("**Substantive Appeal**") and the Substantive Appeal has been stayed pending Landmark Property's appeal against the dismissal of their representing solicitor's ad hoc admission application ("**Ad Hoc Admission Application**").

The Ad Hoc Admission Appeal's hearing date is fixed on 18 July 2024. The Substantive Appeal will resume once the Ad Hoc Admission Application has concluded. The hearing for the Substantive Appeal has been fixed on 26 September 2024.

Landmark Property has made payment to LHDN up to July 2021 amounting to RM1,337,040.98 in accordance with an Impugned Assessments instalment scheme that was proposed for the settlement of the tax liabilities ("**Amount Paid**"), and Landmark Property has since ceased subsequent payments to be made in accordance with the abovementioned instalment scheme following the High Court's decision to allow the Judicial Review application. In the event the Substantive Appeal by LHDN is unsuccessful, the Amount Paid will be refunded by LHDN to Landmark Property accordingly. The total value of the Impugned Assessments (less all payments made) is RM14,670,037.27. This amount excludes any further interest which may be imposed as time passes up to the date of judgement, on the outstanding value of Impugned Assessments.

However, in the event Landmark Property fails to defend the Substantive Appeal, Landmark Property is required to continue to make payments under the proposed instalment scheme for the balance amount of the Impugned Assessments amounting to RM13.3 million together with any imposed interest on a monthly basis over a period of 29 months in accordance with the proposed instalment scheme.

Our representing solicitors are of the opinion that there is a more than even chance of success that Landmark Property will successfully defend the Substantive Appeal as the High Court has found that the Judicial Review had successfully established illegality, irrationality and breach of legitimate expectation by LHDN.

We have paid RM1,337,040.98 of the RM14,670,037.27 Impugned Assessments. The RM1,337,040.98 is accounted for under our financial statements as security deposit paid. The remaining balance of RM13,332,996.29 is not captured under the financial statements. We did not make a provision for the remaining balance of RM13,332,996.29 of Impugned Assessments by LHDN as the court case is still on-going, the legal advisers having opined a reasonable chance of success, as well as the indemnity provided by our Promoters. Our Promoters, Chin Mee Leen and Loke Theen Fatt have agreed to fully indemnify our Group for the amount in dispute amounting to RM13.3 million together with any imposed interest and any further legal costs arising from this litigation case, and may use the proceeds which they will receive as Selling Shareholders under the Offer for Sale or their personal funds, for this purpose. For avoidance of doubt, should the Offer for Sale not materialise, the Promoters are obliged to source for the necessary funds personally to fulfil their indemnity.

(ii) KTID v George Chong Ket Choi

George Chong Ket Choi ("**GC**") is an architect registered with the Board of Architects Malaysia and is the sole proprietor of GCA. In 2013, KTID had intentions to submit a tender to the Ministry of Local Government & Housing for a project in Beaufort, Sabah. The tender was subject to the approval of various federal ministries and agencies. GC and KTID entered into an oral agreement for GC to prepare a preliminary schematic and development plan ("**Plan**") for the Project. In early 2014, the Plan was prepared and subsequently submitted to various local authorities. Following that, pursuant to requests from the local authorities, a revised Plan was prepared and submitted in 2016.

KTID's tender was unsuccessful and it was not awarded the project. GC's contention is that KTID had orally agreed to pay GC professional fees for the preparation and submission of the Plan, whereas it is KTID's contention that the parties had orally agreed that GC would only be remunerated if KTID's tender was successful.

GC filed a writ of summons on 14 January 2021. In the amended statement of claim, GC claims that KTID purportedly owes him a total sum of RM431,118.37 as of 31 December 2020, being the alleged outstanding professional fees for work done.

Our representing solicitors are of the opinion that KTID has a reasonable chance of success based on the documentary evidence (subject to the witness' statements during the trial). Our solicitors take the view that GC had not adduced any evidence to show that there was an agreement to be remunerated by KTID, whereas KTID has written letters in 2018 and 2020 that there was no agreement to remunerate GC for the work done for this project.

The trial has already concluded on 20 February 2024 and the date to file the submission in reply has been fixed on 5 June 2024. The date for the decision of the Sessions Court has not been fixed.

In the event KTID fails to defend its claim, KTID is required to pay the defendant the professional fees purportedly owed amounting to RM0.4 million.

(iii) Landmark Property v GCA

Landmark Property and GCA entered into a Memorandum of Agreement / Conditions of Engagement dated 3 November 2010 ("**Contract**") for the provision of professional services by GCA for Landmark Property's project called "Proposed Commercial & Housing Development on Country Lease No. 025341940 at Kinarut South, Papar, Sabah" ("**Project**"). The Project is divided into Phase 1 to 3 and Phase 4.

In respect of Phase 1 to 3, GCA claims an alleged total sum of RM2,490,341.59 as at 30 June 2021 for work done. In respect of Phase 4, GCA claims an alleged total sum of RM7,659,459.80 as at 30 June 2021 for work done.

Landmark Property counterclaimed against GCA for the following reliefs:

(aa) a declaration that the suspension by GCA of its professional services in failing or refusing to issue the *Perumahan Penjawat Awam Malaysia* (PPAM) certification for Phase 4 of the Project was unlawful and a repudiation of the Contract;

(bb) a declaration that Landmark Property has lawfully terminated the Contract; and

(cc) that GCA is to pay to Landmark Property the sum of RM3,825,460.50 (excluding interest and cost) as at 19 August 2021 comprising of financing costs or interest charges, additional cost to carry out valuation or quantity surveying works, additional cost incurred to appoint another prime consultant and two other consultants, interest and costs.

On 2 June 2022, the final arbitration award was rendered against Landmark Property in the following terms:

(aa) the outstanding professional fees and 6.0% sales and service tax amounting to RM2,092,777.34 for Phases 1 to 3 and the amount of RM2,192,522.50 for Phase 4 was awarded to GCA;

(bb) the simple interest at the rate of 5.0% per annum on the amount of RM2,092,777.34 for Phases 1 to 3 and on the amount of RM2,192,522.50 for Phase 4 awarded to GCA calculated from the date of the final award to the date of full realisation; and

(cc) Landmark Property will pay GCA's cost and the cost of GCA's solicitor on a client-solicitor basis taxed by the court, including all costs and expenses and payments already incurred and/or disbursed for this arbitration.

On 7 July 2022, the High Court registered the final award as a court order. Landmark Property's application to set aside the final award ("**Main Suit**") was dismissed on 16 January 2023. Subsequent thereto, Landmark Property fully paid the sums due, amounting to RM4.29 million pursuant to the court order to GCA in early 2023. Despite having lost in the High Court in respect of the Main Suit, Landmark Property has filed a notice of appeal to the Court of Appeal. The parties received the grounds of judgment of the High Court on 3 October 2023, and the Court of Appeal has fixed the hearing on 13 November 2024.

In the event Landmark Property fails to defend its appeal, there will be no further amount due to be paid save for legal costs. Conversely, if Landmark Property is successful in its appeal, Landmark Property may potentially recover the amounts paid to GCA.

(b) Contingent liabilities

As at LPD, save for the value of the Impugned Assessments and amount claimed by GC, amounting to RM14,670,037.27 and RM431,118.37 as disclosed in (a)(i) and (ii) above respectively, there are no contingent liabilities incurred by us, our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries' financial position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2020 to 2023 are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Trade receivables turnover (days)[(1)]	104	38	19	28
Trade payables turnover (days)[(2)]	59	43	41	53
Current ratio (times)[(3)]	1.0	1.3	1.1	0.9
Gearing ratio (times)[(4)]	0.4	0.5	0.4	1.3

Notes:

(1) Computed based on average trade receivables (excluding retention sum) as at year end over progress billings for the year multiplied by 365/366 days for each financial year.

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Average closing balance of trade receivables	24,422	9,568	7,776	8,296
Progress billings	85,885	90,732	146,137	108,069
Trade receivables turnover (days)	104	38	19	28

(2) Computed based on average trade payables (excluding retention sum) as at year end over project development cost for the year multiplied by 365/366 days for each financial year.

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Average closing balance of trade payables (excluding retention sum)	13,595	8,430	11,033	19,936
Project development cost	84,227	71,486	99,326	137,875
Trade payables turnover (days)	59	43	41	53

(3) Computed based on current assets (excluding inventories which consists of completed units and property development costs) as these items are not readily convertible into cash) over current liabilities as at each financial year end.

(4) Computed based on total borrowings and lease liabilities (excluding lease liabilities arising from rental of offices) over total equity as at each financial year.

12.8.1 Trade receivables turnover

The normal credit period granted by our Group to our buyers as provided in the sales and purchase agreements is 30 days from the date of progress billings. As the revenue for our property development activities will be recognised using the percentage of completion method, the movements in our Group's revenue from property development activities may not be in line with the movements in the trade receivables turnover days as trade receivables are recorded based on progress billings issued to the end buyers.

Our trade receivables turnover days for FYE 2020 to 2023 were between 19 to 104 days, which have exceeded the credit period granted to our buyers mainly due to longer processing time taken by the end-financiers before releasing payment to us, and deposit payments from buyers being paid by instalments.

The ageing analysis of our trade receivables as at 31 December 2023 is as follows:

	Trade receivables as at 31 December 2023		**Amount collected subsequent from 1 January 2024 up to LPD**		**Trade receivables net of subsequent collections**	
	RM'000	**Percentage of trade receivables**	**RM'000**	**Percentage collected**	**RM'000**	**Percentage of trade receivables net of subsequent collections**
	(a)	**(a) / total of (a)**	**(b)**	**(b) / (a)**	**(c) = (a)-(b)**	**(c) / total of (c)**
Neither past due nor impaired	2,917	30.9	1,904	65.3	1,013	16.9
Past due but not impaired:						
• 1 to 30 days	2,739	29.0	207	7.6	2,532	42.3
• 31 to 60 days	1,034	10.9	578	55.9	456	7.6
• More than 60 to 90 days	633	6.7	75	11.9	558	9.3
• More than 90 days	2,128	22.5	704	33.1	1,424	23.8
	6,534	69.1	1,564	23.9	4,970	83.1
Total	**9,451**	**100.0**	**3,468**	**36.7**	**5,983**	**100.0**

The high trade receivable turnover of 104 days in FYE 2020 was mainly due to slower payment by some purchasers who were allowed to pay by instalments, and slower release of payment by end-financiers of the Puncak Gloxinia projects, as government financing takes longer to approve in light of the MCO. Correspondingly, the subsequent decrease from 104 days to 38 days was mainly due to collections from Puncak Gloxinia projects.

Our Group does not have any significant credit risk as we are principally a property developer and we sell our properties to a large number of buyers using financing from reputable end-financiers or government financing.

Our Group has not encountered any major disputes with our debtors. With respect to overdue debts, we have generally been able to collect payment eventually as evident by our subsequent collections after FYE 2023. As such, our management was of the view that the overdue trade receivables were recoverable and no impairment was made in FYE 2023. Our management closely monitors the recoverability of our overdue trade receivables on a regular basis. Trade receivables comprise substantially of amounts due from buyers with end financing facilities.

12.8.2 Trade payables turnover

We award certain construction works of our property development projects to third party contractors and purchase material directly from suppliers. In this regard, trade payables are recognised at their original invoice amounts which represent their fair value on initial recognition. We have been granted credit terms of 60 to 90 days from the date of invoice by our contractors and suppliers. Our trade payables turnover days were between 41 to 59 days for the financial years under review. As at 31 December 2023, trade payables comprise 43.0% suppliers, 20.2% contractors, 36.2% of retention sum and 1.0% for consultant and sales agent.

The ageing analysis of our trade payables as at 31 December 2023 is as follows:

	Trade payables as at 31 December 2023		**Amount paid subsequent from 1 January 2024 up to LPD**		**Trade payables net of subsequent payment**	
	RM'000	**Percentage of trade payables**	**RM'000**	**Percentage paid**	**RM'000**	**Percentage of trade payables net of subsequent payments**
	(a)	**(a)/total of (a)**	**(b)**	**(b) /(a)**	**(c) = (a)-(b)**	**(c)/total of (c)**
Neither past due nor impaired	22,478	52.8	22,478	100.0	-	-
Past due but not impaired:						
• 1 to 30 days	3,679	8.6	3,322	90.3	357	2.5
• 31 to 120 days	795	1.9	657	82.6	138	0.9
• More than 120 days	190	0.5	67	64.7	123	0.8

	Trade payables as at 31 December 2023		Amount paid subsequent from 1 January 2024 up to LPD		Trade payables net of subsequent payment	
	RM'000	**Percentage of trade payables**	**RM'000**	**Percentage paid**	**RM'000**	**Percentage of trade payables net of subsequent payments**
	(a)	**(a)/total of (a)**	**(b)**	**(b) /(a)**	**(c) = (a)-(b)**	**(c)/total of (c)**
Retention sum(1)	15,409	36.2	1,438	9.3	13,971	95.8
Total	**42,551**	**100.0**	**27,962**	**65.7**	**14,589**	**100.0**

Notes:

* Less than 0.1%

(1) Held for various projects and is due between years 2013 to 2023.

Our trade payables turnover decreased from 59 days in FYE 2020 to 53 days in FYE 2023. Nonetheless, as at 31 December 2023, only 2.4% of our outstanding trade payables exceeded the credit period given by our suppliers.

These outstanding trade payables are all due to contractors, consultant and suppliers. They were overdue as overall payment processing was slow in general due to processing delays and/or ensuring that final measurement against contractors' claim is in order prior to payment. As at LPD, almost all of our overdue trade payables have been subsequently paid, save for the retention sum held for various projects, which were not due as at LPD. Save as disclosed in the table above, there are no outstanding trade payables which exceed their credit period.

Additionally, 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, our Group shall monitor its payment processes more closely to avoid future delays in payment.

12.8.3 Current ratio

Our current ratio for FYE 2020 to 2023 are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets(1)	68,807	104,416	97,301	70,530
Current liabilities	70,760	80,544	87,378	(2)81,414
Net current (liabilities) / assets	**(1,953)**	**23,872**	**9,923**	**(10,884)**
Current ratio (times)	1.0	1.3	1.1	0.9

Notes:

(1) Adjusted to exclude inventories which consists of completed units and property development costs as these items are not readily convertible into cash.

(2) Adjusted to exclude RM129.0 million in borrowings, comprising term loans of RM94.0 million, revolving credit of RM20.0 million, and bridging loan of RM15.0 million, being used for working capital of The Logg and the purchase of Alamesra Lands.

The first instalment of the term loans and bridging loan facilities are 24 months and 120 months from first drawdown in FYE 2023. However, our Group is also obliged to repay the said facilities in whole or in part upon receipt of redemption sums by lenders of the homebuyers. Further, the revolving credit facility rolls over every 6 months. On this basis, and pursuant to MFRS 101 Paragraph 69(a) and (d), the aforementioned borrowings are classified as current liabilities. Notwithstanding, our Group is not obliged to repay the aforementioned facilities in whole within FYE 2024 and will repay them as and when we receive the respective redemption sums by lenders.

As such, these borrowings were excluded from the computation of our current ratio for FYE 2023 vis-à-vis the exclusion of the corresponding RM235.8 million inventories which mainly comprise the same projects.

Our current ratio maintained throughout FYE 2020 to 2023, ranging from 0.9 to 1.3 times. Our Group is capable of meeting our current obligations as our current assets such as trade receivables, which can be readily converted to cash, together with our cash in the bank are enough to meet immediate our current liabilities. The increase in current ratio in FYE 2021 is mainly from RM18.0 million of cash and bank balances mainly from the drawdown of term loans for The Logg's projects.

Our current ratio decreased from 1.1 times for FYE 2022 to 0.9 times in FYE 2023 due to increase in trade payables incurred for the development of The Logg, Taman Seri Lemawang and Residensi Seri Akasia projects, where the corresponding property development costs recorded as inventories are excluded from the computation of current ratio, as they are not readily convertible to cash.

It should be noted that RM235.8 million in inventories which consist of completed units and property development costs were excluded from the current ratio computation. Nonetheless, we expect that the progressive sales and billings for The Logg and Ayuria Place projects in FYE 2024, as well as our accessibility to banking facilities of up to RM389.8 million as at LPD will be more than sufficient to address our current liabilities.

12.8.4 Gearing ratio

Our gearing ratio for FYE 2020 to 2023 are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Total borrowings	41,246	66,965	53,304	173,178
Total equity	111,681	127,301	137,785	136,607
Gearing ratio (times)	0.4	0.5	0.4	1.3

Note:

(1) Based on total borrowings and lease liabilities excluding lease liabilities arising from the rental of office.

The changes in gearing ratio was mainly due to movement in term loan balances due to additional term loans drawn down to purchase land for development or repayment of outstanding term loans. Our gearing ratio increased marginally from 0.4 times in FYE 2020 to 0.5 times in FYE 2021, mainly due to drawdown of term loans in relation to The Logg's projects, and decreased slightly to 0.4 times in FYE 2022 due to redemption of bridging loans under development and increased to 1.3 times in FYE 2023 mainly due to drawdown of term loan, bridging loan and revolving credit for working capital requirements for The Logg and purchase consideration of the Alamesra Lands.

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 Taman Nelly Phase 8D and Plaza Seri Lemawang.

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 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 end over cost of sales for the year) 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 of completed units as at 31 December 2023 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	-	-	438	438
% of total inventories	-	-	100.0	100.0

The Group does not have inventories aged less than 2 years as at 31 December 2023.

The inventories aged more than 2 years comprise Taman Nelly Phase 8D units, which are smaller units.

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 / rebate to market value, close to the initial selling price, without incurring losses.

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:

(a) Our Group is dependent on LPPB on sustain our pipeline of projects

Our Group is subject to risks associated with the provision of design and build construction services primarily to LPPB. Since 2010 and up to LPD, we have been providing our design and build construction services primarily to LPPB whereby LPPB is the state authority in Sabah involved in overseeing housing and township development, as well as the development of affordable housing in Sabah. A majority of the projects which contributed to our Group's revenue during FYE 2020 to 2023 were design and build construction services contracts awarded by LPPB. In addition, on-going and future projects slated up to 2025 amounting to RM1.4 billion in GDV are also projects awarded by/in participation with LPPB, save and except for the Ayuria Place project, which is an acquisition of lands from a third-party vendor for a purchase consideration of approximately RM74.0 million. In the event that there is a delay in the completion of projects with LPPB, our Group will be liable to pay the agreed liquidated damages stipulated in the respective sale and purchase agreements entered into between our Group, LPPB and the buyers of the units of the particular project. Our Group will also be required to indemnify and keep LPPB harmless against all such claims, loss and damages, if any.

In this regard, our Group is dependent on LPPB to sustain our pipeline of projects. In the event that LPPB ceases to award design and build construction projects to our Group, our financial performance may be adversely affected. Further, LPPB may decide to award the projects to other property developers in Sabah and this subjects us to the risk of competition from these developers. Notwithstanding that our Group has the expertise to continue sourcing for landbanks for our own development projects, there is no assurance that we will be able to complete the acquisition of the landbanks in a timely manner as well as to have sufficient landbank for development projects, in order to compensate for any loss in revenue if we fail to secure design and build construction services from LPPB.

(b) Our Group is subject to risks of possible delays in completing our design and build construction projects and property development projects

The timely completion of our design and build construction projects and property development projects is dependent on many external factors inherent in construction and property development, some of which may be beyond our control including, amongst others, the timely receipt of required licenses, permits or regulatory approvals, availability of construction materials, equipment and labour, availability of financing and appointment of qualified and competent consultants, professionals and subcontractors to complete the projects on time.

Any extensions of time in the completion of projects may result in project cost overrun and attract negative feedback from the consumer market. Further, prolonged interruptions or delays in completing a project may result in legal implications such as property buyers claiming LAD from us which may affect our revenue and profitability as well as cash flows.

(c) We are subject to potential liability claims for construction defects during the defect liability period

Construction defects may occur on our design and build construction projects and property development projects, and may arise sometime after completion of that particular project. While we may have recourse against our subcontractors in respect of such defects, such recourse may not be adequate or may only be available for a limited period, or that certain liabilities may only come to light after such recourse period has expired.

We extend a defect liability period of 18 months for all our design and build construction projects and property development projects. Any claims relating to defects on the properties may give rise to contractual and other liabilities. Unexpected levels of expenditure attributable to rectifying defects arising from a project may have a material adverse effect on the profitability generated from the particular project. Ultimately, it may also have an adverse effect on our Group's reputation, which in turn may adversely affect our business and financial performance.

(d) Our Group is subject to the prevailing market conditions in the property market in Malaysia and specifically in Sabah

As our design and build construction projects, property development projects and future landbanks are concentrated in Sabah, we are dependent on the prevailing market conditions of the property market in Malaysia and specifically, in Sabah, for the sales performance of our properties as well as the development planning of future projects. Further, our Group's business strategy is to continue strengthening our market position in Sabah where we currently operate.

Any negative performance of the Malaysian economy may adversely impact the employment market and consumers' purchasing power, causing consumers to be more cautious in their spending and investments which may subsequently affect the demand for properties. Any slowdown in the property market arising from situations like these may adversely affect the value of properties in Malaysia.

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.

12.11 IMPACT OF INFLATION

Although our phased property development projects typically take between 36 to 54 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 2020 to 2023. 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 31 December 2023, the PAT for FYE 31 December 2023 would increase or decrease by about RM2.1 million, as a result of higher or lower interest rates of 100 basis points on these borrowings.

Our Group's financial results for FYE 2020 to 2023 were not materially affected by fluctuations in interest rates. However, should we undertake significant bank borrowings, a major increase in interest rates would raise the cost of borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

12.12.3 Impact of commodity prices

Our direct materials mainly consist of materials such as steel bar, steel reinforcement wire mesh, cement, stone and sand. These raw materials are widely available in Malaysia and from a large base of suppliers. We were not directly affected by fluctuations in commodity prices for FYE 2020 to 2023.

12.13 SIGNIFICANT CHANGES

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FYE 2023 and up to LPD.

12.14 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.

12.15 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) our Group's revenue will remain sustainable in line with the positive outlook of the property industry as set out in the IMR Report in Section 8, which is expected to experience slower demand in the near future;

(b) our liquidity will improve further subsequent to our Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.17; and

(c) 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.

12.16 TREND INFORMATION

Based on our track record for FYE 2020 to 2023, the following trends may continue to affect our business:

(a) during FYE 2020 to 2023, revenue was derived from the design and build construction services and property development segment. We expect that these segments to continue contributing significantly to our revenue in the future;

(b) Sabah has been our main focus in terms of geographical locations and we will continue to focus in this location;

(c) the main components of our cost of sales are construction materials, land costs, infrastructure works, building works and M&E works which collectively accounted for more than 71.6%, 81.1%, 87.1% and 80.5% of our total cost of sales during FYE 2020 to 2023. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our direct materials and preliminaries; and

(d) we achieved GP margins of 31.3%, 29.6%, 27.3% and 29.6% for FYE 2020 to 2023, 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:

(a) 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;

(b) material commitments for capital expenditure save as disclosed in Section 12.6;

(c) 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;

(d) 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

(e) 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.

Based on the above, our Board is optimistic about the future prospects of our Group given the positive outlook of the property industry in Sabah as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.7 and our Group's intention to implement the business strategies as set out in Section 7.17.

12.17 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.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Dividends declared and paid by our subsidiaries for FYE 2020 to 2023 and up to LPD are as follows:

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	-	-	-	[1]15,000	[2]15,000

Notes:

[1] An interim dividend of RM15.0 million was declared on 31 March 2023 and paid on 3 April 2023.

[2] An interim dividend of RM15.0 million was declared on 31 January 2024 and paid on 1 February 2024.

The dividends declared and paid in FYE 2023 and up to LPD were funded via internally generated cash. The dividends will not affect the execution and implementation of our Group's future plans or business strategies. Together with the IPO proceeds, our Group believes that we have sufficient funding of cash from operations for the funding requirement for our operations and expansion plans. We do not intend to declare and pay any dividends from LPD up to the point of our Listing.

12.18 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

(a) Based on the latest unaudited financial information as at 31 March 2024; and

(b) After adjusting for the effects of Acquisitions and subsequent events, IPO and utilisation of proceeds.

		I	II	III
	As at 31 March 2024	**After Acquisitions**	**After I and IPO**	**After II and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Indebtedness				
Current				
Secured and guaranteed				
Borrowings	177,632	177,632	177,632	156,632
Lease liabilities	1,047	1,047	1,047	1,047
Secured and unguaranteed				
Lease liabilities	726	726	726	726
Unsecured and unguaranteed				
Lease liabilities	371	371	371	371
Non-current				
Secured and guaranteed				
Borrowings	32,808	32,808	32,808	32,808
Lease liabilities	802	802	802	802
Secured and unguaranteed				
Lease liabilities	2,854	2,854	2,854	2,854
Unsecured and unguaranteed				
Lease liabilities	1,661	1,661	1,661	1,661
Total borrowings	**217,901**	**217,901**	**217,901**	**196,901**
Total contingent liabilities[(1)]	15,101	15,101	15,101	15,101
Total indebtedness	**233,002**	**233,002**	**233,002**	**212,002**
Capitalisation				
Share capital	-	107,584	155,584	155,123
Invested capital	2,000	-	-	-
Total capitalisation	**2,000**	**107,584**	**155,584**	**155,123**
Total capitalisation and indebtedness	**235,002**	**340,586**	**388,586**	**367,125**
Gearing ratio (times)				
• Include contingent liabilities[(2)]	116.5	2.2	1.5	1.4
• Exclude contingent liabilities[(3)]	109.0	2.0	1.4	1.3

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) Relates to the value of the Impugned Assessments and amount claimed by GC.

(2) Calculated based on total indebtedness divided by total capitalisation.

(3) Calculated based on total borrowings divided by total capitalisation.

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KTI LANDMARK BERHAD
Registration No.: 201601008159 (1179087-X)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND 31 DECEMBER 2023

MOORE

Moore Stephens Associates PLT
[201304000972 (LLP0000963-LCA)]
Chartered Accountants [AF002096]
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THE BOARD OF DIRECTORS
KTI LANDMARK BERHAD
Lot 220 (Ground Floor),
221 (Ground Floor and 1st Floor) and
222 (Ground Floor to 3rd Floor),
Taman Nelly 9, Phase 4 Shoplot, Lorong Nelly Plaza,
Jalan Nountun, Kolombong,
88844 Kota Kinabalu, Sabah.

Dear Sir

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF KTI LANDMARK BERHAD

Opinion

We have audited the combined financial statements of KTI Landmark Berhad ("the Company") and its combining entities (collectively referred to as "the Group") which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for corresponding financial years then ended, and notes to the combined financial statements, including material accounting policies information as set out on pages 4 to 70.

The historical combined financial statements have been prepared for inclusion in the prospectus of KTI Landmark Berhad in connection with the listing of and quotation for the entire enlarged issued share capital of KTI Landmark Berhad on the ACE Market of Bursa Malaysia Securities Berhad ("Prospectus"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Guidelines") and is given for the purpose of complying with the Guidelines and for no other purposes.

K.T.I. Sdn. Bhd. and K.T.I Development Sdn. Bhd. became subsidiaries of the Company subsequent to 31 December 2023. The Company, K.T.I. Sdn. Bhd. and K.T.I Development Sdn. Bhd. are collectively referred to as "the Group".

In our opinion, the combined financial statements give a true and fair view of the combined financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and of its combined financial performance and its combined cash flows for the years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 *Auditors' Responsibilities for the Audit of the 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.

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 IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of combined financial statements of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of 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 a 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 skepticism throughout the audit. We also:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 report to the related disclosures in the combined financial statements 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information 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.

MOORE

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

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.

Restriction on Distribution and Use

This report is made solely to the Group for inclusion in the prospectus of KTI Landmark Berhad in connection with the listing of and quotation of the entire enlarged issued shares of KTI Landmark Berhad on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member of employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Moore

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

TAN KEI HUI
03429/04/2025 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 16 April 2024

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	<------------- Audited	-------------	-------------	------------->
		FYE 2020 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Revenue	4	90,193,490	98,517,752	112,880,173	120,166,504
Cost of sales	5	(61,968,976)	(69,396,949)	(82,072,781)	(84,579,430)
Gross profit		28,224,514	29,120,803	30,807,392	35,587,074
Other income		2,327,655	4,187,042	2,918,655	1,772,978
Selling and marketing expenses		(2,960,478)	(1,398,560)	(4,710,623)	(4,161,280)
Administrative expenses		(10,292,165)	(10,409,738)	(12,399,398)	(12,792,052)
Other expenses		-	-	(388,763)	(30,000)
Profit from operations	6	17,299,526	21,499,547	16,227,263	20,376,720
Finance costs	7	(1,784,012)	(2,102,654)	(2,240,586)	(3,075,379)
Profit before tax		15,515,514	19,396,893	13,986,677	17,301,341
Tax expense	8	(2,921,374)	(3,776,315)	(3,504,012)	(3,479,214)
Profit net of tax, representing total comprehensive income for the financial year		12,594,140	15,620,578	10,482,665	13,822,127
Earnings per share attributable to the Owners of the Group					
Basic/diluted earnings per share (sen)	33	1.57	1.95	1.31	1.73

The annexed notes form an integral part of,
and should be read in conjunction with, these combined financial statements.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

		<---- Audited as at 31 December			---->
		2020	**2021**	**2022**	**2023**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Property, plant and equipment	9	11,854,553	27,247,250	39,864,576	68,871,498
Inventories	11	1,920,620	1,920,620	1,920,620	851,071
Deferred tax assets	12	542,869	154,315	-	454,353
		14,318,042	29,322,185	41,785,196	70,176,922
Current Assets					
Inventories	11	109,049,580	99,649,173	111,068,937	235,820,536
Trade receivables	13	10,724,460	8,411,113	7,141,317	9,451,017
Contract assets	14	20,824,373	27,501,272	19,828,744	18,319,560
Other receivables	15	3,324,394	2,265,162	11,289,491	6,207,196
Amounts due from Directors	16	64,000	64,000	-	-
Tax recoverable		159,581	1,533,240	1,450,280	1,403,099
Fixed deposits with licensed banks	17	10,563,939	13,835,168	22,135,936	15,550,848
Cash and bank balances	18	23,147,147	50,806,638	35,456,322	19,597,951
		177,857,474	204,065,766	208,371,027	306,350,207
TOTAL ASSETS		192,175,516	233,387,951	250,156,223	376,527,129
EQUITY AND LIABILITIES					
Equity					
Invested equity		2,000,003	2,000,003	2,000,003	2,000,003
Retained earnings		109,681,414	125,301,992	135,784,657	134,606,784
Total Equity	19	111,681,417	127,301,995	137,784,660	136,606,787
Non-Current Liabilities					
Lease liabilities	20	2,313,403	2,138,323	2,303,431	5,062,169
Borrowings	21	6,624,024	22,676,568	21,796,435	23,654,272
Deferred tax liabilities	12	797,395	716,894	894,642	932,682
		9,734,822	25,531,785	24,994,508	29,649,123

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

		<----- Audited as at 31 December ----->			
		2020	**2021**	**2022**	**2023**
	Note	**RM**	**RM**	**RM**	**RM**
Current Liabilities					
Trade payables	22	15,892,798	19,070,505	26,069,508	42,551,293
Contract liabilities	14	1,170,711	62,003	21,962,462	15,068,142
Other payables	23	18,555,675	13,679,801	7,833,953	7,157,296
Amounts due to Directors	16	2,668,673	4,173,130	1,056,929	-
Amount due to a related party	24	35,020	21,161	44,793	41,063
Lease liabilities	20	1,211,043	1,301,198	1,491,039	2,053,817
Borrowings	21	31,097,502	40,849,338	27,713,686	142,407,979
Tax payables		127,855	1,397,035	1,204,685	991,629
		70,759,277	80,554,171	87,377,055	210,271,219
Total Liabilities		80,494,099	106,085,956	112,371,563	239,920,342
TOTAL EQUITY AND LIABILITIES		192,175,516	233,387,951	250,156,223	376,527,129

The annexed notes form an integral part of,
and should be read in conjunction with, these combined financial statements.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Invested Equity RM	Distributable Retained Earnings RM	Total Equity RM
At 1 January 2020	2,000,003	97,087,274	99,087,277
Profit net of tax, representing total comprehensive income for the financial year	-	12,594,140	12,594,140
At 31 December 2020/At 1 January 2021	2,000,003	109,681,414	111,681,417
Profit net of tax, representing total comprehensive income for the financial year	-	15,620,578	15,620,578
At 31 December 2021/At 1 January 2022	2,000,003	125,301,992	127,301,995
Profit net of tax, representing total comprehensive income for the financial year	-	10,482,665	10,482,665
At 31 December 2022/1 January 2023	2,000,003	135,784,657	137,784,660
Profit net of tax, representing total comprehensive income for the financial year	-	13,822,127	13,822,127
Transaction with Owner of the Company			
Dividend (Note 25)	-	(15,000,000)	(15,000,000)
At 31 December 2023	2,000,003	134,606,784	136,606,787

The annexed notes form an integral part of,
and should be read in conjunction with, these combined financial statements.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

		<------ Audited ------			------>
		FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	Note	**RM**	**RM**	**RM**	**RM**
Cash Flows from Operating Activities					
Profit before tax		15,515,514	19,396,893	13,986,677	17,301,341
Adjustments for:					
Depreciation of property, plant and equipment		1,626,187	1,548,329	1,552,571	1,361,796
Depreciation of investment property		6,682	-	-	-
Forfeiture of deposit from customers		(7,500)	-	(10,000)	-
Gain on disposal of:					
- property, plant and equipment		(333)	(99,999)	(49,999)	(66,299)
- investment property		(274,155)	-	-	-
Interest expense		1,784,012	2,102,654	2,240,586	3,075,379
Interest income		(514,658)	(418,861)	(632,482)	(949,143)
Other receivable written off		-	-	30,000	-
Property, plant and equipment written off		-	-	2	-
Operating profit before changes in working capital		18,135,749	22,529,016	17,117,355	20,723,074
Changes in working capital:					
Inventories		(24,786,977)	(3,469,616)	(10,034,897)	(47,746,309)
Receivables		26,700,659	2,287,878	(7,784,533)	2,772,595
Payables		6,086,584	(1,712,026)	1,193,624	15,801,398
Contract assets/liabilities		(4,308,701)	(7,785,607)	29,572,987	(5,385,136)
Cash generated from/ (used in) operations		21,827,314	11,849,645	30,064,536	(13,834,378)
Interest paid		(2,524,217)	(2,102,654)	(2,247,423)	(3,069,693)
Interest received		514,658	418,861	632,482	949,143
Tax paid		(2,637,787)	(3,572,741)	(3,689,444)	(4,061,402)
Tax refunded		-	-	408,105	-
Net cash from/(used in) operating activities		17,179,968	6,593,111	25,168,256	(20,016,330)

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (cont'd)

		<------ Audited			------>
	Note	**FYE 2020 RM**	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	9(vi)	(438,647)	(1,789,443)	(14,213,301)	(27,148,576)
Repayment from Directors		-	-	64,000	-
Decrease/(increase) in housing development account		1,165,875	(371,170)	352,913	4,126
Proceeds from disposal of:					
- property, plant and equipment		1,000	100,000	50,000	71,896
- investment property		790,000	-	-	-
Net cash from/(used in) investing activities		1,518,228	(2,060,613)	(13,746,388)	(27,072,554)
Cash Flows from Financing Activities					
(Repayment to)/advances from Directors		(1,569,397)	1,504,457	(3,116,201)	(1,056,929)
Withdraw/(Uplift) in plegded fixed deposits with licensed bank		4,863,924	(3,252,260)	(281,029)	(862,906)
Dividend paid		-	-	-	(15,000,000)
Drawdown of:					
- bankers' acceptance		19,360,000	15,192,210	17,788,831	22,723,430
- trust receipts		99,000	1,283,066	-	4,122,093
- Revolving Credit ("RC-i")		-	-	-	902,371
- term loans		-	27,816,897	10,000,000	35,806,891
- bridging loan		-	-	-	15,000,000
- Commodity Murabahah Flexi Term Financing-I ("CMFTF-i")		3,827,528	-	1,600,000	-
- Commodity Murabahah Cashline-I ("CMC-i")		21,317,135	38,827,571	23,292,785	21,487,721
Carried forward		47,898,190	81,371,941	49,284,386	83,122,671

KTI LANDMARK BERHAD

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (cont'd)

	Note	<------ Audited ------ FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	FYE 2023 RM ------>
Cash Flows from Financing Activities (cont'd)					
Brought forward		47,898,190	81,371,941	49,284,386	83,122,671
Repayment of:					
- bankers' acceptance		(19,312,000)	(13,355,830)	(20,525,211)	(21,091,430)
- trust receipts		(259,997)	(489,430)	(793,636)	(1,812,907)
- term loans		(337,571)	(2,402,921)	(5,277,942)	(10,397,433)
- invoice financing		(365,115)	-	-	-
- RC-i		-	-	-	(411,366)
- CMFTF-i		(1,018,221)	(3,393,982)	(1,415,103)	(955,000)
- CMC-i		(17,862,736)	(27,483,716)	(38,296,854)	(23,974,064)
Refinance of lease liabilities	(ii) & (iii)	-	-	516,000	-
Repayment of lease liabilities	(ii) & (iii)	(1,023,288)	(1,281,785)	(1,502,517)	(1,839,964)
Net cash from/(used in) financing activities		7,719,262	32,964,277	(18,010,877)	22,640,507
Net increase/(decrease) in cash and cash equivalents		26,417,458	37,496,775	(6,589,009)	(24,448,377)
Cash and cash equivalents at beginning of the financial year		(13,168,020)	13,249,438	50,746,213	44,157,204
Cash and cash equivalents at end of the financial year	(i)	13,249,438	50,746,213	44,157,204	19,708,827

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (cont'd)

Note:

(i) Cash and cash equivalents comprise:

	<---- Audited			---->
	FYE 2020 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Fixed deposits placed with a licensed bank	10,563,939	13,835,168	22,135,936	15,550,848
Cash and bank balances	23,147,147	50,806,638	35,456,322	19,597,951
	33,711,086	64,641,806	57,592,258	35,148,799
Less: Fixed deposits pledged as collaterals	(9,791,235)	(13,043,495)	(13,324,524)	(14,187,430)
Housing development account	(92,273)	(463,443)	(110,530)	(106,404)
Bank overdrafts	(10,578,140)	(388,655)	-	(1,146,138)
	13,249,438	50,746,213	44,157,204	19,708,827

(ii) Cash outflows for leases as a lessee are as follows:

	<---- Audited			---->
	FYE 2020 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Included in net cash from/(used in) operating activities:				
- Interest paid in relation to lease liabilities	78,112	106,047	221,495	267,205
- Payment relating to short-term leases	104,211	94,800	64,969	61,730
Included in net cash from/ (used in) financing activities:				
- Payment for the principal portion of lease liabilities	1,023,288	1,281,785	1,502,517	1,839,964
Total cash outflows for leases	1,205,611	1,482,632	1,788,981	2,168,899

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (cont'd)

Note:

(iii) The reconciliation of the movements of liabilities to cash flows arising from financing activities:

	<---------- Audited			---------->
	FYE 2020 RM	**FYE 2021 RM**	**FYE 2022 RM**	**FYE 2023 RM**
Lease liabilities				
At beginning of the year	4,019,228	3,524,446	3,439,521	3,794,470
Acquisition of new leases	522,000	1,196,860	1,341,466	5,161,480
Refinance of lease [Note 9(i)]	-	-	516,000	-
Repayment of principal	(1,023,288)	(1,281,785)	(1,502,517)	(1,839,964)
Net repayment of principal	(1,023,288)	(1,281,785)	(986,517)	(1,839,964)
Finance costs:				
Repayment of interest	(78,112)	(106,047)	(221,495)	(267,205)
Accrued interest	-	(4,276)	6,837	-
Finance costs charged during the year (Note 7)	84,618	110,323	214,658	267,205
	6,506	-	-	-
At end of the year	3,524,446	3,439,521	3,794,470	7,115,986

The annexed notes form an integral part of,
and should be read in conjunction with, these combined financial statements.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

KTI Landmark Berhad ("the Company") was incorporated under the Companies Act 1965 on 10 March 2016 under the name of KTI Property Berhad as a public limited company and is deemed registered under the Companies Act 2016. The Company is domiciled in Malaysia with issued and fully paid-up share capital of RM3 consisting of 3 ordinary shares. Subsequently on 14 July 2022, the Company changed its name to KTI Landmark Berhad. The Company was incorporated to undertake internal reorganisation for the purpose of the listing of and quotation of the entire enlarged share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

For the purpose of facilitating the Listing, the Company entered into 2 conditional share sale agreements on 19 June 2023 to acquire the entire issued and paid-up share capital of K.T.I. Sdn. Bhd. ("KTISB") and K.T.I Development Sdn. Bhd. ("KTID"), respectively, to be fully satisfied by the issuance of 639,999,997 new ordinary shares in the Company (herein referred to as the "Internal Reorganisation"), will be completed prior to the Listing and resulting thereof, KTISB and KTID became the wholly-owned subsidiaries of the Company. The Internal Reorganisation was completed on 2 April 2024.

Upon the completion of the listing, the entire enlarged share capital of the Company of approximately RM155,122,752 (after deducting the estimated listing expenses directly attributable to the issuance of new shares of RM461,250) comprising 800,000,000 ordinary shares will be listed and quoted on the ACE Market of Bursa Securities.

The registered office of the Company is located at Lot 221 & 222, Taman Nelly 9, Phase 4 Shoplot, Lorong Nelly Plaza, Jalan Nountun, Kolombong, 88844 Kota Kinabalu, Sabah.

The principal place of business of the Company is located at Lot 220 (Ground Floor), 221 (Ground Floor and 1st Floor) and 222 (Ground Floor to 3rd Floor), Taman Nelly 9, Phase 4 Shoplot, Lorong Nelly Plaza, Jalan Nountun, Kolombong, 88844 Kota Kinabalu, Sabah.

The principal activity of the Company is investment holding. The principal activities and other information of the combining entities are as follows:

Combining Entities	Country of Incorporation	Principal Activities
K.T.I. Sdn. Bhd. ("KTISB")	Malaysia	Property development, carrying out construction work under contract, manufacturing of industrialised building system and investment holding.
K.T.I Development Sdn. Bhd. ("KTID")	Malaysia	Property development, carrying out construction work under contract and investment holding.
<u>Subsidiaries of K.T.I. Sdn. Bhd.</u>		
- Dataran Jayamakmur Sdn. Bhd. ("DJSB")	Malaysia	Property development.
- K.T.I. Industrial Sdn. Bhd. ("KTII")	Malaysia	Dormant. Intended for property development.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (cont'd)

The principal activity of the Company is investment holding. The principal activities and other information of the combining entities are as follows: (cont'd)

Combining Entities	**Country of Incorporation**	**Principal Activities**
Subsidiary of K.T.I Development Sdn. Bhd.		
- Landmark Property Sdn. Bhd. ("LPSB")	Malaysia	Property development.
Subsidiary of Landmark Property Sdn. Bhd.		
- KTI Hotel & Resort Sdn. Bhd. ("KTIHR")	Malaysia	Property investment and hotel owner/operator.

There have been no significant changes in the nature of the principal activities during these financial years under review.

This Accountants' report comprises the historical combined financial statements of KTI Landmark Berhad and its combining entities ("the Group"), which include the combined statements of financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and notes to the financial statements, including a material accounting policies information and other explanatory notes (together, the "historical combined financial statements"), as set out on pages 4 to 70.

2. BASIS OF PREPARATION

The combined financial statements have been prepared for inclusion in the Prospectus in connection with the proposed listing of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose.

The combined financial statements for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 consist of the following entities under common control (collectively hereinafter referred to as the "Group") for each of the financial years under review:

	Financial year ended ("FYE") 31 December			
	2020	**2021**	**2022**	**2023**
Entities under common control:				
KTI Landmark Berhad	✓	✓	✓	✓
K.T.I. Sdn. Bhd.	✓	✓	✓	✓
K.T.I Development Sdn. Bhd.	✓	✓	✓	✓
Dataran Jayamakmur Sdn. Bhd.	✓	✓	✓	✓
K.T.I. Industrial Sdn. Bhd.	✓	✓	✓	✓
Landmark Property Sdn. Bhd.	✓	✓	✓	✓
KTI Hotel & Resort Sdn. Bhd.	✓	✓	✓	✓

✓ *The combined financial statements include the financial statements of these combining entities for the respective financial years.*

The audited financial statements of the combining entities within the Group for the respective financial years as reported above were not subject to any qualification or modification.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of common shareholders and contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements for the relevant periods were prepared in a manner similar to the "pooling-of-interest" method, as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of the entities, whichever is later. Such manner of preparation reflects the economic substance of the combining entities, which were under common control throughout the relevant periods.

The financial information presented in the combined financial statements may not correspond to those in the consolidated financial statements had the relevant proposed transactions to legally constitute a group been incorporated in the consolidated financial statements for the respective years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

2. BASIS OF PREPARATION (cont'd)

Common control business combination

For such common control business combinations, the "pooling-of-interest" method is used to account for the assets, liabilities, results, equity changes and cash flows in the combined financial statements.

Under the "pooling-of-interest" method, the results of the Group are presented as if the "pooling-of-interest" had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the end of transfer of their shareholdings to KTI Landmark Berhad.

The effect of all transactions and balances, and any unrealised income and expenses occurring between the combining entities are eliminated in preparing the combined financial statements.

(a) Statement of compliance

The combined financial statements for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants on 28 November 2018.

Application of New Standards, Amendments and Interpretation

In the preparation of the combined financial statements, the Directors have applied consistently throughout the four financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, a number of new accounting pronouncements that became effective mandatorily during the current financial year.

The Group has also considered the new accounting pronouncements in the preparation of the combined financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year ended 31 December 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9—Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

The Group has adopted Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the applicable of materiality to disclose of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(i) Accounting pronouncements that are effective and adopted during the financial year ended 31 December 2023 (cont'd)

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed Note 3.

Other than above, the adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group has not adopted the following new accounting pronouncements that have been issued as at the date of authorisation of these combined financial statements but are not yet effective for the Group:-

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
Amendments to MFRS 7 and MFRS 107	Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the combined financial statements upon their initial applications.

(b) Basis of measurement

These combined financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, unless otherwise stated.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the combined financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Property development revenue

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 (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of the contract). In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

(ii) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these combined financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive, The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, if it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Entities under common control

For acquisition of entities under a reorganisation scheme that does not result in any change in economic substance, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

- The results of entities are presented as if the reorganisation occurred from the beginning o the earliest period presented in the financial statements;
- The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and
- No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reorganisation reserve or deficit.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Revenue and other income recognition

Revenue from contracts with customers

The details of the performance obligations in contracts with customers are disclosed in Note 4.

Incremental costs of obtaining a contract with a customer

The Group pays sales commissions to external sales agent and employees as an incentive for sales of each unit of on-going property development to the customers. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised over the revenue recognition by reference to the progress towards complete satisfaction of the performance obligation. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred. Amortisation of contract costs are included as part of selling and marketing expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(b) Revenue and other income recognition (cont'd)

Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration or have billed the customer. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs their obligation under the contract.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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 ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(d) Leases

As a lessee

The Group recognises a right-of-use ("ROU") 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 site on which it is located, less any lease incentives received.

The ROU assets are presented as part of the property, plant and equipment in the statements of financial position.

The ROU 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 the ROU assets are determined on the same basis as those of property, plant and equipment.

In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The Group applies MFRS 136 to determine whether a ROU asset is impaired and account for any identified impairment loss as described in Note 3(h)(ii).

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

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 rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and buildings	50 years
Plant and machineries	5 years
Information technology ("IT") equipment	5 years
Furniture, fittings and office equipment	5 - 10 years
Motor vehicles	5 years
Renovation	5 - 10 years

Freehold land and construction-in-progress are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the combined financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The inventories of the Group are made up of land held for property development, property development costs and completed unsold properties.

(i) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion 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.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(f) Inventories (cont'd)

(i) Property development costs (cont'd)

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

(ii) Land held for property development

Land held for property development consists of land where no development activities have been carried out or when development activities are not expected to be completed within the normal operating cycle.

Land held for property development is reclassified as property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Land held for property development comprises costs associated with the acquisition of land and all costs incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

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

(iii) Unsold completed properties

The cost of unsold completed properties is stated at the lower of cost and net realisable value. Cost includes the relevant cost of land and development expenditure.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(g) **Financial instruments** (cont'd)

(ii) **Financial instrument categories and subsequent measurement**

The Group categorises financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

<u>Amortised cost</u>

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 3(h)(i)) where the effective interest rate is applied to the amortised cost.

Financial liabilities

<u>Amortised cost</u>

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the combined statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(g) Financial instruments (cont'd)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowances of the Group are measured on either of the following basis:

(i) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument and contract assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(h) Impairment (cont'd)

(i) Financial assets (cont'd)

General approach - other financial instruments

The Group applies the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is significantly past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(h) **Impairment** (cont'd)

(i) **Financial assets** (cont'd)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Any recoveries made are recognised in the profit or loss.

(ii) **Non-financial assets**

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

3. **MATERIAL ACCOUNTING POLICIES** (cont'd)

(i) Contingent liabilities/assets

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the combined statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the combined statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(j) Earnings per share

Basis earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial period for the effects of all dilutive potential ordinary shares.

(k) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4. REVENUE

	2020 RM	2021 RM	2022 RM	2023 RM
Property development revenue	71,605,674	61,569,404	110,727,559	111,537,436
Sales of completed properties	8,201,524	28,596,895	1,623,527	1,915,500
Sales of land held for property development	-	-	-	6,713,568
Project facilitation services revenue:				
- property development	8,260,726	-	-	-
- completed properties	2,125,566	8,351,453	529,087	-
	10,386,292	8,351,453	529,087	-
	90,193,490	98,517,752	112,880,173	120,166,504
Timing of revenue recognition:				
- Point in time	10,327,090	36,948,348	2,152,614	8,629,068
- Over time	79,866,400	61,569,404	110,727,559	111,537,436
	90,193,490	98,517,752	112,880,173	120,166,504

Property development revenue

This is in respect of residential and commercial units under construction. The Group has entered into contract with customers for the development of these residential and commercial properties. Revenue recognition is based on stage of completion method. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Each of the obligations are not distinct and is unable to be performed separately. Accordingly, contracts with respective customers are considered as a single PO and are not separately identifiable. The performance obligation ("PO") is satisfied upon the customer simultaneously receives and consumes the benefits provided by the Group's performance. The duration of the contract generally takes 36 to 54 months to complete. Payment is generally due within 30 days upon issuance of progress billing and tax invoice to customer.

Revenue is recognised when the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. The residential and commercial units sold have generally no alternative use for the Group due to contractual restrictions. The Group has an enforceable right to payment for the certified work performed over the contract period as promised in the Sale and Purchase Agreement. Therefore, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that aforesaid PO.

4. REVENUE (cont'd)

Sales of completed properties

Revenue from sale of completed properties is recognised in profit or loss at the point when the control of the properties has been transferred to the purchaser. The performance obligation is satisfied upon delivery of "Vacant Possession" of the completed property to purchaser and payment is generally due within 14 to 120 days from date of Sale and Purchase Agreement.

Project facilitation services

The Government of Sabah has provided facilitation fund to the Group for the benefit of the qualified purchasers to bridge the difference between the gross development cost and the gross development value for each unit of property under Perumahan Penjawat Awam Malaysia ("PPAM") scheme for certain property development projects. Revenue is recognised when there is reasonable assurance that the conditions attaching to it will be complied with and revenue recognition is based on stage of completion in constructing the residential units.

(a) Property development

Performance obligation is satisfied over the period of the contract and payment is generally due upon issuance of drawdown notice to the Government of Sabah.

(b) Completed properties

Performance obligation is satisfied at point in time when control of the properties has been transferred to the purchaser and payment is generally due upon issuance of drawdown notice to the Government of Sabah.

Sales of land held for property development

Revenue from sales of land held for property development is recognised in profit or loss at the point when the control of the properties has been transferred to the purchaser. The performance obligation is satisfied upon the delivery of "Vacant Possession" of the land to purchaser and payment is generally due within 90 days from date of Sale and Purchase Agreement.

4. REVENUE (cont'd)

Unsatisfied long-term contracts

The following table shows unsatisfied POs resulting from property development revenue.

(a) Property development revenue

	2020 RM	2021 RM	2022 RM	2023 RM
Total property development revenue, net	90,330,000	169,781,000	388,067,890	478,912,650
Less: Cummulative property development revenue recognised, net	(68,168,133)	(129,737,537)	(240,465,096)	(352,002,532)
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully satisfied as at 31 December	22,161,867	40,043,463	147,602,794	126,910,118

The remaining unsatisfied performance obligations are expected to be recognised as below:

	2020 RM	2021 RM	2022 RM	2023 RM
Within 1 year	19,714,793	22,908,608	67,850,375	58,250,149
Between 1 and 3 years	2,447,074	17,134,855	79,752,419	68,659,969
	22,161,867	40,043,463	147,602,794	126,910,118

5. COST OF SALES

	2020 RM	2021 RM	2022 RM	2023 RM
Property development costs	54,685,963	44,428,775	80,210,439	81,668,862
Costs of completed properties sold	6,772,381	24,602,159	1,510,304	1,504,752
Costs of land held for property development sold	-	-	-	1,069,549
Rectification works	510,632	366,015	352,038	336,267
	61,968,976	69,396,949	82,072,781	84,579,430

6. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):-

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Auditors' remuneration					
- current year		72,000	118,000	168,000	188,000
Services rendered by Auditors'affiliate					
- Tax agent fee		40,400	44,200	58,900	58,900
- Other service		30,000	64,200	72,700	30,000
Depreciation of investment property		6,682	-	-	-
Depreciation of property, plant and equipment charged out as:					
- Administrative expenses		1,626,187	1,548,329	1,552,571	1,361,796
Directors' remuneration	(a)	1,590,432	1,368,774	1,745,349	2,542,290
Employee benefit expenses	(b)	4,874,425	4,985,275	4,536,653	4,459,942
Gain on disposal of property, plant and equipment		(333)	(99,999)	(49,999)	(66,299)
Property, plant and equipment written off		-	-	2	-
Other receivable written off		-	-	30,000	-
Interest income		(514,658)	(418,861)	(632,482)	(949,143)
Rental income		(220,314)	(26,785)	(77,949)	(86,036)
Short-term leases		104,211	94,800	64,969	61,730

(a) Directors' remuneration

	2020 RM	2021 RM	2022 RM	2023 RM
Fees	-	-	-	199,500
Salaries, bonuses and allowances	1,355,962	1,173,359	1,480,537	1,999,500
Contributions to defined contribution plan	222,678	188,150	246,149	312,860
Social security contributions	6,205	6,157	7,274	8,257
Other benefits	5,587	1,108	11,389	22,173
	1,590,432	1,368,774	1,745,349	2,542,290

6. PROFIT FROM OPERATIONS (cont'd)

(b) Employee benefit expenses

	2020 RM	2021 RM	2022 RM	2023 RM
Salaries, bonuses and allowances	4,245,735	4,348,044	3,897,124	3,754,429
Contributions to defined contribution plan	519,648	527,402	510,217	497,685
Social security contributions	64,082	58,340	49,960	55,115
Other benefits	44,960	51,489	79,352	152,713
	4,874,425	4,985,275	4,536,653	4,459,942

7. FINANCE COSTS

	2020 RM	2021 RM	2022 RM	2023 RM
Interest expense on:				
- bank guarantee	19,135	19,125	47,625	51,926
- bankers' acceptance, trust receipts and invoice financing	386,242	152,053	131,626	393,859
- bank overdrafts	183,146	121,082	49,303	108,616
- Commodity Murabahah Revolving Credit-I ("CMRC")	-	-	-	118,126
- CMC-i	454,057	1,071,980	481,100	410,876
- CMFTF-i	229,244	174,989	1,579	430,679
- lease liabilities	84,618	110,323	214,658	267,205
- bridging loan	-	-	-	286,027
- term loans	427,570	453,102	2,064,898	3,578,162
	1,784,012	2,102,654	2,990,789	5,645,476
Less:				
Capitalised as property, plant and equipment	-	-	(750,203)	(1,081,390)
Capitalised as inventories	-	-	-	(1,488,707)
	1,784,012	2,102,654	2,240,586	3,075,379

8. TAX EXPENSE

	2020 RM	2021 RM	2022 RM	2023 RM
Income tax:				
- Current year	1,376,292	2,966,941	3,422,552	3,891,656
- Under/(over)rprovision in prior year	636,544	501,321	(250,603)	3,871
	2,012,836	3,468,262	3,171,949	3,895,527
Deferred tax (Note 12)**:**				
- Relating to origination of temporary differences	979,383	612,003	514,885	41,646
- Overprovision in prior year	(70,845)	(303,950)	(182,822)	(457,959)
	908,538	308,053	332,063	(416,313)
Tax expense for the financial year	2,921,374	3,776,315	3,504,012	3,479,214

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Certain combining entities in year assessment 2020 being the resident company incorporated in Malaysia with paid-up capital of not more than RM2.5 million at the beginning of the basis period for a year of assessment and its gross income from business sources not exceeding RM50 million qualified for the preferential tax rates under *Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 ("ITA 1967")* and amendment to *ITA 1967* by the *Finance Act 2019 (Act 823)(amendment to Section 2)* as follows:

On the first RM600,000 (2022: RM600,000; 2021: RM600,000; 2020: RM500,000) of chargeable income: 17%
In excess of RM600,000 (2022: RM600,000; 2021: RM600,000; 2020: RM500,000) of chargeable income: 24%

8. TAX EXPENSE (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's tax expense are as follows:

	2020 RM	**2021 RM**	**2022 RM**	**2023 RM**
Profit before tax	15,515,514	19,396,893	13,986,677	17,301,341
Tax at the Malaysian statutory income tax rate of 24%	3,723,723	4,655,254	3,356,802	4,152,322
Effect of income subject to 17% preferential tax rate	(57,558)	-	-	-
Income not subject to tax	(2,374,871)	(2,121,260)	(511,795)	(3,168)
Expenses not deductible for tax purposes	849,580	533,071	2,165,497	346,914
Utilisation of deferred tax assets previously not recognised	(1,095,046)	-	(1,260,581)	(562,766)
Deferred tax assets not recognised	1,309,847	511,879	187,514	-
Under/(over)rprovision of income tax in prior year	636,544	501,321	(250,603)	3,871
Overprovision of deferred tax in prior year	(70,845)	(303,950)	(182,822)	(457,959)
Tax expense for the financial year	2,921,374	3,776,315	3,504,012	3,479,214

The Group has the following estimated unabsorbed capital allowances and unutilised tax losses to be carried forward to offset against future taxable profit:

	2020 RM	**2021 RM**	**2022 RM**	**2023 RM**
Unabsorbed capital allowance	1,319,225	113,022	1,001,433	-
Unutilised tax losses	309,963	5,985,238	12,751,582	11,160,355
	1,629,188	6,098,260	13,753,015	11,160,355

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. In the announcement of Malaysia 2022 Budget, the unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") deemed to be effective from YA 2019.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands and buildings RM	Freehold land RM	Furniture, fittings and office equipment RM	IT equipment RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Lease of premises RM	Lease of land RM	Construction -in-progress RM	Total RM
Group											
Cost											
At 1 January 2020	3,444,894	356,084	2,141,635	89,500	4,829,164	15,343,867	994,819	-	-	-	27,199,963
Additions	-	-	75,454	44,086	3,250	837,857	-	-	-	-	960,647
Disposals	-	-	-	-	(2,000)	-	-	-	-	-	(2,000)
At 31 December 2020/ 1 January 2021	3,444,894	356,084	2,217,089	133,586	4,830,414	16,181,724	994,819	-	-	-	28,158,610
Additions	-	-	34,836	9,040	40,000	2,923,150	-	-	-	1,084,700	4,091,726
Transferred from inventories	2,127,640	-	-	-	-	-	-	-	-	11,874,935	14,002,575
Disposals	-	-	-	-	(377,000)	-	-	-	-	-	(377,000)
At 31 December 2021/ 1 January 2022	5,572,534	356,084	2,251,925	142,626	4,493,414	19,104,874	994,819	-	-	12,959,635	45,875,911
Additions	-	-	139,374	252,773	127,600	2,032,557	49,273	497,266	-	12,500,343	15,599,186
Disposals	-	-	-	-	(124,933)	-	-	-	-	-	(124,933)
Written off	-	-	(26,550)	-	-	(29,000)	-	-	-	-	(55,550)
At 31 December 2022/ 1 January 2023	5,572,534	356,084	2,364,749	395,399	4,496,081	21,108,431	1,044,092	497,266	-	25,459,978	61,294,614
Additions	-	-	342,716	213,016	542,146	6,161,461	433,954	200,873	1,572,015	23,097,227	32,563,408
Disposals	-	-	-	-	(77,250)	(21,500)	-	-	-	-	(98,750)
At 31 December 2023	5,572,534	356,084	2,707,465	608,415	4,960,977	27,248,392	1,478,046	698,139	1,572,015	48,557,205	93,759,272

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold lands and buildings RM	Freehold land RM	Furniture, fittings and office equipment RM	IT equipment RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Lease of premises RM	Lease of land RM	Construction -in-progress RM	Total RM
Accumulated depreciation											
At 1 January 2020	938,613	-	1,331,615	12,032	3,118,744	7,309,429	595,200	-	-	-	13,305,633
Charge for the financial year	68,898		248,829	26,492	462,402	2,065,422	127,714	-	-	-	2,999,757
Disposals	-	-	-	-	(1,333)	-	-	-	-	-	(1,333)
At 31 December 2020/ 1 January 2021	1,007,511	-	1,580,444	38,524	3,579,813	9,374,851	722,914	-	-	-	16,304,057
Charge for the financial year	60,569	-	155,964	27,308	442,546	1,948,102	67,114	-	-	-	2,701,603
Disposals	-	-	-	-	(376,999)	-	-	-	-	-	(376,999)
At 31 December 2021/ 1 January 2022	1,068,080	-	1,736,408	65,832	3,645,360	11,322,953	790,028	-	-	-	18,628,661
Charge for the financial year	63,442	-	133,174	66,731	409,611	2,213,778	58,622	36,499	-	-	2,981,857
Disposals	-	-	-	-	(124,932)	-	-	-	-	-	(124,932)
Written off	-	-	(26,549)	-	-	(28,999)	-	-	-	-	(55,548)
At 31 December 2022/ 1 January 2023	1,131,522	-	1,843,033	132,563	3,930,039	13,507,732	848,650	36,499	-	-	21,430,038
Charge for the financial year	63,443	-	163,381	90,018	391,151	2,618,587	84,509	117,966	21,834	-	3,550,889
Disposals	-	-	-	-	(71,654)	(21,499)	-	-	-	-	(93,153)
At 31 December 2023	1,194,965	-	2,006,414	222,581	4,249,536	16,104,820	933,159	154,465	21,834	-	24,887,774
Net carrying amount											
At 31 December 2020	2,437,383	356,084	636,645	95,062	1,250,601	6,806,873	271,905	-	-	-	11,854,553
At 31 December 2021	4,504,454	356,084	515,517	76,794	848,054	7,781,921	204,791	-	-	12,959,635	27,247,250
At 31 December 2022	4,441,012	356,084	521,716	262,836	566,042	7,600,699	195,442	460,767	-	25,459,978	39,864,576
At 31 December 2023	4,377,569	356,084	701,051	385,834	711,441	11,143,572	544,887	543,674	1,550,181	48,557,205	68,871,498

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) The ROU assets recognised by the Group are as follows:

	Motor vehicles RM	Plant and nachineries RM	Lease of premises RM	Lease of land RM	Total RM
Cost					
At 1 January 2020	1,903,039	4,470,737	-	-	6,373,776
Additions	-	580,000	-	-	580,000
Derecognition of ROU asset*	(124,933)	-	-	-	(124,933)
At 31 December 2020/1 January 2021	1,778,106	5,050,737	-	-	6,828,843
Additions	-	1,196,860	-	-	1,196,860
Derecognition of ROU asset*	-	(927,780)	-	-	(927,780)
At 31 December 2021/1 January 2022	1,778,106	5,319,817	-	-	7,097,923
Additions	-	938,000	497,266	-	1,435,266
Refinancing#	-	755,000	-	-	755,000
Derecognition of ROU asset*	-	(892,957)	-	-	(892,957)
At 31 December 2022/1 January 2023	1,778,106	6,119,860	497,266	-	8,395,232
Additions	-	3,401,676	200,873	1,572,015	5,174,564
Derecognition of ROU asset*	(763,694)	(1,116,000)	-	-	(1,879,694)
At 31 December 2023	1,014,412	8,405,536	698,139	1,572,015	11,690,102

9. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

(i) The ROU assets recognised by the Group are as follows: (cont'd)

	Motor vehicles RM	Plant and machineries RM	Lease of premises RM	Lease of land RM	Total RM
Accumulated depreciation					
At 1 January 2020	450,829	972,216	-	-	1,423,045
Charge for the financial year	380,609	755,440	-	-	1,136,049
Derecognition of ROU asset*	(116,605)	-	-	-	(116,605)
At 31 December 2020/1 January 2021	714,833	1,727,656	-	-	2,442,489
Charge for the financial year	355,621	858,390	-	-	1,214,011
Derecognition of ROU asset*	-	(593,417)	-	-	(593,417)
At 31 December 2021/1 January 2022	1,070,454	1,992,629	-	-	3,063,083
Charge for the financial year	343,119	1,023,123	36,499	-	1,402,741
Refinancing#	-	117,750	-	-	117,750
Derecognition of ROU asset*	-	(349,742)	-	-	(349,742)
At 31 December 2022/1 January 2023	1,413,573	2,783,760	36,499	-	4,233,832
Charge for the financial year	244,073	1,157,012	117,966	21,834	1,540,885
Derecognition of ROU asset*	(682,178)	(1,116,000)	-	-	(1,798,178)
At 31 December 2023	975,468	2,824,772	154,465	21,834	3,976,539
Net carrying amount					
At 31 December 2020	1,063,273	3,323,081	-	-	4,386,354
At 31 December 2021	707,652	3,327,188	-	-	4,034,840
At 31 December 2022	364,533	3,336,100	460,767	-	4,161,400
At 31 December 2023	38,944	5,580,764	543,674	1,550,181	7,713,563

\# *Refinancing results from lease arrangements for plant and machineries which purchase in prior year.*

* *Derecognition of ROU assets resulted from full settlement of lease liabilities.*

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(ii) The long-term leasehold lands have remaining lease period of 888 and 901 (2022：889 and 902, 2021: 890 and 903; 2020: 891 and 904) years.

(iii) Leasehold land and buildings, freehold land and construction-in-progress of the Group with total net carrying amount of RM53,290,858 (2022: RM29,426,414, 2021: RM16,972,472; 2020: RM1,931,398) are charged to licensed banks for banking facilities granted to the Group as disclosed in Note 21.

(iv) Leasehold land and building of the Group with a net carrying amount of RM112,511 (2022: RM121,512, 2021: RM130,513; 2020: RM139,514) represent 1/3 share of a land title registered in the names of third parties.

(v) A freehold land with carrying amount of RM356,084 (2022: RM356,084, 2021: RM356,084; 2020: RM356,084) are registered with third party who hold the freehold land in trust on behalf of the Group.

(vi) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM32,563,408 (2022: RM15,599,186, 2021: RM18,094,301; 2020: RM960,647) which are satisfied by following arrangements:

	2020 RM	2021 RM	2022 RM	2023 RM
Financed through lease arrangements	522,000	1,196,860	1,341,466	5,161,480
Transferred from prepayment	-	1,084,701	-	-
Capitalised of depreciation for construction -in-progress	-	20,722	44,419	253,352
Cash payments	438,647	1,789,443	14,213,301*	27,148,576*
	960,647	4,091,726	15,599,186	32,563,408

**Included in cash payments is the term loan capitalised amounting to RM1,081,390 (2022: RM750,203, 2021: RMNIL, 2020: RMNIL).*

(vii) Depreciation during the financial year:

	2020 RM	2021 RM	2022 RM	2023 RM
Charged to administrative expenses	1,626,187	1,548,329	1,552,571	1,361,796
Capitalised as property development costs	1,373,570	1,132,552	1,384,867	1,935,741
Capitalised as construction-in-progress	-	20,722	44,419	253,352
	2,999,757	2,701,603	2,981,857	3,550,889

10. INVESTMENT PROPERTY

	2020 RM	2021 RM	2022 RM	2023 RM
Double storey shoplot				
Cost				
At 1 January	586,679	-	-	-
Disposal	(586,679)	-	-	-
At 31 December	-	-	-	-
Accumulated depreciation				
At 1 January	64,152	-	-	-
Charge for the financial year	6,682	-	-	-
Disposal	(70,834)	-	-	-
At 31 December	-	-	-	-
Net carrying amount				
At 31 December	-	-	-	-

The following is recognised in profit or loss in respect of investment property:

	2020 RM	2021 RM	2022 RM	2023 RM
Operating expenses:				
- Quit rent and assessment	2,338	-	-	-

11. INVENTORIES

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Non-current assets					
Land held for property development	(i)	1,920,620	1,920,620	1,920,620	851,071
Current assets					
Property development costs	(ii)	82,604,395	97,806,147	109,126,634	235,382,985
Completed properties		26,445,185	1,843,026	1,942,303	437,551
		109,049,580	99,649,173	111,068,937	235,820,536
		110,970,200	101,569,793	112,989,557	236,671,607

11. INVENTORIES (cont'd)

(i) Land held for property development

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	4,571,290	1,920,620	1,920,620	1,920,620
Less: Transfer to property development costs				
- Land costs	(2,650,670)	-	-	-
- Development costs	-	-	-	-
	(2,650,670)	-	-	-
Less: Disposal				
- Land costs	-	-	-	(274,058)
- Development costs	-	-	-	(795,491)
	-	-	-	(1,069,549)
At 31 December	1,920,620	1,920,620	1,920,620	851,071

(ii) Property development costs

	2020 RM	2021 RM	2022 RM	2023 RM
Cummulative property development costs				
At 1 January				
Land costs	25,472,736	28,616,199	40,510,978	45,876,183
Development costs	143,247,056	105,255,821	152,991,569	239,157,290
	168,719,792	133,872,020	193,502,547	285,033,473
Costs incurred during the financial year				
- Land cost	4,138,792	14,022,419	5,564,214	90,066,152
- Development costs	84,226,810	59,610,683	87,576,293	117,859,061
Transfer from land held for property development				
- Land cost	2,650,670	-	-	-
Carried forward	259,736,064	207,505,122	286,643,054	492,958,686

11. INVENTORIES (cont'd)

(ii) Property development costs (cont'd)

	2020 RM	2021 RM	2022 RM	2023 RM
Brought forward (cont'd)	259,736,064	207,505,122	286,643,054	492,958,686
Transfer to property, plant plant and equipment				
- Land cost	-	(2,127,640)	-	-
- Development costs	-	(11,874,935)	-	-
Less:				
- Transfer to completed properties	(29,837,862)	-	(1,609,581)	-
- Adjustment of completed project during the financial year	(96,026,182)	-	-	-
At 31 December	133,872,020	193,502,547	285,033,473	492,958,686
Cummulative costs recognised in statement of comprehensive income				
At 1 January	(92,607,844)	(51,267,625)	(95,696,400)	(175,906,839)
Recognised during the year	(54,685,963)	(44,428,775)	(80,210,439)	(81,668,862)
Adjustment of completed project during the financial year	96,026,182	-	-	-
	(51,267,625)	(95,696,400)	(175,906,839)	(257,575,701)
At 31 December	82,604,395	97,806,147	109,126,634	235,382,985

(a) The titles to certain lands under property development are in the name of third parties with full power of attorney obtained by the Group. The properties under development amounting to RM233,823,390 (2022: RM107,607,039, 2021: RM96,286,552, 2020: RM81,146,749) are charged to a licensed bank for the banking facilities granted to the Group as disclosed in Note 21.

(b) During financial year 2021, the Group has transferred a piece of land and developments costs incurred for hotel construction to property, plant and equipment as construction-in-progress due to change of intention of use.

(c) Included in the property development cost, is an amount of RM1,935,741 (2022: RM1,384,867, 2021: RM1,132,552; 2020: RM1,373,570), being capitalisation of depreciation of property, plant and equipment.

(d) Included in the property development cost, is an amount of RM1,488,708 (2022: RMNIL, 2021: RMNIL; 2020: RMNIL), being capitalisation of finance costs.

12. DEFERRED TAX (ASSETS)/LIABILITIES

The components and movements of deferred tax liabilities/(assets) during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM	Lease Liabilities RM	Provision for contingency RM	Impairment RM	Unutilised tax losses RM	Unrealised profit RM	Others RM	Total RM
2020								
At 1 January	930,861	-	(173,334)	-	(22,716)	(1,388,823)	-	(654,012)
Recognised in profit or loss (Note 8)	94,996	-	(55,128)	-	22,716	845,954	-	908,538
At 31 December	1,025,857	-	(228,462)	-	-	(542,869)	-	254,526
2021								
At 1 January	1,025,857	-	(228,462)	-	-	(542,869)	-	254,526
Recognised in profit or loss (Note 8)	(247,038)	-	195,666	-	(23,448)	388,554	(5,681)	308,053
At 31 December	778,819	-	(32,796)	-	(23,448)	(154,315)	(5,681)	562,579
2022								
At 1 January	778,819	-	(32,796)	-	(23,448)	(154,315)	(5,681)	562,579
Recognised in profit or loss (Note 8)	254,070	(113,885)	32,796	(107,361)	4,512	323,017	(61,086)	332,063
At 31 December	1,032,889	(113,885)	-	(107,361)	(18,936)	168,702	(66,767)	894,642
2023								
At 1 January	1,032,889	(113,885)	-	(107,361)	(18,936)	168,702	(66,767)	894,642
Recognised in profit or loss (Note 8)	599,919	(395,380)	(13,151)	-	18,936	(623,055)	(3,582)	(416,313)
At 31 December	1,632,808	(509,265)	(13,151)	(107,361)	-	(454,353)	(70,349)	478,329

12. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Unabsorbed capital allowances	7,939	15,334	176,289	-
Unutilised tax losses	309,963	5,870,232	12,672,955	11,160,355
Other deductible temporary differences	14,134,948	10,443,341	3,419,042	2,763,071
	14,452,850	16,328,907	16,268,286	13,923,426

13. TRADE RECEIVABLES

The normal credit term of trade receivables is 14 to 30 days (2022: 14 to 30 days, 2021: 14 to 30 days; 2020: 14 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

14. CONTRACT ASSETS/(LIABILITIES)

Contract assets primarily relate to the Group's right to consideration for work completed on property development, project facilitation services and construction contracts but not yet billed at the reporting date, whereas contract liabilities primarily relate to the consideration for work completed on property development and sales of completed properties, being billed by the Group, but yet to recognise revenue at the reporting date.

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Property development revenue	(i)	15,997,209	17,020,738	(2,133,718)	3,251,418
Sales of completed properties	(ii)	(1,077,679)	(62,002)	-	-
Project facilitation services revenue:					
- property development	(iii)	721,153	-	-	-
- completed properties	(iv)	4,012,979	10,480,533	-	-
		4,734,132	10,480,533	-	-
		19,653,662	27,439,269	(2,133,718)	3,251,418
Presented as:					
Contract assets		20,824,373	27,501,272	19,828,744	18,319,560
Contract liabilities		(1,170,711)	(62,003)	(21,962,462)	(15,068,142)
		19,653,662	27,439,269	(2,133,718)	3,251,418

14. CONTRACT ASSETS/(LIABILITIES) (cont'd)

(i) Property development

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	9,292,837	15,997,209	17,020,738	(2,133,718)
Revenue recognised during the year (Note 4)	71,605,674	61,569,404	110,727,559	111,537,436
Progress billing during the year	(64,901,302)	(60,545,875)	(133,566,045)	(122,662,150)
Consideration payable/paid on behalf	-	-	3,684,030	16,509,850
At 31 December	15,997,209	17,020,738	(2,133,718)	3,251,418

(ii) Sales of completed properties

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	-	(1,077,679)	(62,002)	-
Revenue recognised during the year (Note 4)	8,201,524	28,596,895	1,623,527	1,915,500
Progress billing during the year	(9,279,203)	(27,581,218)	(1,561,525)	(1,915,500)
At 31 December	(1,077,679)	(62,002)	-	-

(iii) Project facilitation services revenue – property development

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	4,164,711	721,153	-	-
Revenue recognised during the year (Note 4)	8,260,726	-	-	-
Progress billing during the year	(11,704,284)	(721,153)	-	-
At 31 December	721,153	-	-	-

14. CONTRACT ASSETS/(LIABILITIES) (cont'd)

(iv) Project facilitation services revenue – sales of completed properties

	2020 RM	2021 RM	2022 RM	2023 RM
At 1 January	1,887,413	4,012,979	10,480,533	-
Revenue recognised during the year (Note 4)	2,125,566	8,351,453	529,087	-
Progress billing during the year	-	(1,883,899)	(11,009,620)	-
At 31 December	4,012,979	10,480,533	-	-

(v) Construction contract

	2020 RM	2021 RM	2022 RM	2023 RM
Construction costs incurred	1,558,227	1,558,227	1,558,227	1,558,227
Attributable loss	(37,339)	(37,339)	(37,339)	(37,339)
	1,520,888	1,520,888	1,520,888	1,520,888
Less: Progress billing	(1,073,551)	(1,073,551)	(1,073,551)	(1,073,551)
	447,337	447,337	447,337	447,337
Less: Impairment loss	(447,337)	(447,337)	(447,337)	(447,337)
	-	-	-	-

15. OTHER RECEIVABLES

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Non-trade receivables		571,593	128,603	1,008,196	879,061
Deposits		832,555	990,553	1,030,992	1,556,987
Prepayments	(i)	1,471,396	471,251	7,828,419	2,126,569
Contract costs	(ii)	448,850	674,755	1,421,884	1,644,579
		3,324,394	2,265,162	11,289,491	6,207,196

(i) Included in the prepayments as at 31 December 2022 is an amount of RM7,399,972 representing 10% of the purchase consideration of project land as disclosed in Note 34.

(ii) Contract costs represent costs to obtain contracts relate to incremental sales personnel and agent commission for obtaining property sales contracts which are expected to be recovered through revenue recognition by reference to progress towards complete satisfaction of performance obligation with customers. These costs are subsequently expensed off as "selling and marketing expenses" by reference to the performance completed to date, consistent with the revenue recognition pattern.

During the financial year, the total costs to obtain contracts recognised by the Group as "selling and marketing expenses" in profit or loss amounted to RM2,027,325 (2022: RM1,620,690, 2021: RM251,121; 2020: RM2,166,968).

16. AMOUNTS DUE (TO)/FROM DIRECTORS

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Amounts due from	(i)	64,000	64,000	-	-
Amounts due to	(ii)	(2,668,673)	(4,173,130)	(1,056,929)	-
		(2,604,673)	(4,109,130)	(1,056,929)	-

(i) These amounts are non-trade, unsecured and interest free advances which are receivable on demand.

(ii) These amounts are non-trade, unsecured and interest free advances which are repayable on demand.

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits placed with licensed banks bore weighted average effective interest rates at the range of 1.60% to 3.10% (2022: 1.80% to 2.85%, 2021: 1.00% to 4.00%; 2020: 1.00% to 3.80%) per annum and had maturity period ranging from 1 to 24 months (2022: 3 to 12 months; 2021: 3 to 12 months; 2020: 3 to 12 months).

Included in fixed deposits of the Group are RM14,187,430 (2022: RM13,324,524, 2021: RM13,043,495; 2020: RM9,791,235) pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21.

18. CASH AND BANK BALANCES

Included in the bank balances of the Group is an amount of RM106,404 (2022: RM110,530, 2021: RM463,443; 2020 RM92,273) respectively held under Housing Development Account pursuant to Section 8A of the Sabah Housing Development (Control and Licensing) Enactment, 1978.

19. TOTAL EQUITY

For the purpose of the combined financial statements, the invested equity and retained earnings at the end of the respective financial years is the aggregate of the share capital and the retained earnings of the combining entities.

The invested equity and retained earnings constitute the share capital and retained earnings of KTI Landmark Berhad, K.T.I. Sdn. Bhd. and K.T.I Development Sdn. Bhd. held by the common control shareholders.

20. LEASE LIABILITIES

	2020 RM	2021 RM	2022 RM	2023 RM
Non-current liabilities	2,313,403	2,138,323	2,303,431	5,062,169
Current liabilities	1,211,043	1,301,198	1,491,039	2,053,817
	3,524,446	3,439,521	3,794,470	7,115,986
Minimum lease payments:				
Repayable within one year	1,370,899	1,453,217	1,627,568	2,411,543
Repayable between one and two years	1,194,120	1,149,566	1,242,131	1,889,731
Repayable between two and five years	1,275,111	1,120,386	1,031,641	3,275,456
Repayable more than five years	-	-	326,271	527,813
	3,840,130	3,723,169	4,227,611	8,104,543
Less: Future finance charges	(315,684)	(283,648)	(433,141)	(988,557)
Present value of lease liabilities	3,524,446	3,439,521	3,794,470	7,115,986
Present value of lease liabilities:				
Repayable within one year (current)	1,211,043	1,301,198	1,491,039	2,053,817
Repayable between one and two years (non-current)	1,099,019	1,064,148	1,141,321	1,631,400
Repayable between two and five years (non-current)	1,214,384	1,074,175	937,367	2,960,167
Repayable more than five years (non-current)	-	-	224,743	470,602
	2,313,403	2,138,323	2,303,431	5,062,169
	3,524,446	3,439,521	3,794,470	7,115,986

The lease liabilities of the Group bear effective interest rates ranging from 4.28% to 6.60% (2022: 4.28% to 6.60%, 2021: 4.28% to 6.37%; 2020: 4.28% to 6.37%) per annum.

21. BORROWINGS

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Current					
Bankers' acceptance	(i)	4,944,000	6,780,380	4,044,000	5,676,000
Trust receipts	(i)	-	793,636	-	2,309,186
RC-i	(i)	-	-	-	491,005
Bank overdrafts	(i)	10,578,140	388,655	-	1,146,138
Term loans	(ii)	1,462,152	10,823,584	16,425,775	39,977,396
Bridging loan	(iii)	-	-	-	15,005,959
CMFTF-i	(iv)	4,164,085	770,103	955,000	54,000,000
CMC-i	(iv)	9,949,125	21,292,980	6,288,911	3,802,295
CMRC-i	(iv)	-	-	-	20,000,000
		31,097,502	40,849,338	27,713,686	142,407,979
Non-current					
Term loans	(ii)	6,624,024	22,676,568	21,796,435	23,654,272
Total borrowings					
Bankers' acceptance	(i)	4,944,000	6,780,380	4,044,000	5,676,000
Trust receipts	(i)	-	793,636	-	2,309,186
RC-i	(i)	-	-	-	491,005
Bank overdrafts	(i)	10,578,140	388,655	-	1,146,138
Term loans	(ii)	8,086,176	33,500,152	38,222,210	63,631,668
Bridging loan	(iii)	-	-	-	15,005,959
CMFTF-i	(iv)	4,164,085	770,103	955,000	54,000,000
CMC-i	(iv)	9,949,125	21,292,980	6,288,911	3,802,295
CMRC-i	(iv)	-	-	-	20,000,000
		37,721,526	63,525,906	49,510,121	166,062,251

The effective interest rates per annum of the borrowings are as follows:

	2020 %	2021 %	2022 %	2023 %
Bankers' acceptance	2.32 - 4.81	2.26 - 3.31	3.73 - 3.99	3.84 - 4.03
Trust receipts	3.27 - 7.65	6.90	6.90 - 7.65	6.95 - 7.90
RC-i	-	-	-	6.85 - 7.00
Bank overdrafts	3.60 - 8.00	3.60 - 7.00	3.60 - 8.25	7.65 - 7.90
Term loans	3.70 - 8.50	3.69 - 8.25	3.63 - 8.50	4.70 - 7.31
Bridging loan	-	-	-	8.25
CMFTF-i	6.74 - 7.74	6.74	6.64 - 7.14	7.14 - 7.39
CMC-i	6.74 - 7.74	6.74	6.74 - 7.74	7.14 - 7.99
CMRC-i	-	-	-	5.78 - 6.21

21. BORROWINGS (cont'd)

(i) Bankers' acceptance, trust receipts, RC-i and bank overdrafts

These bank borrowings are secured by:-

(a) Leasehold lands and buildings as disclosed in Note 9;

(b) Fixed deposits as disclosed in Note 17;

(c) Jointly and severally guaranteed by the Directors of the Group;

(d) Third party first legal charge over a parcel of leasehold land held under CL045115919, District of Tuaran, Sabah;

(e) Cash collateral or Commodity Murabahah Deposit of placement of 10% security margin to be collected proportionately prior to every utilisation for the RC-I Line;

(f) Property development units in progress and unsold completed units pledged as disclosed in Note 11; and

(g) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") of 80% from the approved amount under the Pemulih Government Guarantee Scheme ("PGGS").

(ii) Term loans

	2020	**2021**	**2022**	**2023**
	RM	**RM**	**RM**	**RM**
Current:				
Repayable within one year	1,462,152	10,823,584	16,425,775	39,977,396
Non-current:				
Repayable between one and two years	1,100,392	762,964	751,217	135,078
Repayable between two and five years	2,446,669	11,549,892	11,441,865	23,519,194
Repayable more than five years	3,076,963	10,363,712	9,603,353	-
Repayable after one year	6,624,024	22,676,568	21,796,435	23,654,272
	8,086,176	33,500,152	38,222,210	63,631,668

The term loans are secured by:

(a) Freehold land and leasehold lands and buildings as disclosed in Note 9;

(b) Guaranteed by all five Directors in their personal capacities;

(c) Memorandum of charge over existing Fixed Return Account-i ("FRIA-I") principal amount of not less than RM1,000,000;

(d) Deed of Assignment and Power of Attorney over a third party's property held under Master title No. CL025341940 (Lot 10C, Lot 4, Lot 9 Block A and Lot 9 Block B), District of Papar Sabah;

21. BORROWINGS (cont'd)

(ii) Term loans (cont'd)

The term loans are secured by: (cont'd)

(e) Third party first legal charge over the project Land, being part of the Development Land held under Master Title Deed No. CL 015721276, situated in Luyang, Kota Kinabalu;

(f) Assignment over sales/end-finance proceed of the property development project;

(g) Assignment of rental proceeds of the commercial components of property development project;

(h) Assignment of all rights, title, interest and benefits of the Group under the insurance policies related to property development project;

(i) Assignment of all rights, title, interest and benefits of the Group under the construction contract executed between the Group and the appointed contractor;

(j) Debenture by way of fixed and floating charge on all the present and future fixed and floating assets of the Group;

(k) A deed of subordination of all present and future shareholders and Director advances to the Credit Facilities; and

(l) Assignment and charge over debt service reserve account and project account.

(iii) Bridging loans

The bridging loans are secured by:

(a) Third party first legal charge over the project Land, being part of the Development Land held under Master Title Deed No. CL 015721276, situated in Luyang, Kota Kinabalu;

(b) Assignment over sales/end-finance proceed of the property development project;

(c) Assignment of rental proceeds of the commercial components of property development project;

(d) Assignment of all rights, title, interest and benefits of the Group under the insurance policies related to property development project;

(e) Assignment of all rights, title, interest and benefits of the Group under the construction contract executed between the Group and the appointed contractor;

(f) Debenture by way of fixed and floating charge on all the present and future fixed and floating assets of the Group;

(g) A deed of subordination of all present and future shareholders and Director advances to the Credit Facilities;

(h) Assignment and charge over debt service reserve account and project account; and

(i) Guaranteed by all Directors of the Group in their personal capacities.

21. BORROWINGS (cont'd)

(iv) CMFTF-I, CMC-I and CMRC-I

The CMFTF-i, CMC-i and CMRC-i are secured by:-

(a) Freehold land and leasehold lands and buildings as disclosed in Note 9;

(b) Third party first legal charge over a parcel of leasehold land held under CL045115919, District of Tuaran, Sabah;

(c) Third party first legal charge over a parcel of leasehold vacant land of the Group located along Jalan Tun Hussien Onn, District of Papar held under CL025346507 as disclosed in Note 11 ;

(d) First party legal charge over a leasehold residential land of the Group held under Country Lease 015719874 and infrastructure lots of the Group under Country Lease 015719918, Country Lease 015719909, Country Lease 015719892, all in Locality Alamesra, District of Kota Kinabalu, Sabah as disclosed in Note 11;

(e) First party Letter of Set-off in the form and substance acceptable to the Bank over the cash deposit of RM4,000,000 together with all profits (if any) generated to be treated and form part of the Security placed with the Bank; and

(f) Jointly and severally guaranteed by two Directors of the Group.

22. TRADE PAYABLES

	Note	2020 RM	2021 RM	2022 RM	2023 RM
Trade payables	(i)	6,843,967	8,823,686	10,578,685	16,796,177
Retention sums	(i)	8,369,100	9,736,258	13,338,625	15,409,388
Accrued costs		679,731	510,561	2,152,198	10,345,728
		15,892,798	19,070,505	26,069,508	42,551,293

(i) The normal trade credit terms granted to the Group range from 30 to 90 (2022: 30 to 90, 2021: 30 to 90; 2020: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. Retention sums are to be released 24 (2022: 24, 2021: 24; 2020: 24) months upon completion of projects.

23. OTHER PAYABLES

	2020 RM	2021 RM	2022 RM	2023 RM
Non-trade payables	1,435,586	460,773	1,951,565	1,654,506
Accruals	14,800,550	11,678,354	4,942,844	3,952,132
Accrued landowners' entitlement	1,075,692	228,177	935,544	1,488,909
Deposits received	1,233,000	1,304,000	-	-
Deposit payables	10,847	8,497	4,000	61,749
	18,555,675	13,679,801	7,833,953	7,157,296

24. AMOUNTS DUE TO A RELATED PARTY

These amounts are trade in nature and subject to credit term of 30 days.

25. DIVIDENDS

	Per ordinary share RM	Total amount RM	Date of payment
Recognised during the financial year ended 31 December 2023	15.00	15,000,000	3 April 2023

26. RELATED PARTIES DISCLOSURES

(a) Identity of related parties

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

Related parties refer to the common Directors' related companies which are not within the group of companies under the listing exercises.

The Group has a related party relationship with its common Directors' related company and its Directors.

(b) Related party transactions

The related party balances are shown in Notes 16 and 24. The related party transactions of the Group are shown below.

	2020 RM	2021 RM	2022 RM	2023 RM
Transactions with Related Parties				
Motor vehicle repair and maintenance	253,744	192,351	268,976	493,848
Sales	-	-	-	(2,200,000)
Trade in of property, plant and equipment	-	-	-	(50,000)
Purchase of property, plant and equipment	-	-	-	190,000
Lease payment	-	-	3,000	36,000
Repayment from	-	-	-	2,200,000
(Repayment to)/ advances from	(218,724)	(206,210)	(248,344)	(673,578)

26. RELATED PARTIES DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

The related party balances are shown in Notes 16 and 24. The related party transactions of the Group are shown below.(cont'd)

	2020 RM	2021 RM	2022 RM	2023 RM
Transactions with Directors:				
Short-term lease payment	84,000	84,000	51,000	52,000
Progress billing issued	-	-	-	(175,200)
Sales of land	-	-	-	(513,568)
Dividend paid	-	-	-	(15,000,000)
Repayment from	-	-	-	688,768
(Repayment to)/ advances from	(1,653,397)	1,420,457	(3,103,201)	(1,108,929)

(c) Compensation of key management personnel

Key management personnel are 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 refer to all the Directors and certain member of senior management of the Group.

The remuneration of the Directors during the financial year are disclosed in Note 6(a).

The remuneration of other member of key management personnel of the Group during the financial year are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Salaries, bonuses and allowances	602,502	449,930	514,531	531,960
Contributions to defined contribution plan	66,036	54,048	60,232	63,899
Social security contributions	1,753	1,753	1,755	1,902
	670,291	505,731	576,518	597,761

27. SEGMENT INFORMATION

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to operating segment in Malaysia, namely property 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.

28. CAPITAL COMMITMENTS

	2020 RM	2021 RM	2022 RM	2023 RM
Approved and contracted for:				
Landowners' entitlement for project development land	76,593,677	64,973,141	58,882,309	46,935,269
Approved but not contracted for:				
Acquisition of property development land	-	-	66,599,746	-
	76,593,677	64,973,141	125,482,055	46,935,269

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's financial assets and financial liabilities are all categorised as amortised costs respectively.

Financial Risk Management Objectives and Policies

The Group's risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, interest rate risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from their receivables (which consist of trade receivables, contract assets and other receivables). For other financial assets (including cash and cash equivalent), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objectives are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

<u>Trade receivables and contract assets</u>

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's association to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

29. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cashflows to repay the amounts subject to write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statement of financial position.

Credit risk concentration profile

The Group has no major concentration of credit risk of their trade receivables as at the end of the reporting period.

As at 31 December 2023, the Group has significant concentration of credit risk arising from contract assets related to facilitation fund from Government of Sabah as stated in Note 4 with an amount of NIL (2022: RMNIL, 2021: RM10,480,533; 2020: RM4,734,132).

Recognition and measurement of impairment loss

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured as receivable and contract asset if the credit risk on that financial instrument has increased significantly since initial recognition. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition as the trade receivables and contract assets are determined to have low credit risk at the reporting date.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (i.e. the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it).

The Group has possession of the legal right to the properties sold and this can be deemed as a collateral and in the event of defaults by the purchaser, the expected cash shortfall from selling the deemed collateral less the cost of obtaining and selling the collateral is immaterial.

29. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, which are grouped together as they are expected to have similar risk nature:

	2020 RM	**2021 RM**	**2022 RM**	**2023 RM**
Neither past due nor impaired	2,151,595	3,591,960	2,424,144	2,916,855
Past due but not impaired:				
- Less than 30 days	1,732,180	1,726,453	1,600,955	2,739,077
- 31 days to 60 days	1,504,549	924,181	880,020	1,033,529
- 61 days to 90 days	943,260	613,525	486,490	633,230
- More than 90 days	4,392,876	1,554,994	1,749,708	2,128,326
	8,572,865	4,819,153	4,717,173	6,534,162
Total trade receivables, net	10,724,460	8,411,113	7,141,317	9,451,017
Contract assets, gross	21,271,710	27,948,609	20,276,081	18,766,897
Less: Credit impaired	(447,337)	(447,337)	(447,337)	(447,337)
Contract assets, net	20,824,373	27,501,272	19,828,744	18,319,560
	31,548,833	35,912,385	26,970,061	27,770,577

Credit impaired

Contract assets that are collectively determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties. These contract assets are not secured by any collateral or credit enhancements.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly with end financing facilities from reputable end-financiers whilst the others are creditworthy debtors with good payment records.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are secured in nature. The Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

29. FINANCIAL INSTRUMENTS (cont'd)

(i) Credit risk (cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the combined statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables

Other receivables and deposits are neither past due nor impaired. The Group believes that generally no allowance for doubtful debts is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

Exposure in 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 are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Floating rate instrument:				
Fixed deposits with licensed banks	10,563,939	13,835,168	22,135,936	15,220,081
Borrowings	(37,721,526)	(63,525,906)	(49,510,121)	(166,062,251)
	(27,157,587)	(49,690,738)	(27,374,185)	(150,842,170)

The Group is exposed to interest rate risk through the impact of rate changes in floating rate fixed deposits with licensed banks and borrowings. The interest rates of fixed deposits and borrowings are disclosed in Notes 17 and 21.

29. FINANCIAL INSTRUMENTS (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

The following table detailed the sensitivity analysis to a reasonable possible change in the interest rates as the end of the reporting period, with all other variables held constant:

	2020 RM	2021 RM	2022 RM	2023 RM
Effects on profit after tax				
Increase of 100 basis points	(206,398)	(377,650)	(208,044)	(1,146,400)
Decrease of 100 basis points	206,398	377,650	208,044	1,146,400
Effects on equity				
Increase of 100 basis points	(206,398)	(377,650)	(208,044)	(1,146,400)
Decrease of 100 basis points	206,398	377,650	208,044	1,146,400

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposures to liquidity risk arises primarily from mismatches of financial assets and liabilities. The Group maintains sufficient levels of cash at a reasonable level to meet its working capital requirement.

The Group's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group maintains sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet its working capital requirement.

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

		<---------- Contractual Cash Flows ---------->				
	Carrying Amount RM	**On demand/ Within 1 year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**	**Total RM**
2023						
Financial liabilities:						
Trade payables	42,551,293	42,551,293	-	-	-	42,551,293
Other payables	7,157,296	7,157,296	-	-	-	7,157,296
Amount due to a related party	41,063	41,063				41,063
Lease liabilities	7,115,986	2,411,543	1,889,731	3,275,456	527,813	8,104,543
Borrowings:						
- Bankers' acceptance	5,676,000	5,745,544	-	-	-	5,745,544
- Trust receipts	2,309,186	2,361,950	-	-	-	2,361,950
- RC-i	491,005	525,375	-	-	-	525,375
- Bank overdrafts	1,146,138	1,236,683	-	-	-	1,236,683
- Term loans	63,631,668	44,697,363	1,406,505	25,991,974	-	72,095,842
- Bridging loan	15,005,959	16,965,375	-	-	-	16,965,375
- CMFTF-i	54,000,000	57,990,600	-	-	-	57,990,600
- CMC-i	3,802,295	4,106,098	-	-	-	4,106,098
- CMRC-i	20,000,000	21,242,000	-	-	-	21,242,000
	222,927,889	207,032,183	3,296,236	29,267,430	527,813	240,123,662

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

		<------ Contractual Cash Flows ------>				
	Carrying Amount RM	**On demand/ Within 1 year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**	**Total RM**
2022						
Financial liabilities:						
Trade payables	26,069,508	26,069,508	-	-	-	26,069,508
Other payables	7,833,953	7,833,953	-	-	-	7,833,953
Amounts due to Directors	1,056,929	1,056,929	-	-	-	1,056,929
Amount due to a related party	44,793	44,793				44,793
Lease liabilities	3,794,470	1,627,568	1,242,131	1,031,641	326,271	4,227,611
Borrowings:						
- Bankers' acceptance	4,044,000	4,238,516	-	-	-	4,238,516
- Term loans	38,222,210	18,968,242	973,578	12,455,463	10,548,780	42,946,063
- CMFTF-i	955,000	1,028,917	-	-		1,028,917
- CMC-i	6,288,911	6,775,673	-	-	-	6,775,673
	88,309,774	67,644,099	2,215,709	13,487,104	10,875,051	94,221,963

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

		<--- Contractual Cash Flows --->				
	Carrying Amount RM	**On demand/ Within 1 year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**	**Total RM**
2021						
Financial liabilities:						
Trade payables	19,070,505	19,070,505	-	-	-	19,070,505
Other payables	13,679,801	13,679,801	-	-	-	13,679,801
Amounts due to Directors	4,173,130	4,173,130	-	-	-	4,173,130
Amount due to a related party	21,161	21,161	-	-	-	21,161
Lease liabilities	3,439,521	1,453,217	1,149,566	1,120,386	-	3,723,169
Borrowings:						-
- Bankers' acceptance	6,780,380	7,116,687	-	-	-	7,116,687
- Trust receipts	793,636	849,191				849,191
- Bank overdrafts	388,655	401,645	-	-	-	401,645
- Term loans	33,500,152	11,871,189	971,868	12,436,956	11,583,303	36,863,316
- CMFTF-i	770,103	816,117	-	-	-	816,117
- CMC-i	21,292,980	22,428,960	-	-	-	22,428,960
	103,910,024	81,881,603	2,121,434	13,557,342	11,583,303	109,143,682

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Liquidity risk (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

		<---------- Contractual Cash Flows			---------->	
	Carrying Amount RM	**On demand/ Within 1 year RM**	**Between 1 and 2 years RM**	**Between 2 and 5 years RM**	**More than 5 years RM**	**Total RM**
2020						
Financial liabilities:						
Trade payables	15,892,798	15,892,798	-	-	-	15,892,798
Other payables	18,555,675	18,555,675	-	-	-	18,555,675
Amounts due to Directors	2,668,673	2,668,673	-	-	-	2,668,673
Amount due to a related party	35,020	35,020	-	-	-	35,020
Lease liabilities	3,524,446	1,370,899	1,194,120	1,275,111	-	3,840,130
Borrowings:						
- Bankers' acceptance	4,944,000	5,155,429	-	-	-	5,155,429
- Bank overdrafts	10,578,140	11,133,527	-	-	-	11,133,527
- Term loans	8,086,176	1,803,955	1,387,176	3,034,044	3,341,881	9,567,056
- CMFTF-i	4,164,085	4,426,152	-	-	-	4,426,152
- CMC-i	9,949,125	10,619,977	-	-	-	10,619,977
	78,398,138	71,662,105	2,581,296	4,309,155	3,341,881	81,894,437

30. MATERIAL LITIGATIONS

(i) Landmark Property Sdn. Bhd. ("LPSB") vs Inland Revenue Board

LPSB filed a Judicial Review application on 25 November 2020 seeking for a declaration that the following notices are ultra vires the Income Tax (Exemption) (No.22) Order 2006 ("the Exemption Order"), section 127(3)(b) of the Income Tax Act 1967 ("the Act") and accordingly null and void in law:

(i) the Notice of Assessment for the Year of Assessment 2016;

(ii) the Notice of Assessment for the Year of Assessment 2017; and

(iii) the Notice of Additional Assessment for the Year of Assessment 2018.

(collectively, "the Impugned Assessments").

On 23 December 2020, the High Court granted LPSB leave to commence the said Judicial Review, subsequently on 9 July 2021, the Judicial Review application was allowed by the High Court. Following that, LHDN filed a Notice of Appeal to the Court of Appeal against the decision of the High Court ("Substantive Appeal") and the Substantive Appeal has been stayed pending Landmark Property's appeal against the dismissal of their representing solicitor's ad hoc admission application ("Ad Hoc Admission Application"). The Ad Hoc Admission Appeal's hearing date is fixed on 18 July 2024.

LPSB has made payment to LHDN up till July 2021 amounting to RM1,337,041 in accordance with an Impugned Assessments instalment scheme that was proposed for the settlement of the tax liabilities ("Amount Paid"), and LPSB has since ceased subsequent payments to be made in accordance with the abovementioned instalment scheme following the High Court's decision to allow the Judicial Review application. In the event the appeal by LHDN is unsuccessful, the Amount Paid will be refunded by LHDN accordingly. The total value of the Impugned Assessments (less all payments made) is RM14,670,037.27. This amount excludes any further interest which may be imposed as time passes up to the date of judgement on the outstanding value of Impugned Assessments.

The representing solicitors are of the opinion that the LHDN has no reasonable basis to issue the impugned Assessments. In light of the decision by the High Court that LPSB had successfully established illegality, breach of legitimate expectations and irrationality on the part of the LHDN and subsequently allowing LPSB's Judicial Review application, solicitors are of the considered opinion that LPSB had a good chance of succeeding in the pending Appeal before the Court of Appeal.

(ii) Landmark Property Sdn. Bhd. ("LPSB") vs GC Architect ("GC")

LPSB and GC entered into a Memorandum of Agreement/Condition of Engagement dated 3 November 2010 ("Contract") for the provision of professional services by GC for LPSB's project called "Proposed Commercial & Housing Development on Country Lease No. 025341940 at Kinarut South, Papar, Sabah" ("Project"). The Project is divided into Phases 1 – 3 and Phase 4.

In respect of Phases 1 – 3, GC claims an alleged total sum of RM2,490,342 as at 30 June 2021 for work done. In respect of Phase 4, GC claims an alleged total sum of RM7,659,460 as at 30 June 2021 for work done.

30. MATERIAL LITIGATIONS (cont'd)

(ii) Landmark Property Sdn. Bhd. ("LPSB") vs GC Architect ("GC") (cont'd)

LPSB counterclaimed against GC for the following reliefs:

(i) a declaration that the suspension by GC's professional services in failing or refusing to issue the Board of Architects Malaysia ("BAM") Certification for Phase 4 of the Project was unlawful and a repudiation of the Contract;
(ii) a declaration that LPSB has lawfully terminated the Contract;
(iii) that GC is to pay to LPSB the sum of RM3,825,461 (excluding interest and cost) as at 19 August 2021 comprising of financing costs/ interest charges, additional cost to carry out valuation/quantity surveying works, additional cost incurred to appoint another prime consultant and two other consultant; interest; and costs.

On 2 June 2022, the final arbitration award was handed down. The final award was entered against LPSB in the following terms:

(i) the outstanding professional fees and 6% SST amounting to RM2,092,777 for Phase 1 – 3 was awarded to GC and the amount of RM2,192,523 for phase 4 was awarded to GC;
(ii) the simple interest at the rate of 5% per annum on the amounts awarded to GC calculated from the date the award was handed down to the date of full realisation;
(iii) LPSB will pay GC's cost and the cost of GC's solicitor on a client-solicitor basis taxed by the court, including all costs and expenses and payments already incurred and/or disbursed for this arbitration;
(iv) LPSB shall pay the arbitrator's costs, including the cost of the award, arbitrator's fees, administrative and other relevant costs incurred by BAM;
(v) LPSB shall pay its own cost and the cost of its solicitors for this arbitration; and
(vi) that the costs of this application and of any judgement or order which may be entered hereunder be borne by LPSB.

On 7 July 2022, the High Court registered the final award as a court order. LPSB's application to set aside the final award ("Main Suit") was dismissed on 16 January 2023. Subsequent thereto, LPSB fully paid the sums due, amounting to RM4,644,062 pursuant to the court order to GCA in early 2023. Despite having lost in the High Court in respect of the Main Suit, LPSB has filed a notice of appeal to the Court of Appeal. The parties received the grounds of judgment of the High Court on 3 October 2023, and the Court of Appeal has fixed the hearing on 13 November 2024.

(iii) George Chong Ket Choi vs K.T.I Development Sdn Bhd ("KTID")

George Chong Ket Choi ("GC") is an architect registered with the Board of Architects Malaysia ("BAM"). In 2013, KTID submitted a tender to the Ministry of Local Government & Housing. The tender was subject to the approval of various federal ministries and agencies. George Chong Ket Choi ("GC") and KTID entered into an oral agreement for GC to prepare a preliminary schematic and development plan ("Plan") for the Project. In early 2014, the plan was prepared and subsequently submitted to various local authorities. Following that, pursuant to requests from the local authorities, a revised plan was prepared and submitted in 2016.

Albeit the tender being unsuccessful, GC's contention is that KTID had orally agreed to pay GC professional fees for the preparation and submission of the plan. Whereas it is KTID's contention that the parties had orally agreed that GC would only be remunerated if KTID's tender was successful.

GC filed a Writ of Summons on 14 January 2021. In the Amended Statement of Claim, GC claims that KTID purportedly owes him a total sum of RM431,118 as of 31 December 2020 being the alleged outstanding professional fees for work done.

30. MATERIAL LITIGATIONS (cont'd)

(iii) George Chong Ket Choi vs K.T.I Development Sdn Bhd ("KTID") (cont'd)

Our representing solicitors are of the opinion that KTID has a reasonable chance of success based on the documentary evidence (subject to the witness' statements during the trial). Our solicitors take the view that GC had not adduced any evidence to show that there was an agreement to be remunerated by KTID, whereas KTID has written letters in 2018 and 2020 that there was no agreement to remunerate GC for the work done for this project.

The trial has already concluded on 20 February 2024 and the parties are due to exchange their respective submissions on 30 April 2024. The date to file the submission in reply and for the decision of the Court of Appeal has not been fixed.

31. FAIR VALUES INFORMATION

In respect of the fair value hierarchy, there were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

<u>Financial instrument other than those carried at fair value</u>

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of the financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments and insignificant impact of discounting.

The carrying amounts of long-term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

32. CAPITAL MANAGEMENT

The primary objective of the combining entities capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the reporting years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital. Total debt includes lease liabilities and borrowings, whilst total capital is the equity attributable to the Owners of the Group. The gearing ratio is not governed by the MFRS and its definition and calculation may vary from others.

32. CAPITAL MANAGEMENT (cont'd)

The gearing ratio at end of the reporting years are as follows:

	2020 RM	2021 RM	2022 RM	2023 RM
Lease liabilities	3,524,446	3,439,521	3,794,470	7,115,986
Borrowings	37,721,526	63,525,906	49,510,121	166,062,251
Total debts	41,245,972	66,965,427	53,304,591	173,178,237
Equity attributable to the Owners of the Group, representing total capital	111,681,417	127,301,995	137,784,660	136,606,787
	37%	53%	39%	127%

There were no changes in the Group's approach to capital management during the reporting years.

The Group is in compliance with all externally imposed capital requirements as follows:

(a) LPSB shall keep and maintain its present paid up share capital and any increases thereof;

(b) subordination of advances of RM20,000,000 from related parties (director/shareholders/related company) throughout the tenure with the financier;

(c) paid-up capital of KTIHR and has been increased to at least RM10,000,000; and

(d) The two combine entities must not declare and/or pay dividend in excess of 50% of its corresponding annual net income after tax or such other threshold without consent.

33. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to Owners of the Group by the weighted average number of ordinary shares issued.

For the purpose of illustration, the number of ordinary shares for the respective financial year represents the weighted average number of ordinary shares issued of the Group.

	2020	2021	2022	2023
Profit after tax attributable to Owners of the Group (RM)	12,594,140	15,620,578	10,482,665	13,822,127
Number of enlarged ordinary shares (unit) *	800,000,000	800,000,000	800,000,000	800,000,000
Basic earnings per share (sen)	1.57	1.95	1.31	1.73

* *Based on the assumption of proposed existing issued and enlarged share capital upon completion of listing and private placement.*

The basis and diluted EPS are equal as the Group has no potential dilutive ordinary shares at the end of each financial year.

34. SIGNIFICANT EVENT

Acquisition of land for future development

On 9 January 2023, the Group entered into a sales and purchase agreement with Millennium Aber Sdn. Bhd. ("Millennium") to purchase land with a total area of approximately 82,451 square metres for the purpose of future development projects with a total purchase consideration of RM73,999,718 and 10% of the purchase consideration amount of RM7,399,972 had been paid to Millennium in FYE 2022 as per disclosed in Note 15(i).

During the financial year, the Group has settled the remaining purchase consideration of RM66,599,746 through bank financing.

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35. SUBSEQUENT EVENT

Dividend

On 31 January 2024, KTID declared an interim single tier dividend of RM15 per ordinary share for the financial year ended 31 December 2023 amounting to RM15,000,000 which was paid on 1 February 2024.

KTI LANDMARK BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the combined financial statements as set out on pages 4 to 70 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, so as to give a true and fair view of the combined financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 of their combined financial performance and combined cash flows for the financial years then ended.

Approved and signed on behalf in accordance with a resolution of the Directors dated 16 April 2024.

LOKE THEEN FATT

STELLA LOKE PEI WEN

MOORE

Moore Stephens Associates PLT
[201304000972 (LLP0000963-LCA)]
Chartered Accountants [AF002096]
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16 April 2024

The Board of Directors
KTI Landmark Berhad
Lot 220 (Ground Floor),
221 (Ground Floor and 1st Floor) and
222 (Ground Floor to 3rd Floor), Taman Nelly 9,
Phase 4 Shoplot, Lorong Nelly Plaza, Jalan Nountun,
Kolombong, 88844 Kota Kinabalu, Sabah

Dear Sir,

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP")

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of the Group as at 31 December 2023 by the Directors. The pro forma combined statements of financial position for the purpose of identification only, have been prepared for inclusion in the prospectus ("the Prospectus") in connection with the listing of and quotation of the entire enlarged issued share capital of KTI Landmark on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Directors have compiled the pro forma combined statements of financial position are described in notes of the pro forma combined statements of financial position and are prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The pro forma combined statements of financial position has been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the notes thereon to the pro forma combined statements of financial position as at 31 December 2023 had the transactions been effected as at 31 December 2023. As part of this process, information about the Group's combined financial position has been extracted by the Directors from the audited financial statements of KTI Landmark, K.T.I. Sdn. Bhd. and K.T.I Development Sdn. Bhd. for the financial year ended 31 December 2023, on which an auditors' report has been issued by us to its members without any modifications.

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

The Directors of the Company are responsible for compiling the pro forma combined statements of financial position on the basis as set out in the notes thereon in accordance with the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

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

MOORE

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 INCLUDED IN A PROSPECTUS (cont'd)

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

Our firm applies the International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, and Other Assurance or Related Services Engagements* adopted by the Malaysian Institute of Accountants 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 combined statements of financial position have been compiled, in all material respects, by the Directors on the basis set out in the notes thereon.

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 our procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma combined statements of financial position on the basis set out in the notes thereon in accordance with the requirements of the Prospectus Guidelines.

For purposes 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 combined 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 combined statements of financial position.

The purpose of pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted statements of financial position of the entities 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 event or transaction as at 31 December 2023, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been compiled, in all material respects, on the basis as set out in the notes thereon involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma combined 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 combined statements of financial position reflects the proper application of those adjustments to the unadjusted statements of financial position.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma combined statements of financial position has been compiled, and other relevant engagement circumstances.

MOORE

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 INCLUDED IN A PROSPECTUS (cont'd)

Reporting Accountants' Responsibilities (cont'd)

The engagement also involves evaluating the overall presentation of the pro forma combined 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 combined statements of financial position have been compiled, in all material respects by the Directors on the basis as set out in the notes thereon and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

This report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

MOORE STEPHENS ASSOCIATES PLT	TAN KEI HUI
201304000972 (LLP0000963-LCA)	03429/04/2025 J
Chartered Accountants (AF002096)	Chartered Accountant

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

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

1.0 PRO FORMA GROUP AND BASIS OF PREPARATION

1.1 INTRODUCTION

The pro forma combined statements of financial position as at 31 December 2023 together with the notes thereon, for which the Directors of KTI Landmark are solely responsible, has been prepared for illustration purposes only, for inclusion in the Prospectus in connection with the listing of and quotation of the entire enlarged issued share capital of KTI Landmark on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

1.2 BASIS OF PREPARATION

The pro forma combined statements of financial position of the Group has been prepared on the basis consistent with the format of financial statements of the Group and the accounting policies adopted by the Group, in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The pro forma combined statements of financial position have been prepared based on audited financial statements of KTI Landmark and its proposed combined entities for the financial year ended 31 December 2023 as follows:

i) KTI Landmark Berhad ("KTI Landmark")
ii) K.T.I. Sdn. Bhd. ("KTISB")
iii) K.T.I Development Sdn. Bhd. ("KTID")

The audit opinion on the financial statements of KTI Landmark and its proposed combined entities for financial year ended 31 December 2023 were not subject to any modifications.

The Group is regarded as a continuing entity resulting from the reorganisation exercise as set out in Note 1.4 because the Directors of all the entities within the Group, which took part in the reorganisation exercise, was under the common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis as if the merger had been effected throughout the current financial year.

When the merger method us used, the difference between the costs of investment recorded by KTI Landmark and the aggregate share capital of KTISB and KTID is accounted for as merger reserve in the proforma combined statements of financial position.

The pro forma combined statements of financial position, because of its nature, may not reflect the Group's actual financial position. Further, such information does not predict the Group's future financial position.

The pro forma combined statements of financial position of the Group comprises the combined statements of financial position as at 31 December 2023, adjusted for the impact of the Material Subsequent Transaction, Initial Public Offering ("IPO") Reorganisation and Listing Scheme as set out in Note 1.3, Note 1.4 and Note 1.5 respectively to the pro forma combined statements of financial position.

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

1.0 PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.3 MATERIAL SUBSEQUENT TRANSACTION OCCURING AFTER 31 DECEMBER 2023

On 31 January 2024, KTID declared a single-tier interim dividend of RM15.00 per ordinary share amounting to RM15,000,000 for the financial year ending 31 December 2023 which was paid on 1 February 2024.

The dividend is illustrated in the pro forma combined statements of financial position to show the effect of such dividend payment had it occurred on 31 December 2023 in accordance with Paragraph 9.20 of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines.

The significant subsequent transaction is known as "After Subsequent Event" for the purpose of pro forma combined statements of financial position.

1.4 IPO REORGANISATION

1.4.1 Acquisitions

As part of the IPO Reorganisation, KTI Landmark had on 19 June 2023 entered into conditional shares sale agreements ("SSA") to acquire the entire equity interest of KTISB (including KTISB's subsidiaries) and KTID (including KTID's subsidiaries) respectively (collectively known as "Acquisitions") as detailed below:

Company	Consideration	
	Number of shares issued	RM
KTISB	308,532,000	51,864,229
KTID	331,467,997	55,719,770
Total	639,999,997	107,583,999

The total purchase consideration for the Acquisitions will be satisfied in full by the allotment and issuance of 639,999,997 ordinary shares in KTI Landmark ("KTI Landmark Shares" or "Shares") at an issue price of RM0.1681 per share.

The IPO Reorganisation has been completed on 2 April 2024.

The effect of Acquisitions has been incorporated into Pro Forma I.

1.5 LISTING SCHEME

In conjunction with, and as an integral part of the Listing, KTI Landmark proposes to undertake the following transactions:

1.5.1 IPO

(a) Public Issue

Public issue of 160,000,000 new KTI Landmark Shares ("Issue Shares") ("Public Issue"), representing 20.0% of the enlarged share capital are offered at an issue price of RM0.30 per Share. The Issue Shares shall be allocated in the following manner:

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.0 PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.5 LISTING SCHEME (cont'd)

1.5.1 IPO (cont'd)

(a) Public Issue (cont'd)

(i) Malaysian public

40,000,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(i) 20,000,000 Issue Shares made available to public investors; and
(ii) 20,000,000 Issue Shares made available to Bumiputera public investors.

(ii) Eligible Director(s) and employee(s) and person(s) who have contributed to the success of the Group

40,000,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for our eligible Director(s), employee(s) and person(s) who have contributed to the success of the Group under the Pink Form Allocations

(iii) Private placement to selected investors

80,000,000 Issue Shares, representing 10.0% of our enlarged share capital are reserved for private placement to selected Bumiputera investors approved by Ministry of Investment, Trade and Industry ("MITI").

(b) Offer for Sale

Our Selling Shareholders will undertake an offer for sale of 45,000,000 Offer Shares, representing 5.6% of our enlarged share capital at our IPO Price. The Offer Shares shall be undertaken by way of private placement in the following manner:

(i) 20,000,000 Offer Shares made available for selected Bumiputera investors approved by MITI; and

(ii) 25,000,000 Offer Shares made available for selected investors.

Our Offer for Sale is subject to the terms and conditions of this Prospectus.

(c) Listing

Upon completion of the IPO, the entire enlarged share capital of approximately RM155,122,752 (after deducting the estimated listing expenses directly attributable to the issuance of new shares of RM461,250) comprising 800,000,000 ordinary shares will be listed and quoted on the ACE Market of Bursa Securities.

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.0 PRO FORMA GROUP AND BASIS OF PREPARATION (cont'd)

1.5 LISTING SCHEME (cont'd)

1.5.2 Utilisation of Proceeds from Public Issue

The gross proceeds from the Public Issue of RM48,000,000 are expected to be used as per Prospectus in the following manner:

	RM	%
Upgrading existing/expansion of the Group's casting yard/IBS faciltiy for its building division*	2,150,000	4.5%
Upgrade software and systems	350,000	0.7%
Working capital for project development	20,700,000	43.1%
Repayment of bank borrowings	21,000,000	43.8%
Estimated listing expenses^	3,800,000	7.9%
	48,000,000	100.0%

Estimated listing expenses to be charged to/set-off against:

	RM
- Share capital	461,250
- Profit or loss	3,338,750
	3,800,000

* *There are no supportable purchase orders, sale and purchase agreements or contractual binding agreements in relation to the upgrading existing/expansion of the Group's casting yard/IBS facility for its building division as well as working capital for project development. In view that the utilisation of proceeds for the purposes above are not factually supported, hence, such utilisation of proceeds will not be illustrated in this pro forma combined statements of financial position and has remained as cash and bank balances.*

^ *The estimated listing expenses totalling RM3,800,000 to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM1,447,975 had been paid and capitalised in prepayment of the Group up to 31 December 2023. A total of RM461,250 is assumed to be directly attributable to the issuance of new shares and as such, will be debited against the share capital of the Company and the remaining expenses of RM3,338,750 are assumed to be attributable to the Listing and as such, will be expensed off to the statement of comprehensive income.*

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

2.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

The pro forma combined statements of financial position of KTI Landmark and its proposed combined entities as at 31 December 2023 has been prepared by the Directors for illustrative purposes only and after making such adjustments as considered necessary on the assumption that the listing of and quotation for the entire enlarged issued share capital on the ACE Market of Bursa Securities had been effected on 31 December 2023.

				Pro Forma I	Pro Forma II	Pro Forma III
	Note	As at 31.12.2023 RM	After Subsequent Event RM	After IPO Reorganisation RM	After Pro Forma I and Public Issue RM	After Pro Forma II and Utilisation of Proceeds RM
ASSETS						
Non-current assets						
Property, plant and equipment	3.1	68,871,498	68,871,498	68,871,498	68,871,498	69,221,498
Inventories		851,071	851,071	851,071	851,071	851,071
Deferred tax assets		454,353	454,353	454,353	454,353	454,353
		70,176,922	70,176,922	70,176,922	70,176,922	70,526,922
Current assets						
Inventories		235,820,536	235,820,536	235,820,536	235,820,536	235,820,536
Trade receivables		9,451,017	9,451,017	9,451,017	9,451,017	9,451,017
Contract assets		18,319,560	18,319,560	18,319,560	18,319,560	18,319,560
Other receivables	3.2	6,207,196	6,207,196	6,207,196	6,207,196	4,759,221
Tax recoverable		1,403,099	1,403,099	1,403,099	1,403,099	1,403,099
Fixed deposits with licensed banks		15,550,848	15,550,848	15,550,848	15,550,848	15,550,848
Cash and bank balances	3.3	19,597,951	4,597,951	4,597,951	52,597,951	28,895,926
		306,350,207	291,350,207	291,350,207	339,350,207	314,200,207
TOTAL ASSETS		376,527,129	361,527,129	361,527,129	409,527,129	384,727,129

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

2.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (cont'd)

	Note	As at 31.12.2023 RM	After Subsequent Event RM	Pro Forma I After IPO Reorganisation RM	Pro Forma II After Pro Forma I and Public Issue RM	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM
EQUITY AND LIABILITIES						
Share capital	3.4	-	-	107,584,002	155,584,002	155,122,752
Invested capital	3.4	2,000,003	2,000,003	-	-	-
Merger reserve	3.5	-	-	(105,583,999)	(105,583,999)	(105,583,999)
Retained earnings	3.6	134,606,784	119,606,784	119,606,784	119,606,784	116,268,034
		136,606,787	121,606,787	121,606,787	169,606,787	165,806,787
Non-current liabilities						
Lease liabilities		5,062,169	5,062,169	5,062,169	5,062,169	5,062,169
Borrowings	3.7	23,654,272	23,654,272	23,654,272	23,654,272	23,654,272
Deferred tax liabilities		932,682	932,682	932,682	932,682	932,682
		29,649,123	29,649,123	29,649,123	29,649,123	29,649,123

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

2.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (cont'd)

	Note	As at 31.12.2023 RM	After Subsequent Event RM	Pro Forma I After IPO Reorganisation RM	Pro Forma II After Pro Forma I and Public Issue RM	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM
Current liabilities						
Trade payables		42,551,293	42,551,293	42,551,293	42,551,293	42,551,293
Contract liabilities		15,068,142	15,068,142	15,068,142	15,068,142	15,068,142
Other payables		7,157,296	7,157,296	7,157,296	7,157,296	7,157,296
Amount due to a related party		41,063	41,063	41,063	41,063	41,063
Lease liabilities		2,053,817	2,053,817	2,053,817	2,053,817	2,053,817
Borrowings	3.7	142,407,979	142,407,979	142,407,979	142,407,979	121,407,979
Tax payables		991,629	991,629	991,629	991,629	991,629
		210,271,219	210,271,219	210,271,219	210,271,219	189,271,219
Total liabilities		239,920,342	239,920,342	239,920,342	239,920,342	218,920,342
TOTAL EQUITY AND LIABILITIES		376,527,129	361,527,129	361,527,129	409,527,129	384,727,129
Number of ordinary shares assumed in issue		2,000,003	2,000,003	640,000,000	800,000,000	800,000,000
Net assets per share (RM)		68.30	60.80	0.19	0.21	0.21
Borrowings and lease liabilities (RM)		173,178,237	173,178,237	173,178,237	173,178,237	152,178,237
Gearing (Times)		1.27	1.42	1.42	1.02	0.92

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

2.0 PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (cont'd)

2.1 After Subsequent Event

After Subsequent Event incorporates the effects of dividend declared and paid by KTID as disclosed in Note 1.3.

2.2 Pro Forma I

Pro Forma I incorporates the effects of IPO Reorganisation as set out in Note 1.4 after taking into account of the material subsequent transaction as set out in Note 1.3.

Upon completion of the IPO Reorganisation, the issued share capital of combined entities will increase from RM2,000,003 comprising 3 KTI Landmark Shares, 1,000,000 ordinary shares of KTISB and 1,000,000 ordinary shares of KTID to RM107,584,002 comprising 640,000,000 KTI Landmark Shares.

2.3 Pro Forma II

Pro Forma II incorporates the effects of Subsequent Event and Pro Forma I and the Public Issue.

Upon completion of the Public Issue, the issued share capital of KTI Landmark will increase from RM107,584,002 comprising 640,000,000 KTI Landmark Shares to RM155,584,002 comprising 800,000,000 KTI Landmark Shares.

2.4 Pro Forma III

Pro Forma III incorporates the effect of Subsequent Event, Pro Forma I, Pro Forma II and the utilisation of proceeds from the Public Issue.

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

3.0 NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

3.1 Property, plant and equipment

	RM
As at 31 December 2023/As per After Subsequent Event, and Pro Forma I to II	68,871,498
Pursuant to Utilisation of Proceeds - Upgrade software and systems	350,000
As per Pro Forma III	69,221,498

3.2 Other receivables

	RM
As at 31 December 2023/As per After Subsequent Event, and Pro Forma I to II	6,207,196
Pursuant to Utilisation of Proceeds - Estimated listing expenses	(1,447,975)
As per Pro Forma III	4,759,221

3.3 Cash and bank balances

	RM
As at 31 December 2023	19,597,951
Distribution of Dividend	(15,000,000)
As per After Subsequent Event and Pro Forma I	4,597,951
Pursuant to Public Issue	48,000,000
As per Pro Forma II	52,597,951
Pursuant to Utilisation of Proceeds	
- Upgrade software and systems	(350,000)
- Repayment of bank borrowings	(21,000,000)
- Estimated listing expenses	(2,352,025)
As per Pro Forma III	28,895,926

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

3.0 NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

3.4 Share capital/Invested capital

	RM
As at 31 December 2023/As per After Subsequent Event	2,000,003
Pursuant to IPO Reorganisation	105,583,999
As per Pro Forma I	107,584,002
Pursuant to Public Issue	48,000,000
As per Pro Forma II	155,584,002
Pursuant to Utilisation of Proceeds - Estimated listing expenses	(461,250)
As per Pro Forma III	155,122,752

3.5 Merger reserve

	RM
As at 31 December 2023/As per After Subsequent Event	-
Pursuant to IPO Reorganisation	(105,583,999)
As per Pro Forma I to III	(105,583,999)

In conjunction with the Listing, the acquisitions as disclosed in Note 1.4.1 were accounted for under the merger method whereby the difference between the acquisition cost and the nominal value of the share capital of the subsidiaries is taken to the merger reserve.

3.6 Retained earnings

	RM
As at 31 December 2023	134,606,784
Distribution of Dividend	(15,000,000)
As per After Subsequent Event and Pro Forma I to II	119,606,784
Pursuant to Utilisation of Proceeds - Estimated listing expenses	(3,338,750)
As per Pro Forma III	116,268,034

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3.0 NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (cont'd)

3.7 Borrowings

	Current Liabilities RM	Non-current Liabilities RM	Total Liabilities RM
As at 31 December 2023/As per After Subsequent Event, Pro Forma I to II	142,407,979	23,654,272	166,062,251
Pursuant to Utilisation of Proceeds	(21,000,000)	-	(21,000,000)
As per Pro Forma III	121,407,979	23,654,272	145,062,251

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY") AND ITS PROPOSED COMBINED ENTITIES ("THE GROUP") (cont'd)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of KTI Landmark in accordance with a resolution dated 16 April 2024

Signed on behalf the Board of Directors,

STELLA LOKE PEI WEN

LOKE THEEN FATT

15. VALUATION CERTIFICATES

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

No.	Property detail	Market value as at 27 February 2023 (RM)	Market value as at 31 December 2023 (RM)
1.	The joint venture rights to a 20.12 acres site proposed for a landed housing scheme, off Jalan Airport, 90000, Sandakan, Sabah and held under individual title CL No. 075428027	12,500,000	12,500,000

No.	Property details	Market value as at 28 February 2023 (RM)	Market value as at 31 December 2023 (RM)
1.	The residual value of proposed Taman Bukit Alamanda at Kampung Nagapas, 89600, Papar, Sabah and held under joint venture rights to individual title CL No. 025346507	8,900,000	4,100,000
2.	The joint venture rights to a proposed township (over 169.8 acres) to be known as "Bandar Seri Lemawang" along Jalan Tuaran – Kota Belud, 89208, Tuaran, Sabah and held under master title CL No. 045115919	64,750,000	68,340,000
3.	The joint venture rights to an on-going mixed commercial / residential development known as The Logg, along Jalan Lintas, Luyang, 88300, District of Kota Kinabalu, Sabah and held under CL No. 015721276	190,000,000	225,000,000
4.	2 detached house plots at Taman Lavender, Off Jalan Lintas, 88300, Kota Kinabalu, Sabah and held under country leases - CL015654743 and CL015654770	12,700,000	(1)6,500,000
5.	5 studio apartments at Taman Nelly Phase 8D, Jalan Nountun, Kolombong, 88450, Kota Kinabalu, Sabah and held under a master title CL No. 015605419	760,000	760,000
6.	A corner 3-storey shopoffice known as Lot No. 68, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450 Kota Kinabalu, Sabah and held under individual title CL No. 015479197	1,600,000	1,600,000
7.	The 1st and 2nd floors of a corner 3-storey shopoffice known as Lot No. 69, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah and held under 2/3 share of CL No. 015479204	1,100,000	1,100,000

15. VALUATION CERTIFICATES *(Cont'd)*

No.	Property details	Market value as at 28 February 2023 (RM)	Market value as at 31 December 2023 (RM)
8.	A corner 4-storey corporate office building known as Lot No. 222, Taman Nelly 9 (Sub-Phase 4), Lorong Nelly Plaza, Jalan Nountun, 88444, Kota Kinabalu, Sabah	7,200,000	7,200,000
9.	A double-storey office/showroom with double volume storage space known as Lot No. 223 (Building No. 32A), Lorong Nelly 9/2, Taman Nelly 9 (Sub-Phase 1), Kampung Nountun, Inanam, 88450, Kota Kinabalu, Sabah and held under master title NT013021308	19,000,000	19,000,000
10.	A double-storey detached shop known as Lot No. 17, Phase 3A, Plaza Lemawang (shop/offices), 89208, Tuaran, Sabah and held under master title CL No.045115919(2)	(2)2,000,000	-

No.	Property detail	Market value as at 6 October 2023 (RM)	Market value as at 31 December 2023 (RM)
1.	A 20.4 acres residential development site proposed for 5 blocks of 39-storeys apartments & 2-storeys superlink houses at Alamesra, off Sulaman Coastal Highway, 88450, Kota Kinabalu, Sabah and held under CL No. 015719874 and 3 others	88,900,000	98,900,000

Notes:

(1) 2 units of the detached house plot under country lease (namely, CL015654752 and CL015654761) have been sold to third parties subsequent to 28 February 2023 and were therefore excluded from the list of material properties of our Group as at 31 December 2023. Please refer to Section 6.5 for detailed information of the sale and purchase agreements for the said disposals.

(2) Subsequent to 28 February 2023, Plaza Lemawang has been fully sold, and is therefore not included in the list of material properties of our Group as at 31 December 2023.

RICS [V0354 & E1101]

SR. WONG CHAW KOK
MRICS, MISM, ACIArb
Registered Valuer

SR. ZAMRI RAMLI
MRISM, MIPEAC
Registered Valuer

SR. MOHD ASRI MOHD ARIS
MRISM, MIPEAC
Registered Valuer

YEW TU LEONG
B. Surveying (Hons) Property Management
Registered Estate Agent

AZMI & CO
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Our Ref: 1.4946.24/WCK

4th April 2024

The Board of Directors
KTI LANDMARK BERHAD
(Formerly known as KTI Property Berhad)
Registration No. 201601008159 (Co. No. 1179087-X),
Lots 221 & 222, Taman Nelly 9,
Phase 4, Shoplots, Lorong Nelly Plaza,
Jalan Nountun, Kolombong, 88844,
Kota Kinabalu, Sabah.

Dear Sir,

UPDATE VALUATION CERTIFICATE FOR ELEVEN (11) REAL ESTATE ASSETS

We refer to your instructions to provide an update valuation certificate for the abovementioned assets ("**Subject Properties**") for the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the Initial Public Offering of shares in conjunction with the listing of KTI Landmark Berhad on the ACE Market of Bursa Securities and inclusion in the prospectus.

The Subject Properties were provided with full valuation reports and valuation certificate on 21st October 2023 and have been reinspected with 31st December 2023 adopted as the material date of valuation for this Update Valuation.

Our valuations have been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards 6th Edition ("**MVS**") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and conducted with the necessary professional responsibility and due diligence.

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

This Update Valuation Certificate should be read with the full Valuation Reports dated 15th May 2023 and 19th October 2023 prepared by us, for submission to Bursa Securities, detailing the basis under which the valuations have been prepared.

RICS

AZMI & CO

Date: 4th April 2024
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MARKET VALUE

Having taken into consideration all relevant and pertinent factors, we are of the opinion that the Market Value of the Subject Properties, on 31st December 2023 are: -

Property	:		Market Value
Taman Bukit Alamanda	:	RM4,100,000.00	(Ringgit Malaysia Four Million and One Hundred Thousand only)
Sandakan	:	RM12,500,000.00	(Ringgit Malaysia Twelve Million Five Hundred Thousand only)
Bandar Seri Lemawang	:	RM68,340,000.00	(Ringgit Malaysia Sixty-Eight Million Three Hundred and Forty Thousand only)
The Logg	:	RM225,000,000.00	(Ringgit Malaysia Two Hundred and Twenty-Five Million only)
Taman Lavender	:	RM6,500,000.00	(Ringgit Malaysia Six Million and Five Hundred Thousand only)
Nelly Studio	:	RM760,000.00	(Ringgit Malaysia Seven Hundred and Sixty Thousand only)
Lot 68	:	RM1,600,000.00	(Ringgit Malaysia One Million and Six Hundred Thousand only)
Lot 69	:	RM1,100,000.00	(Ringgit Malaysia One Million and One Hundred Thousand only)
Lot 222	:	RM7,200,000.00	(Ringgit Malaysia Seven Million and Two Hundred Thousand only)
Lot 223	:	RM19,000,000.00	(Ringgit Malaysia Nineteen Million only)
Alamesra	:	RM98,900,000.00	(Ringgit Malaysia Ninety-Eight Million and Nine Hundred Thousand Only)
Total Market Value	:	RM445,000,000.00	(Ringgit Malaysia Four Hundred And Forty-Five Million Only)

Note: As at 31st December 2023, we note that the double storey detached shop and 2 detached house plots identified as Lot No. 17, Phase 3A, Plaza Lemawang (Ref.: 1.4411(12).23.WCK/fd) and Lot 202 & Lot 203, Taman Lavender (Ref.: 1.4411(6).23.WCK/fd) were disposed with their sale completed on 9th June 2023 and 22nd December 2023 respectively. As such, for the purpose of this Update Valuation, we have excluded the aforesaid double storey detached shop and 2 detached house plots in our valuation.

The above Report and Valuation has been carried out by Sr. Wong Chaw Kok,
For and on behalf of Azmi & Co (Sabah) Sdn. Bhd.

SR. WONG CHAW KOK, MRICS, MRISM, ACIArb, MBVAM, ICVS
Chartered Surveyor & Registered Valuer (V-0354)
Note: This report was peer reviewed by En. Zamri Bin Ramli (Registered Valuer (V-0957) from Azmi & Co Sdn. Bhd.(HQ)

RICS

AZMI & CO

Date: 4th April 2024
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METHODS OF VALUATION

Depending on the individual case, one or more of the following methods have been used to arrive at their market values. These methods are the Investment Method (Income Approach), Contractor's Test (Cost Method), Comparison Method and Residual Method (Income Approach). The methods chosen are described in detail in our formal valuation reports and our certificate of value.

MARKET UPDATE COMMENTARY

In general, the market has remained stable since the date of our full reports. During the interim period, transaction activity picked up slightly despite higher interest rates. The improvement in activity is generally for affordable housing with patchy performances in the higher end market sectors. Overall, however transaction activity for the whole state decreased by less than 2% but transaction value increased by about 4%, reflecting an increase in value of about 6% after taking into account the drop in transaction activity. Tourism and hospitality sector also improved although still below pre pandemic levels. National economic growth is projected at 4.5%.

SIGNIFICANT CHANGES

Significant changes noted are the sales of the double storey detached shop at Plaza Lemawang and 2 detached house plots at Taman Lavender which have been excluded from our report. Besides, a new precinct (Plaza Lemawang 2) has been created by carving out of 4.4 acres and 0.29 acre from Residensi Seri Akasia and Lot 3 in Bandar Seri Lemawang township.

Changes in sales achievements and cost incurred are reflected in the Residual Method and the Comparison Method. Where applicable new comparables have been included. No other changes were noted (physical, legal and market) unless otherwise mentioned in this update.

For the purpose of this update valuation certificate, Joint Venture Agreement is referred to as JVA and Lembaga Pembangunan Perumahan dan Bandar is referred to LPPB.

1.0 INTEREST BEING VALUED : THE RESIDUAL VALUE OF ONGOING TAMAN BUKIT ALAMANDA PROJECT AT KAMPUNG NAGAPAS, 89600, PAPAR, SABAH HELD UNDER JOINT VENTURE RIGHTS TO INDIVIDUAL TITLE CL NO. 025346507.

Subject Property	A land parcel developed as a landed housing scheme, known as Taman Bukit Alamanda about 5 km from Papar Town
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
JVA	There is no change as LPPB's entitlement of RM2,500,000 was fully paid previously.
Development Status	An affordable landed housing scheme with 107 double storey terraced houses approved by Majlis Daerah Papar on 12th October 2021 as reported previously. Construction works is about 95% completed with 100% sales achievement. Completion date is extended from December 2023 to September 2024 due to delay in slope protection works caused by rainy weather and specialist treatment.
Market Condition	As market condition for affordable housing is healthy, this has been reflected in the fully sold status of the project.

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VALUATION METHOD

We have adopted the Residual Method in order to arrive at the market value of the joint venture rights to this property. As this project is at a highly advanced stage and nearing completion, there is no alternative method of valuation

Summary of the computation by this method is tabulated below:

Gross Development Value (GDV)	RM35,671,000
Gross Development Cost (GDC)	RM20,418,787
Developer's Profit	6.5%
Remaining Development Period	0.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

All 107 units of this project have been sold at prices between RM313,000 to RM408,000 with an average rate of RM230 psf to RM260 psf.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM17,990,417	RM19,694,482	-RM1,704,065
2	Other costs	RM1,570,227	RM399,084	RM1,171,143
3	Professional Fees	RM858,143	RM497,966	RM360,177
4	Finance Charges	-	-	-
5	Developer's Profit	6.5%	-	RM2,318,615

Remarks to Cost items

1. The parameters adopted for items 1 and 2 and development period are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our previous valuation. The rates psf and percentages adopted remain the same. Professional fees is based on the percentage of 4.5% of the estimated cost in item 1. Nevertheless, certified amount for item 1 is higher than initial estimate due to extra costs incurred for external works particularly slope drainage and protection works. As the work is now almost complete, no further contingency cost (except for a small allowance of 0.5%) is expected thus reflecting a lower cost in item 2.
2. For item 4, finance charges are now zero as the remaining cost to complete is nil.
3. Total certified amount is RM23,091,532 including RM2,500,000 for JVA payment which is the cost incurred add back
4. Developer's Profit – As the project is nearing completion with 100% sales achievement and construction work at about 95%, market and completion risks are now minimal. Accordingly, we have adopted 6.5% of gross development value as developer's profits, reduced from 8%.

The Market Value derived by the residual method reflects the value of the remaining progress claim of the sold units and the cost to complete the project.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 31st December 2023 is **RM4,100,000.00 (RINGGIT MALAYSIA FOUR MILLION AND ONE HUNDRED THOUSAND ONLY).**

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For this project, we have only relied on the Residual Method as there are no other projects with similar features, scale, sales achievements and work progress. In this case, sales achievement is 100% with about 90% progress claims and development cost incurred at about 97%.

2.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO A 20.12 ACRES SITE PROPOSED FOR A LANDED HOUSING SCHEME, OFF JALAN AIRPORT, 90000, SANDAKAN, SABAH. (SANDAKAN JV PROJECT)

Subject Property	A land parcel proposed for a landed housing scheme in an established locality about 9 km from Sandakan Town Centre
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
JVA	The amount paid to the landowner (LPPB) and outstanding balance remain unchanged as per our previous valuation.
Development Status	The proposed scheme for 310 units of double storey terrace houses was approved by Majlis Perbandaran Sandakan on 30th June 2020 as reported previously. The site remains in its original state as project *c*ommencement date was delayed from January 2024 to July 2024 due to approval delay for Building Plans. Accordingly, completion date is now expected in November 2027.
Market Condition	Market condition has remained generally stable since our last date of valuation. Demand for affordable houses remain healthy.

VALUATION METHODS

Residual Method *(Primary Method)*

As reported previously, the residual method has been adopted with the comparison method used as a check on its reasonableness and overall magnitude in order to arrive at the market value.

Summary of the computation by the residual method for this JV project is tabulated below:

Gross Development Value (GDV)	RM115,910,000
Gross Development Cost (GDC)	RM79,714,165
Developer's Profit	20%
Remaining Development Period	2½ years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 310 under 3 phases. On average, we have adopted at the price of RM365,000 to RM425,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM58,347,243	RM22,000	RM58,325,243

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2	Other costs	RM6,353,131	-	RM6,353,131
3	Professional Fees	RM2,783,106	RM231,065	RM2,552,041
4	Finance Charges	RM3,036,763	-	RM3,036,763
5	Unpaid JV Consideration	RM9,193,922	-	RM9,193,922
6	Developer's Profit	20%	-	RM23,182,000

Remarks to Cost items

1. The parameters adopted for items 1 and 2 and development period are based on our estimates derived from Construction Cost Handbook/Arcadis (2022) as per our previous valuation, with no changes. The rates psf and percentages adopted remain the same. Professional fees, unpaid JV consideration and developer's profit remain unchanged as per our valuation.
2. As the project has been delayed by about six months, we have maintained the development period which theoretically should be of 2½ years resulting in a residual value of RM12,300,000. However, based on the reconciliation values with the new comparables, we have maintained the value at RM12,500,000.

Principal macro factors remained unchanged as per our previous valuation.

Comparison Method *(Check Method)*

We have added 3 new comparables since our previous valuation i.e. Comparables 4 to 6.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 075099464	CL 075354228 & CL 075354237	CL 075394866	CL 075342004	CL 075382786	CL 075168320
Location	Sibuga Bypass, Jalan Lintas Sibuga	BT 7, Sg Ubar, Jalan Batu Putih, off Jalan Airport	Lot 3, Batu 11.5, Jalan Labuk	Batu 6, off Jalan Utara	Batu 8, Jalan Lai Fook Kim	Batu 7, Off Jalan Airport
Accessibility	Fronting Main Road	Inner layer lot, kampung access	Fronting Main Road	No access road	Fronting Main Road	Fronting Main Road
Locality Analysis	Undeveloped locality	Kg locality & next to squatter colony	Not within a residential suburb	Residential locality	Industrial locality	New residential locality with shops nearby
Property Status	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Visibility	Good	Fair	Good	Fair	Good	Good
Land Area (sq. ft.)	253,382	437,014	187,722	150,282	186,753	734,010
Land Shape	Almost Squarish	Irregular	Irregular	Trapezoidal	Almost Rectangular	Irregular
Tenure	999 years	99 years	999 years	999 years	999 years	999 years
Distance to subject property	7½ km	3¼ km	6½ km	3¼ km	1¾ km	1 km
Zoning	General Industry	High Density Residential	Mixed Development	Medium Density Residential	General Industry	Mixed Development
Lease Remaining	904 years	56 years	906 years	864 years	864 years	899 years
Transacted Price	RM3,875,200	RM4,700,000	RM3,448,000	RM2,760,000	RM5,992,000	RM22,000,000
Transacted Price	RM15 psf	RM11 psf	RM18 psf	RM18 psf	RM32 psf	RM30 psf
Transacted Date	14/9/2022	31/12/2021	29/9/2020	28/7/2023	19/4/2023	11/11/2022
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, property status, land area, land shape, tenure, zoning, benefit of development plan and time/market conditions					
Land Value After Adjustment	RM18 psf	RM17 psf	RM21 psf	RM22 psf	RM35 psf	RM25 psf

Adjustment percentages for relevant dissimilarities identified previously remained unchanged. After making adjustments, the values derived are between RM17 psf to RM35 psf. Comparable 6 is considered as the most suitable as it has the least dissimilarities and is only 1 km from the subject property. The rate adopted reflects a value of RM22,328,291. After allowing for unpaid JV amount, the value is derived at RM13,134,369.

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RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM12,300,000.00
Comparison Method	-	RM13,134,369.00
Adopt	-	RM12,500,000.00

The value derived by the Residual Method remain unchanged but the Comparison Method yields a higher value due to value adopted based on Comparable 6. Of the two approaches, the Residual Method is regarded as the more reliable approach in this case in arriving at the Market Value of the subject property. This is because it reflects the approved concept of the project as a landed estate with double storey terrace houses, its development density and locational attributes. The comparables do not adequately capture such features and also adjustments undertaken are subjective and numerous. Accordingly, the Comparison Method is used as a check on the overall magnitude of our valuation.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 31st December 2023 is **RM12,500,000 (RINGGIT MALAYSIA TWELVE MILLION AND FIVE HUNDRED THOUSAND ONLY).**

3.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO A PROPOSED TOWNSHIP (OVER 169.8 ACRES) TO BE KNOWN AS "BANDAR SERI LEMAWANG" ALONG JALAN TUARAN – KOTA BELUD, DISTRICT OF 89208, TUARAN, SABAH.

Subject Property

Extending to about 169.80 acres, the main bulk of the land (Parcel A) is along the south side of Jalan Tuaran – Kota Belud. It is being developed as a mixed township comprising landed housing scheme, apartments, shopping precinct and future development land which is parcelled into 8 lots. Details of the projects are as follows:

Lots No.	Property	Acres
1	Taman Seri Lemawang & Plaza Lemawang	52.33
2	Residensi Seri Akasia	15.68
3a & 3b	Plaza Lemawang 2	4.69
3	Future Development	1.02
4 – 7 & A	Proposed Developments	80.56
	Public Reserved	15.52
	Total	169.80

Plaza Lemawang 2 is carved out of Residensi Seri Akasia and Lot 3 which has been reduced from 20.08 acres to 15.68 acres and 1.31 acres to 1.02 acres respectively. This change occurred after submission of our full report.

Particulars of Title

Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.

Market Condition

Market condition has remained generally stable since our last date of valuation. Demand for affordable houses remain healthy.

JVA

Amount paid to the landowner (LPPB) has increased to RM17,759,017.80 with an outstanding balance of RM29,090,982.20.

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Taman Seri Lemawang

Development Status	This estate in Lot 1 has 811 double storey terraced houses developed in 9 phases (Phase 1A to Phase 1I) over 52.33 acres (2,279,786 sq. ft.). Six (6) phases have now been completed with Occupation Certificate issued, an increased of 3 phases. The remaining 3 phases with 252 units are the subject of our valuation which is Phase 1E, Phase 1H and 1I. Development was approved by Majlis Daerah Tuaran on 18th February 2021 as reported previously. Construction works is about 95% completed with 99% sales achievement. Completion date has been extended from December 2023 to May 2024 due to delay in arranging for cable connection from Sabah Electricity Sdn. Bhd. (SESB).

Residensi Seri Akasia

Development Status	The original 800 apartment units over 20.08 acres has been reduced to 480 units of 5-storey apartments over 15.68 acres (6.35 hectares) which are being built in 3 phases with Blocks A to F instead of 5 phases. Construction work in Blocks A & B are about 95% whilst Blocks C and D are at 90% and 60% respectively. Blocks E and F are about 15%-30% completed. Development was approved by Majlis Daerah Tuaran on 26th January 2021 as reported previously. There are 263 units sold out of 480 units, equivalent to 55% sales. Completion date has been shortened from March 2027 to June 2025 as 2 phases with 320 units have been replaced by Plaza Lemawang 2.

Plaza Lemawang 2

Development Status	This new development was approved by Majlis Daerah Tuaran on 8th December 2023 *(vide Ref: MDTRN:1000-1/1517 Jld.6/26).* Occupying Lots 3a and 3b, it comprises 41 units of 2-storey shoplots over 4.69 acres (1.9 hectares). Construction work is now at about 10%. Due to its recent launch, only 1 unit was sold as at 31st December 2023, equivalent to 2% sales. Subsequent sales have been encouraging. Commencement date is October 2023 and expected to be completed in June 2025.
Unit type details	Accommodation is generally open plan with toilet/w.c. to the rear right or left corner. Building sizes are about 2,100 sq. ft. to 2,600 sq. ft. including the corner units.

VALUATION METHOD

We have adopted the Residual Method for all 3 ongoing projects i.e. Taman Seri Lemawang (TSL), Residensi Seri Akasia (RSA) and Plaza Lemawang 2 at Bandar Seri Lemawang. As sales achievement and construction are at advanced stages, no other methods are applicable for the projects. The undeveloped lots for future development have been valued by the Comparison Method.

Summary of the computation by Residual Method for TSL is tabulated below:

Gross Development Value (GDV)	RM73,850,000
Gross Development Cost (GDC)	RM47,832,171
Developer's Profit	6%
Remaining Development Period	0.5 year
Present Value Discount Rate	4%

This project has 811 double storey terraced houses. 810 have been sold (99% sales) with 1 unit unsold. On average, the range of selling price is RM265,000 to RM390,000.

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Summary of Gross Development Value (GDV)

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects. As our valuation is now reduced to 3 remaining phases, the GDV has been adjusted accordingly.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM40,983,160	RM44,264,581	-RM3,281,421
2	Other costs	RM3,424,566	RM1,879,372	RM1,545,194
3	Professional Fees	RM1,520,475	RM1,416,323	RM104,152
4	Finance Charges	RM413,354	-	RM413,354
5	Unpaid JV Consideration	RM1,490,616	-	RM1,490,616
6	Developer's Profit	6%	-	RM4,431,000

Remarks to Cost items

1. The parameters adopted for items 1 and 2 and development period are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our previous valuation. The rates psf and percentages adopted remain the same. Professional fees is based on the percentage of 3.5% of the estimated cost in item 1. Overall, costs have reduced due to remaining 3 phases.
2. Finance charges is nil against our estimate as sales revenue is sufficient to cover bridging loan.
3. Unpaid JV consideration has decrease from RM2,965,188 to RM1,490,616.
4. Developer's Profit - As the project is nearing completion with sales achievement at about 99% and construction work at about 95%, market and completion risks are now minimal. Accordingly, we have adopted 6% of gross development value as developer's profits, reduced from 8% previously.
5. An estimated development period of half (½) year has been allowed in our valuation reflecting the sales take-up of 99% and that the project is nearing completion.

Summary of the computation by Residual Method for RSA is tabulated below:

Gross Development Value (GDV)	RM97,220,000
Gross Development Cost (GDC)	RM65,283,754
Developer's Profit	15%
Remaining Development Period	2.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

As the total units of this project is now 480 units under 3 phases with 263 units sold and 217 units unsold, GDV has been adjusted accordingly. The range of selling price is RM186,500 to RM234,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM53,393,875	RM40,257,538	RM13,136,337
2	Other costs	RM6,432,316	RM3,199,253	RM3,233,063

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3	Professional Fees	RM1,980,913	RM877,239	RM1,103,674
4	Finance Charges	RM3,476,650	RM363,726	RM3,112,924
5	Unpaid JV Consideration	-	-	-
6	Developer's Profit	15%	-	RM14,583,000

Remarks to Cost items

1. The parameters adopted for items 1 and 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our previous valuation. The rates psf and percentages adopted remain the same. Costs have reduced due to the smaller scale of the project. Professional fees and developer's profit remain unchanged as per our valuation.
2. JV consideration has been fully paid at RM3,307,456.
3. An estimated development period of two and half (2½) years in our valuation has been adopted which in our opinion is considered realistic.

Summary of the computation by Residual Method for Plaza Lemawang 2 is tabulated below:

Gross Development Value (GDV)	RM29,500,000
Gross Development Cost (GDC)	RM17,962,951
Developer's Profit	18%
Remaining Development Period	2 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 41 units with 1 unit sold with selling prices from RM700,000 to RM780,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimated Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M&E	RM13,122,209	RM1,290,669	RM11,831,540
2	Other costs	RM1,541,166	RM121,447	RM1,419,719
3	Professional Fees	RM486,834	RM315,514	RM171,320
4	Finance Charges	RM681,759	RM479,733	RM202,026
5	Unpaid JV Consideration	RM2,130,983	-	RM2,130,983
6	Developer's Profit	18%	-	RM5,310,000

Remarks to Cost items

1. For items 1 and 2, we have based on our valuation computations for construction cost are estimated based on parameters derived from Construction Cost Handbook/Arcadis (2022). Item 2 covers capital contribution, contingencies, title subdivision & survey, admin, legal stamp duty & marketing fees. These figures are generally within industry average.
2. For building cost, based on the Construction Cost Handbook/Arcadis (2022) rate for this type property is in the range of RM100 to RM130 psf. Our analysed rate is RM100psf.
3. Professional fees is based on 3.5% of the estimated cost in item 1.
4. A sum of RM73,988 has been paid to the landowner (LPPB) with an outstanding sum of RM2,130,983.
5. Developer's Profit - As the project is ongoing, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 2% (1 unit), with ongoing sales/bookings of 11 units to date, market risks have been reduced with completion risk a major factor. Accordingly, we have adopted 18% of gross development value as developer's profits.

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6. We have adopted an estimated development period of two (2) years in our valuation. We are of the opinion the estimated development period is considered realistic.

Principal macro factors remained unchanged as per our previous valuation.

Comparison method for Vacant Lots under future development

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 045317306	CL 045132303	NT 043197539	CL 045323402	CL 045316176 & 2 others	CL 045314832
Location	Kg Tamparuli, Jalan Berunggis-Tamparuli	Kg Bakut, Off Jalan Tuaran	Kg Tamparuli, Off Jalan Tamparuli Lama	Kg Minangkob, Jalan Tamparuli-Ranau	Kg Dalit, Jalan Rasa Ria	Kg Batangan, Off Jalan Bulong
Location analysis	At Kg. Ulu Sapat, about 1⅓ km from Tamparuli Town and 4½ km south-east from Tuaran Town.	At Kg. Bakut. Telipok Town with public amenities is about 4 km south.	Next to a terraced housing estate and 1 km away from Tamparuli Town	At Kg. Minangkob. Tamparuli Town with public amenities is about 8 km west.	Next to Shangri-La Resort & Dalit Golf Club. Tuaran Town about 10 km south-east	½ km away from SK Tuaran, off Jalan Bolong, Tuaran town about 1 km south-east
Land Area	35,736 sq. ft.	2,029,964 sq. ft.	117,618 sq. ft.	172, 868 sq. ft.	493,206 sq. ft.	34,412 sq. ft.
Lease Remaining	5/7/2069	28/8/2924	Grant in Prepetuity	31/12/2084	31/12/2077 & 31/12/2076	31/12/2076
Transacted Date	5/10/2021	25/8/2022	24/11/2022	19/1/2023	5/2/2020	6/1/2021
Transacted Price	RM630,000	RM25,000,000	RM2,000,000	RM1,900,000	RM16,272,273	RM1,250,000
Transacted Price	RM17.64 psf	RM12.32 psf	RM17.00 psf	RM11.00 psf	RM33.00 psf	RM36.32 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, neighbourhood/township amenities, land size, terrain, title type, tenure, benefits of DP and land improvements					
Land Value After Adjustment	RM20.28 psf	RM15.39 psf	RM19.04 psf	RM15.95 psf	RM42.57 psf	RM38.14 psf

The comparables and adjustments remain unchanged as per previous report. However, land size of Lot 3 has been reduced from 57,064 sq. ft. to 44,388 sq. ft. due to the new Plaza Lemawang 2 taking up part of its area.

Based on the slightly smaller total land area of 3,553,692 sq. ft. and a rate of RM15.50 psf the total value of the vacant lots is now RM55,080,509.00. After adjusting for the Unpaid JV Consideration, the total JV Rights Value is RM32,690,000.00 equivalent to RM9.20 psf. An end deduction for the kampung house in Lot A is allowed at RM50,000.00. The total land value for Lot 3 to 7 and Lot A is therefore RM32,640,000.00.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 31st December 2023 are as follows:

Taman Seri Lemawang - **RM5,100,000.00 (RINGGIT MALAYSIA FIVE MILLION AND ONE HUNDRED THOUSAND ONLY)**

Residensi Seri Akasia - **RM22,700,000.00 (RINGGIT MALAYSIA TWENTY-TWO MILLION AND SEVEN HUNDRED THOUSAND ONLY).**

Plaza Lemawang 2 - **RM7,900,000.00 (RINGGIT MALAYSIA SEVEN MILIION AND NINE HUNDRED THOUSAND ONLY).**

Vacant Lots for Future Development - **RM32,640,000.00 (RINGGIT MALAYSIA THIRTY-TWO MILLION SIX HUNDRED AND FORTY THOUSAND)**

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4.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO AN ON-GOING MIXED COMMERCIAL/RESIDENTIAL DEVELOPMENT KNOWN AS THE LOGG, ALONG JALAN LINTAS, LUYANG, 88300, DISTRICT OF KOTA KINABALU, SABAH.

Subject Property	A prime mixed commercial/residential development with main road frontage along Jalan Lintas in Lintas commercial area, Luyang locality.
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, the additional endorsements are noted: Caveat by Maybank Islamic Berhad on Lot No. S-20-9 (Corner), Level 20 with consent to surrender *(Vide Memo No. MC2308010437 dated 16th August 2023)* Caveat by Public Bank Berhad on Lot No. S-20-8 (Corner), Level 20 with consent to surrender *(Vide Memo No. MC2309010447 dated 15th September 2023)*
JVA	The amount paid to the landowner (LPPB) has increased to RM33,807,508 with an outstanding balance of RM12,722,492.
Development Status	The subject land is being developed as a mixed commercial/residential project known as The Logg which was approved by Dewan Bandaraya Kota Kinabalu on 9th February 2023 as reported previously. Construction work is now at about 30%. There are 79 units sold out of 542 units for serviced suites and 221 units sold out of 250 units for Parkhill Apartments *(Affordable Homes).* Overall, sales is about 38% excluding the Hotel and retail space which are held as investments. Completion date remain unchanged.
Market Condition	Although market condition has remained generally stable, take up rate of the serviced suites are slower due to effects of the pandemic, and as a result, the serviced suites have changed from larger units to smaller sizes, and this has affected sales momentum and sentiment. Correspondingly, based on average sales of 4½ units, we have allowed for a longer development period of 7 years to allow for a longer sales absorption period.

VALUATION METHODS

Residual Method *(Primary Method)*

As per our previous report, the Residual Method in used to arrive at the market value of the subject property. As a check on the overall magnitude of value, we have taken into account the market value of the land to which is then added the cost incurred and progress claim.

Summary of the computation by the residual method is tabulated below.

Gross Development Value (GDV)	RM1,091,481,910
Gross Development Cost (GDC)	RM747,072,953
Developer's Profit	18%
Remaining Development Period	7 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) remain unchanged as per previous report.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

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Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Estimate Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, and External Works including M&E (include contingencies)	RM595,793,270	RM132,639,391	RM463,153,879
2	Other costs	RM58,281,732	RM2,393,187	RM55,888,545
3	Professional Fees	RM37,892,452	RM19,645,908	RM18,246,544
4	Finance Charges	RM42,383,007	RM1,701,259	RM40,681,748
5	Unpaid JV Consideration	RM12,722,492	-	RM12,722,492
6	Developer's Profit	18%	-	RM196,466,744

Remarks to Cost items

1. The cost parameters adopted are based on our estimates derived from Construction Cost Handbook/Arcadis (2022) and industry averages for items 1 and 2, as per our previous valuation with no changes. The rates psf and percentages adopted remain the same. Professional fees and developer's profit remain unchanged as per our valuation.
2. The finance charges is based on an estimated development period of 7 years in our valuation with an increase in interest rate from 4.5% (based on an average of construction finance rate of 7%, with a reduction of 35% as interest costs reduce with progress payments) to 4.9% (30% reduction instead due to a longer development period). This longer development period has resulted in an increase of finance charges from RM38,923,169 to RM42,383,007. There were 45 units sold within 10 months after the previous date of valuation with average sales of 4½ units. We are of the opinion the estimated development period is considered realistic based on the sales performance to date.
3. The unpaid JV consideration has reduced in line with progressive payment.
4. A sum of RM33,807,508 has been paid to the landowner (LPPB) with an outstanding sum of RM12,722,492.

Comparison Method *(Check Method)*

Title No.	**CL 015679320**	**CL 015270747 & CL 015270756**	**CL 015020694 & 4 others**
Description	Highly visible, walking distance to Sutera Harbour, KK Times Square, Imago Mall & Riverson	Two adjoining lands with walking distance to Shangri-la Tanjung Aru and Kinabalu Golf Club, Tanjung Aru	A large block of land held under 5 adjoining titles in a well-established area
Locality	Land beside Sutera Venure, Jalan Coastal	Lands beside Kinabalu Golf Club, Tanjung Aru	Jalan Lintas, Kolombong
Surroundings	Shopping complexes, retail, squalid housing	Golf club, hotel & resorts, condominium, housing	Golf course, commercial developments, industrial area
Road Frontage	Fronting onto six lane carriageway and near flyover	Fronting onto dual lane carriageway	Fronting onto five lane carriageway
Land area	25,507 sq. ft.	73,087 sq. ft.	368,723 sq. ft.
Development & Building Approval	None	None	None
Zoning	Commercial City Centre	High Density Residential	Mixed Uses
Special Terms/Clause	Commercial Building	Residential Building	Housing & Commercial Development
Height Restriction	Up to 10-storeys	Up to 15-storeys	Up to 30-storeys
Transacted Date	28/08/2018	25/02/2021	11/8/2017, 14/8/2017, 28/8/2017, 12/12/2017
Tenure	99 years	999 years	999 years
Remaining Term	78 years	903 years	901 years
Transacted Price	RM10,713,129	RM35,000,000	RM208,000,000
Transacted Price	RM420 psf	RM479 psf	RM564 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, beach frontage, accessibility, visibility, land size, development & building approval, zoning, title use terms, height restriction and tenure		
Land Value After Adjustment	RM538 psf	RM733 psf	RM744 psf

The comparables and adjustments remain unchanged as per previous report. After adjustments, the values derived are between RM538 psf to RM744 psf. In adopting the rate to derive The Logg's value, we have placed greater emphasis on Comparable 3 which is along the same road, about 3 km from the subject property, and of about the same size magnitude. Taking into consideration all the factors above, we have adopted the rate of RM745 psf to derive its value. After allowing for cost incurred,

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sales received and unpaid JV amount, the value is derived at RM242,000,000. The higher value is due primarily to higher costs incurred (capital sunk-in).

Principal macro factors remain unchanged as per previous report.

RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM225,000,000.00
Comparison Method	-	RM242,000,000.00
Adopt	-	RM225,000,000.00

Values derived from the above approaches are similar. However, the Residual Method is considered the more reliable approach in this case to arrive at the Market Value of the joint-venture rights to the subject property. This is because it reflects the overall concept of the project with its different components, its development density and locational attributes. The Comparison Method does not adequately capture the project features and is therefore used as a check on the overall magnitude of our valuation.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 31st December 2023 is **RM225,000,000.00 (RINGGIT MALAYSIA TWO HUNDRED AND TWENTY-FIVE MILLION ONLY).**

5.0 TWO (2) DETACHED HOUSE PLOTS AT TAMAN LAVENDER, OFF JALAN LINTAS, 88300, KOTA KINABALU, SABAH.

Subject Property: 2 detached house plots in Taman Lavender, off Jalan Lintas, 88300, Kota Kinabalu, Sabah

TITLE DETAILS

Title Nos.: CL 015654743 & CL 015654770

Land Area:

Title No.	Lot No.	Land Area (sq. ft.)
CL 015654743	201	22,390
CL 015654770	204	9,599
	Total	31,989

Particulars of Titles: Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.

PROPERTY DETAILS

Property Description: The subject properties are 2 detached house plots within Taman Lavender held under Country Lease titles. Two of the original four plots have been sold since our previous report.

Planning Use: The status of planning provision as stated in our valuation report dated 15th May 2023 remained unchanged.

Market Condition: We would like to confirm that market condition has remained generally unchanged for detached house plots since our last date of valuation.

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VALUATION METHOD

We have adopted the Comparison Method in order to arrive at the market value of the subject properties. As these are vacant house plots within a residential suburb, there is no other alternative method. We have added a new comparable since our previous valuation i.e. Comparable 7.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Title No.	CL 015485248	CL 015363407	CL 015589232	CL 015343843	CL 015487340	CL 015385654 & CL 015385663	CL 015408492
Location	Jalan Gunung Bintang, Taman Prima Jaya Phase 1	Lot 35, Lorong Pelanduk 3, Taman Kinamount	Lot 458, Lorong Pokok Resam 5, Taman BDC Likas, Phase 12A	Lorong Tasbeh 1, Shangrila Estate	Lot 28, Lorong Pokok Seraya 1, Taman Khidmat	Off Jalan Penempatan, Jalan Shantung	Jalan Kolam, Taman Kinabalu
Locality Analysis	Corner lot along Lorong Gunung Bintang. Near to the subject property	Backing onto open space. In established locality	Front and rear frontages. Detached houses enclave	Hilltop site along Jalan Bunga Tasbeh. Narrow winding access	Backing onto SGCC. Detached housing locality	Hilltop site at relatively undeveloped ridge Narrow winding access.	Within established locality
Topography	Flat	Flat	Flat	Steep slopes	Flat	Hilltop with steep sides	Flat
Land Area	9,065 sq. ft.	8,120 sq. ft.	14,424 sq. ft.	22,879 sq. ft.	9,746 sq. ft.	30,855 sq. ft.	12,271 sq. ft.
Land Shape	Rectangular	Rectangular	Rectangular	Pentagonal	Rectangular	Trapezoidal but roughly squarish	Rectangular
Covenant	Transfer subject to building house. Transfer prohibition to company not individuals	Building Covenant but no time frame	Building Covenant extended to 1st Jan 2024	Covenant free	Building Covenant extended to Jan 2027	Building Covenant which does not prohibit transfer	Building Covenant but no time frame
Tenure	99 years	999 years	999 years	999 years	99 years	99 years	999 years
Lease Remaining	59 years	891 years	901 years	903 years	59 years	45 years	889 years
Transacted Price	RM2,066,152	RM1,665,000	RM2,900,000	RM4,150,000	RM2,000,000	RM7,000,000	RM3,000,000
Rates	RM228 psf	RM205 psf	RM201 psf	RM181 psf	RM205 psf	RM227 psf	RM244 psf
Transacted Date	23/02/2022	07/06/2022	10/08/2022	25/08/2022	26/09/2022	15/12/2022	16/11/2023
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of locality, neighbourhood, views, topography, land area, land shape, expiring covenants and tenure						
Land Value After Adjustments	RM223 psf	RM176 psf	RM211 psf	RM185 psf	RM201 psf	RM252 psf	RM210 psf

Adjustment percentages remained unchanged for relevant dissimilarities identified previously. After making adjustments, the values derived are between RM176 psf to RM253 psf. We note that the 2 detached plots (Lots 202 and 203) disposed fetched a price of RM221 psf and RM198 psf respectively, as per our valuation. Based on comparison method, we have adopted the rate of RM198 psf for larger plot size (Lot 1) and RM220 psf for smaller plot size (Lot 4) based on our analysis.

Macro factors remain unchanged as per previous report.

VALUATION

Having considered all factors known to us, our opinion of the subject properties' market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM6,500,000 (RINGGIT MALAYSIA SIX MILLION AND FIVE HUNDRED THOUSAND ONLY).**

6.0 FIVE (5) STUDIO APARTMENTS AT TAMAN NELLY PHASE 8D, JALAN NOUNTUN, KOLOMBONG, 88450, KOTA KINABALU, SABAH.

Subject Properties	Unit Nos. D-2-26, D-2-08, D-2-28, D-3-05 & D-3-12 Taman Nelly Phase 8D, Jalan Nountun, Kolombong, 88450, Kota Kinabalu.
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.

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Property Description	There are no physical changes to these properties since our formal report. The studio units are tenanted at staff concessionary rates with average monthly rental between RM350 to RM700. Tenancy period of these units starts from 1st June 2023 to 1st December 2023.
Market Condition	We would like to confirm that market condition for this sector has remained unchanged since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Investment Method in order to arrive at the market value of the subject property. We have added 2 new comparables since our previous valuation i.e. Comparables 4 and 5.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Address	Unit No. D-2-17, Taman Nelly Phase 8D	Unit No. D-5-27, Taman Nelly Phase 8D	Unit No. D-7-18, Taman Nelly Phase 8D	Unit No. D-2-1, Taman Nelly Phase 8D	Unit No. D-7-4, Taman Nelly Phase 8D
Floor Area	242 sq. ft. (22.5 sq. m.)	257 sq. ft. (23.9 sq. m.)	257 sq. ft. (23.9 sq. m.)	242 sq. ft. (22.5 sq. m.)	242 sq. ft. (22.5 sq. m.)
Date of Transaction	01/12/2021	28/02/2022	16/06/2022	25/08/2023	25/07/2023
Transacted Price	RM150,000	RM148,000	RM200,000	RM155,000	RM150,000
Rate	RM620/psf	RM576/psf	RM778/psf	RM640/psf	RM620/psf

Based on comparison method, we have adopted the rate of between RM620-623 psf based on JPPH data.

Investment Method

No.	Description	Parameters
1	Gross Monthly Rental Term	RM1.45 psf to RM2.72 psf
2	Gross Monthly Rental Reversionary	RM2.90 psf to RM3.00 psf
3	Service Charge - Term	RM0.26 psf to RM0.27 psf
4	Service Charge - Reversionary	RM0.35 psf
5	Voids	10%
7	Capitalisation Rate – Term	4.50%
8	Capitalisation Rate – Reversion	4.25%

Remarks to the above items

1) The parameters adopted for items 1 to 8 remain unchanged as per our previous valuation.

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM760,000.00
Investment Method	-	RM745,000.00
Adopt	-	RM760,000.00

As the comparable method is market driven and as there are sufficient transactions of units similar to the subject properties, the Comparison Method is considered as more robust and preferred in this case. The Investment Method in this case is less reliable as reversionary rental data obtained are asking rental prices and not actual tenancies. Passing rents for existing tenancies are concessionary to staff. Accordingly, we have adopted RM760,000 as the total market value for the subject properties.

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VALUATION

Having considered all factors known to us, our opinion of the market values of the subject properties, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM760,000.00 (RINGGIT MALAYSIA SEVEN HUNDRED AND SIXTY THOUSAND ONLY).**

7.0 A CORNER 3-STOREY SHOPOFFICE KNOWN AS LOT NO. 68, LORONG BUAH PALA 3, WISMA LTF, TAMAN NELLY, 88450, KOTA KINABALU, SABAH AND HELD UNDER INDIVIDUAL TITLE NO. CL 015479197

Subject Property	Lot No. 68, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
Property Description	There are no physical changes to this property since our formal report.
Market Condition	Market condition for shopoffices has remained unchanged since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Investment Methods in order to arrive at the market value of the subject property. A new comparable has been included since our previous valuation i.e. Comparable 5.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Title No.	CL 015454574	TL 017564420	CL 015157463	CL 015348544	CL 015450110
Location	Lot No. 16, Block A, Kolombong Industrial Development	Lot 1, Block E, KK Taipan, Jalan Tuaran	Lot 35, Inanam Commercial Centre, Jalan Tuaran	Lot No. 1, Jalan Gunung Bintang, Taman Dai Ming	Lot 16, Block B, Visa Light Industrial
Property	3-storey intermediate light industrial shop	3-storey corner shopoffice	3-storey intermediate shopoffice	2-storey corner shopoffice	3-storey intermediate light industrial shop
Locality Analysis	In sought after industrial locality	New commercial precinct next to Inanam Township	In commercial precinct next to Taman Kopeks	Neighbourhood shop within established residential locality	In sought after industrial locality
Accessibility	Good	Good	Fair	Fair	Good
Visibility	Good	Fair	Fair	Fair	Good
Built-Up Area	3,597 sq. ft.	4,404 sq. ft.	4,947 sq. ft.	2,862 sq. ft.	4,968
Building Condition	Fair	Good	Fair	Below average	Fair
Title Status	Individual Title	Master Title	Master Title	Individual Title	Individual Title
Tenure	999 years	99 years	999 years	99 years	60 years
Lease Remaining	903 years	83 years	906 years	48 years	20 years
Distance to subject property	1 km	2.4 km	2.7 km	7 km	2 km
Transacted Price	RM1,350,000	RM1,850,000	RM1,500,000	RM1,200,000	RM1,665,500
Transacted Price	RM375 psf	RM420 psf	RM303 psf	RM419 psf	RM335 psf
Transacted Date	17/06/2020	18/05/2021	01/12/2022	5/01/2023	14/02/2023
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure				
Land Value After Adjustment	RM416 psf	RM420 psf	RM361 psf	RM427 psf	RM436

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Adjustment percentages remain unchanged for the relevant dissimilarities identified previously. After adjustments, the values derived are between RM361 psf to RM436 psf.

In adopting the rate to derive Lot 68's market value, both Comparables 1 and 2 are considered suitable. Comparable 1 is in the immediate locality of the subject property but is an intermediate unit. Comparable 2 is a corner unit as is the subject property but has a much larger built-up area. We note that the new comparable, an intermediate unit, is higher than these comparables. Having regard to all relevant factors, our adopted rate of RM420 psf in our opinion is a fair representation of the market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference.

No.	Description	Parameters
1	Annual Gross Income	Ground Floor - RM2.80 psf First Floor - RM2.00 psf Second Floor - RM1.50 psf
2	Outgoings	RM1.13 psf (4.5%)
3	Void	8%
4	Capitalisation Rate	4.25%

The parameters adopted for items 1 to 4 remain unchanged as per our previous valuation.

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM1,550,000.00
Investment Method	-	RM1,700,000.00
Adopt	-	RM1,600,000.00

From the above, the Comparison Method appears to be more reliable in arriving at the Market Value of the subject property. This is due to the fact that there are numerous transactions of units reasonably similar to the subject property. The Investment Method in this case is less robust as rental data obtained are generally based on asking rental prices with limited actual tenancies as supporting evidence. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. Having regard to both approaches and based on our knowledge and understanding of the market, we have adopted the Market Value as expressed above for the subject property.

VALUATION

Having considered all factors known to us, our opinion of the subject property's market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM1,600,000.00 (RINGGIT MALAYSIA ONE MILLION AND SIX HUNDRED THOUSAND ONLY).**

8.0 THE FIRST AND SECOND FLOORS OF A CORNER 3-STOREY SHOPOFFICE KNOWN AS LOT NO. 69, LORONG BUAH PALA 3, WISMA LTF, TAMAN NELLY, 88450, KOTA KINABALU, SABAH.

Subject Property	First and Second Floors, Lot No. 69, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
Property Description	There are no physical changes to these properties since our formal

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	report. However, the first floor is now tenanted with monthly rental of RM1,600 from 1st November 2023. This rate is lower than market on 'as is' basis with the tenant undertaking all repairs. The second floor remains unoccupied.
Market Condition	Market condition for shopoffices has remained unchanged since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Investment Methods in order to arrive at the market value of the subject property.

Comparison Method

First Floor (A new comparable has been included since our previous valuation i.e. Comparable 5.)

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Title No.	ST 010553376	TL 017703801	CL 015586142	CL 015652865	ST 010532046
Location	1st Floor, Unit B-1-22, Kuala Inanam, Plaza Kingfisher	1st Floor, Unit No. A-1-13, Jalan Tuaran, KK Taipan	1st Floor, Unit No. E-1-34, Jalan Lintas, Iramanis Centre	1st Floor, Unit No.15, Jalan Tuaran, Inanam Square	1st Floor, Unit No. C-1-4, Inanam New Township
Property Type	3-storey intermediate shopoffice	3-storey corner shopoffice	3-storey intermediate shopoffice	3-storey intermediate shopoffice	3-storey intermediate shopoffice
Locality Analysis	Established residential area	Next to Inanam Township	Along main road	Close to Inanam Township	At Inanam Township
Accessibility	Good	Good	Excellent	Fair	Fair
Visibility	Good	Fair	Fair	Fair	Fair
Title Status	Subsidiary Title	Master Title	Master Title	Master Title	Subsidiary Title
Tenure	99 years	99 years	99 years	99 years	99 years
Lease Remaining	64 years	82 years	69 years	54 years	53 years
Built-Up Area	1,160 sq. ft.	1,495 sq. ft.	1,440 sq. ft.	1,200 sq. ft.	1,121 sq. ft.
Building Condition	Fair	Good	Fair	Fair	Fair
Distance to subject property	4.2 km	2.4 km	1.8 km	2.0 km	2.0 km
Transacted Price	RM480,000	RM650,000	RM610,000	RM500,000	RM390,000
Transacted Price	RM414 psf	RM435 psf	RM424 psf	RM417 psf	RM348 psf
Transacted Date	9/9/2021	4/1/2022	28/01/2022	16/03/2022	21/06/2023
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure				
Value after adjustment	RM484 psf	RM374 psf	RM483 psf	RM458 psf	RM365 psf

Adjustment percentages remain unchanged for the relevant dissimilarities identified previously. After adjustments, the values derived are between RM365 psf to RM484 psf.

In adopting the rate to derive the Lot 69, first floor shopoffice's value, we have placed greater emphasis on Comparable 4 as it is the near to the subject property and with other similar attributes. Average rate is about RM433 psf. Taking into consideration all the relevant factors, we have adopted the rate of RM450 psf in our valuation as a fair representation of the market value.

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Second Floor (A new comparable has been included since our previous valuation i.e. Comparable 4.)

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title No.	CL 015663055	CL 015652865	CL015586142	TL 017703801
Location	3rd Floor, Unit No. 3, Bunga Raja Shopping Complex	2nd Floor, Unit No. 15, Inanam Square	2nd Floor, Unit No. C-2-20, Iramanis Centre	2nd Floor, Unit No. A-2-3, KK Taipan
Property Type	4-storey intermediate shopoffice	3-storey intermediate shopoffice	3-storey corner shopoffice	3-storey intermediate shopoffice
Locality Analysis	Commercial precinct along main road	Located closed to Inanam Township	Commercial Precinct along main road	Located closed to Inanam Township
Accessibility	Excellent	Fair	Excellent	Good
Visibility	Good	Fair	Fair	Fair
Title Status	Master Title	Master Title	Master Title	Master Title
Tenure	999 years	99 years	99 years	99 years
Lease Remaining	902 years	54 years	69 years	81 years
Built-Up Area	1,800 sq. ft.	1,200 sq. ft.	1,500 sq. ft.	1,187 sq. ft.
Building Condition	Fair	Fair	Fair	Good
Distance to subject property	1.0 km	2.0 km	1.8 km	2.4 km
Transacted Price	RM470,000	RM300,000	RM550,000	RM400,000
Transacted Price	RM261 psf	RM250 psf	RM367 psf	RM337 psf
Transacted Date	01/03/2022	23/02/2022	09/05/2022	21/09/2023
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure			
Value after adjustment	RM298 psf	RM268 psf	RM363 psf	RM317 psf

Adjustment percentages remain unchanged for the relevant dissimilarities identified previously. After adjustments, the values derived are between RM268 psf to RM363 psf.

In adopting the rate to derive Lot 69's second floor shopoffice value, we have placed greater emphasis on Comparable 2 as it is the near the subject property and with other similar attributes. Average rate is about RM311 psf. Taking into consideration all relevant factors, we have adopted the rate of RM270 psf in our valuation as a fair representation of the market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference.

No.	Description		Parameters	
1	Monthly Rental Term		RM1.20 psf	
2	Annual Gross Income		First Floor - RM1.95 psf Second Floor - RM1.45 psf	
3	Outgoings	deductions	RM0.78 psf to RM1.05 psf	*(1st & 2nd Floor)*
4	Void		8%	
5	Capitalisation Rate - Term		4.0%	
6	Capitalisation Rate - Reversion		4.25%	

Remarks to the above items

1) For item 1, the term rental has been adopted. This rate reflects its present condition with tenant responsible for repair.
2) For item 2, reversionary rent is estimated based on current rates in the vicinity. Generally, prevailing rates for first floor range from RM1.80 to RM2.30 whilst second floor are about RM1.20 to RM1.70.
3) Deduction is allowed for outgoings and voids. Outgoings reflect general maintenance, insurance and assessment rate. General redecoration at RM10,000 for 2nd floor is allowed in order to improve its overall appearance prior to letting.

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RECONCILITION OF VALUES DERIVED

Investment Method	-	RM1,100,000
Comparison Method	-	RM1,140,000
Adopt	-	RM1,100,000

The values derived by both methods are similar. However, the Comparison Method is considered as more reliable in arriving at the Market Value of the subject property. This is due to the fact that there are numerous transactions of units reasonably similar to the subject property. The Investment Method in this case is less robust as rental data obtained are generally based on asking rental prices with limited actual tenancies as supporting evidence. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. Nevertheless, values adopted is tempered by our experience & knowledge in the market.

VALUATION

Having considered all relevant factors known to us, our opinion of the subject properties' market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM1,100,000.00 (RINGGIT MALAYSIA ONE MILLION AND ONE HUNDRED THOUSAND ONLY).**

9.0 A CORNER 4-STOREY CORPORATE OFFICE BUILDING KNOWN AS LOT NO. 222, TAMAN NELLY 9 *(SUB-PHASE 4),* LORONG NELLY PLAZA, JALAN NOUNTUN, 88444, KOTA KINABALU, SABAH.

Subject Property	Lot No. 222, Taman Nelly 9 *(Sub-Phase 4),* Lorong Nelly Plaza, Jalan Nountun, 88444, Kota Kinabalu, Sabah.
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
Property Description	There are no physical changes to this property since our formal report.
Market Condition	Market condition for this sector has remained unchanged since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Investment Method in order to arrive at the market value of the subject property. A new comparable has been included since our previous valuation i.e. Comparable 4.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title No.	TL 017540500	TL 017504568	TL 015679339	TL 017540500
Property Type	8-storey corner office	4-storey intermediate shop office without lifts	10-storey office	6-storey corner office
Address	Lot 66, Block K, KK Times Square	No. 2, Jalan Pantai	Lot No. 15, Block A, Sutera Avenue, Coastal Highway	Lot 30, Block E, KK Times Square
Locality Analysis	Located at periphery of City Centre	Located in City Centre	Located at periphery of City Centre	Located at periphery of City Centre
Distance to Subject Property	7 km	9 km	7 km	7 km
Accessibility	Good	Good	Good	Good
Visibility	Good	Good	Excellent	Good

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(advertising)				
Title Status	Master/strata title	Individual Title	Master/strata title	Master/strata title
Title Use	Shop/office	Shophouse	Shop/office	Shop/office
Tenure	99 years	99 years	99 years	99 years
Lease Remaining	58 years	32 years	72 years	57 years
Built-Up Area	14,613 sq. ft.	6,000 sq. ft.	16,184 sq. ft.	11,346 sq. ft.
Land Area	2,000 sq. ft.	1,500 sq. ft.	1,400 sq. ft.	1,976 sq. ft.
Building Condition	Good	Good	Excellent	Good
Transacted Price	RM11,000,000	RM6,000,000	RM16,000,000	RM9,500,000
Transacted Price (based on built-up)	RM753 psf	RM1,000 psf	RM989 psf	RM837 psf
Date of Transaction	01/11/2018	03/10/2022	03/11/2022	12/05/2023
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure			
Value After Adjustment	RM640 psf	RM980 psf	RM939 psf	RM745 psf

Adjustment percentages remain unchanged for the relevant dissimilarities identified previously. After adjustments, the values derived are between RM640 psf to RM980 psf.

In adopting the rate to derive the value for Lot 222 (corner 4-storey corporate office building), we have placed greater emphasis on Comparable 1 as it has the most similar land and built-up area with the subject property. Taking into consideration all relevant factors, we have adopted the rate of RM640 psf in our valuation as a fair representation of its market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference as follows.

No.	Description		Parameters	
1	Annual Gross Income		Ground Floor - RM3.80 psf First Floor - RM2.50 psf Second Floor - RM2.50 psf Third Floor - RM2.50 psf	
2	Outgoings	Deduction	RM1.50 psf	*(Gf to 3rd Floor)*
3	Voids	Deduction	8.5%	
4	Capitalisation Rate		4.5%	

The parameters adopted for items 1 to 4 remain unchanged as per our previous valuation.

RECONCILIATION OF VALUES DERIVED

Investment Method	-	RM7,100,000.00
Comparison Method	-	RM7,200,000.00
Adopt	-	RM7,200,000.00

In valuing the subject property, we are aware that both approaches have their weaknesses and strengths. As both approaches provide almost similar values, their differences are not very material in our choice between them.

From the above approaches, we have concluded that the Comparison Method is the more reliable approach in arriving at the Market Value of the subject property. The Investment Method in this case is less robust as the rental data obtained are mainly from KK Times Square and limited data was obtained from other localities. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. As such the values derived by this method may be regarded as less reliable.

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VALUATION

Having considered all relevant factors known to us, our opinion of the subject property's market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM7,200,000.00 (RINGGIT MALAYSIA SEVEN MILLION AND TWO HUNDRED THOUSAND ONLY).**

10.0 A DOUBLE STOREY OFFICE/SHOWROOM WITH DOUBLE VOLUME WAREHOUSE KNOWN AS LOT NO. 223 (BUILDING NO. 32A), LORONG NELLY 9/2, TAMAN NELLY 9 *(SUB-PHASE 1)*, KAMPUNG NOUNTUN, INANAM, 88450, KOTA KINABALU, SABAH.

Subject Property	Lot No. 223 (Building No. 32A), Lorong Nelly 9/2, Taman Nelly 9 *(Sub-Phase 1)*, Kampung Nountun, Inanam, 88450, Kota Kinabalu, Sabah
Particulars of Title	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged.
Property Description	There are no physical changes to this property since our formal report.
Market Condition	Market condition for this sector has remained generally unchanged albeit with slight upstick in prices in certain cases since our last date of valuation.

VALUATION METHODS

We have adopted the Comparison and Contractor's Test (Cost Method) in order to arrive at our opinion of the subject property's market value.

Comparables Adjustment

In this approach adjustments are applied directly to the adjusted building size (MFA) after allowing for differences in building components and depreciation. Adjusted building size reflects adjustments for the office component with a building factor of 1.25 applied to account for the difference in building rates for warehouse and office. The final adjusted rate is an all-in rate reflecting both building and land components. This is shown in the attached table. We have added 2 new comparables since our previous valuation i.e. Comparables 7 and 8.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8
Title No.	CL 015309690	CL 015445404	CL 015569481	CL 015454270	CL 015677960	CL 015379727	CL 015386302	CL 015484027
Description	3-storey detached office with warehouse	3-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse
Address	Lot CL 015309690, Lorong Tongkuzu, Likas Baru Industrial Estate	Lot 2A, Jalan Kacang Tanah 1, Sedco Industrial Estate	Lot 2, SEDCO Industrial Estate, Jalan Kilang, Off Jalan Lintas	Lot No. 1, Jalan Bolukun, Jalan Tuaran BT 5.5	Lot CL 015677960, Lorong Perindustrian Suria	Lot No. 27, Jalan Kilang, Off Jalan Lintas, Sedco Industrial Estate	Lot 12, Jalan Landing Likas Baharu, off Jalan Tuaran BT 5.5	Lot 13, Jalan Bakau, off Jalan Tuaran BT 5.5
Land Area	27,007 sq. ft.	80,945 sq. ft.	27,879 sq. ft.	16,819 sq. ft.	87,040 sq. ft.	66,598 sq. ft.	23,500 sq. ft.	17,205 sq. ft.
Distance to Subject Property	3 km	2 km	4 km	2km	1km	2km	2km	2km
Accessibility	Off main road, no through access	Off main road, no through access	Fronting Jalan Kilang	Off main road, access via service road	Off main road, narrow width, no through access	Off main road, via service road	Off main road, via service road	Off main road, via service road
Title Status	Individual	Individual	Individual	Individual	Individual	Individual	Individual	Individual
Tenure	60 years	99 years	99 years	999 years	99 years	99 years	60 years	60 years
Lease Remaining	52 years	53 years	52 years	901 years	83 years	48 years	57 years	49 years

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Price Transacted	RM5,425,000	RM20,000,000	RM7,500,000	RM7,800,000	RM20,250,000	RM18,000,000	RM7,500,000	RM6,000,000
Date of Transaction	18/06/2020	02/01/2021	02/07/2021	05/04/2022	03/01/2023	09/06/2022	15/05/2023	07/08/2023
Rate psf on Land Area	RM201 psf	RM247 psf	RM269 psf	RM463 psf	RM232 psf	RM270 psf	RM319 psf	RM349 psf
Building Condition	Poor	Fair	Fair	Fair	Fair	Good	Fair	Fair
Adjusted Building MFA	16,334 sq. ft.	27,196 sq. ft.	15,962 sq. ft.	5,482 sq. ft.	36,464 sq. ft.	35,930 sq. ft.	14,406 sq. ft.	13,950 sq. ft.
Building Depreciation	90%	25%	25%	25%	25%	15%	25%	25%
Base Value Derive from Land Area	RM201 psf	RM247 psf	RM269 psf	RM464 psf	RM233 psf	RM270 psf	RM319 psf	RM349 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of locality, access, land size and tenure							
Rate on Land Area after Adjustment	RM208 psf	RM316 psf	RM281 psf	RM383 psf	RM275 psf	RM297 psf	RM300 psf	RM328 psf

With the added comparables, the average has increased slightly to RM298 psf. Using this approach the value arrived at after applying the adopted all-in rate of RM300 psf is RM19,750,000.00.

Contractor's Test (Cost Method)

No.	Description	Parameters
1.	Total Building Costs	Main Building – RM160 psf to RM200 psf Ancillary Facilities – RM50 psf to RM80 psf
2.	Other costs	RM14.60 psf
3.	Depreciation Cost	25%
4.	Land Cost	RM200 psf
5.	Acquisition Cost	4.5%
6.	Financial Charges	3.75%

Land Comparables Adjustment for Contractor's Test

Details	Subject Property	Comparable 1	Comparable 2
Title No.	CL 015646867	CL 015726511	CL 015092430
Description	A large detached warehouse with double storey offices/showroom	Vacant land	Vacant land next to water reservoir
Address	Lot No. 223, Lorong Nelly 9/2, Phase 9, Taman Nelly, Kampung Nountun, Inanam, Kota Kinabalu	Mile 5½, Jalan Tuaran	Off Lorong Juta, Km 7, Jalan Tuaran
Land Area	65,787 sq. ft.	16,885 sq. ft.	81,893 sq. ft.
Distance to Subject Property	-	1 km	2½ km
Accessibility	Single carriageway with dual lanes	Single carriageway with dual lanes	Off main road, no through access
Zoning	Approved for use as a showroom with warehouse space	Industrial	Commercial
Terrain	Flat	Flat	Hilly & steep
Tenure	99 years	60 years	999 years
Lease Remaining	84 years	57 years	958 years
Price Transacted		RM3,050,000	RM17,500,000
Date of Transaction	-	18/06/2020	16/02/2022
Rate on Land Area		RM181 psf	RM214 psf
	General adjustments are made for time/market conditions and various factors inclusive of locality, accessibility, land area, terrain (earthwork & retaining wall) and tenure		
	Rate on Land Area after Adjustment	RM183 psf	RM259 psf

Our rationale for adopting the rates above remain unchanged as reported previously. The land price has remained the same as previously reported with no changes in the comparables.

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RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM19,750,000.00
Contractor's Test	-	RM19,300,000.00
Adopt	-	RM19,000,000.00

The values derived from both approaches are similar as reported previously. We have placed greater weightage on the value derived from the Contractor's Test as we consider this more accurately reflects the condition of the building, title conditions, present market and its built-up size. Furthermore, land scarcity and construction cost have significantly contributed to higher development cost.

The Comparison Method in this case is less robust as all of the comparables have extensions and modifications that are not in compliance with planning requirements. Accordingly, estimated and adjusted built-up areas are likely to have a high margin of error. Furthermore, depreciation rates adopted are based on external observations and may not adequately reflect actual building conditions. Adjustment rates adopted are discretionary based on experience and market understanding. These weaknesses therefore mean the Comparison Method is more suitable as a secondary approach or a counter check measure. Accordingly, the market value adopted for the subject property is RM19,000,000, which is tempered by our knowledge and experience of the market.

VALUATION

Having considered all relevant factors known to us, our opinion of the subject property's market value, free of all encumbrances and with vacant possession, on 31st December 2023 is **RM19,000,000.00 (RINGGIT MALAYSIA NINETEEN MILLION ONLY).**

11.0 A 20.4 ACRES RESIDENTIAL DEVELOPMENT SITE PROPOSED FOR 5 BLOCKS OF 39-STOREYS APARTMENTS & 2-STOREYS SUPERLINK HOUSES AT ALAMESRA, OFF SULAMAN COASTAL HIGHWAY, 88450, KOTA KINABALU, SABAH.

Subject Property	A 20.37 acres approved mixed-use development land at Alamesra, Kota Kinabalu.
Particulars of Titles	Based on title details extracted from the Central Land Registry on 16th April 2024, all details and endorsement of subject property are unchanged except for CL015719874 which has the additional endorsement as follows: Charged to Hong Leong Islamic Bank Berhad. *(Vide Memo No. MC2311010406 dated 15th November 2023)*
Development Status	Development on the site to be known as "Ayuria Place, Alamesra" has commenced. The interest being valued is the land (to be amalgamated and subdivided) with the benefit of a development plan approved by Dewan Bandaraya Kota Kinabalu on 13th September 2023 as reported previously. Construction work has progressed further since our previous report (15%). As at the date of valuation, the project has not been launched. Commencement and completion dates remain unchanged.
Market Condition	We would like to confirm that market condition has remained unchanged since our last date of valuation.

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VALUATION METHODS

Residual Method *(Primary Method)*

We have adopted the Residual Method in order to arrive at the market value of the subject property. As a check on the overall magnitude of value, we have taken into account the market value of the land derived by the comparison method to which is then added the cost incurred.

Summary of the computation by the residual method is tabulated below.

Araya Gardens (Phase 1B)

Gross Development Value (GDV)	RM51,514,288
Gross Development Cost (GDC)	RM23,558,688
Developer's Profit	18.0%
Remaining Development Period	2 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) - *Araya Gardens (Phase 1B)* remain unchanged as per previous report.

Gross Development Value is derived by reference to selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC) - *Araya Gardens (Phase 1B)*

No.	Items	Total Value of Estimate Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Building Works and External Works/ Infrastructure including M&E	RM18,921,089	RM926,509	RM17,994,580
2	Other costs	RM2,921,049	RM59,217	RM2,861,832
3	Professional Fees	RM701,972	RM96,842	RM605,130
4	Finance Charges	RM1,014,578	RM25,126	RM989,452
5	Developer's Profit	18%	-	RM9,272,572

Remarks to Cost items

1. The parameters adopted for items 1 and 2 based on our estimates derived from Construction Cost Handbook/Arcadis (2022) and industry averages, as per our previous valuation with no changes. The rate psf and percentages adopted remain the same. Professional fees, finance charges and developer's profit remain unchanged as per our valuation.

Kayana Heights (Phase 2) and The Village (Phase 1A)

Gross Development Value (GDV)	RM810,949,675
Gross Development Cost (GDC)	RM591,743,289
Developer's Profit	18.0%
Remaining Development Period	3.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) - *Kayana Heights (Phase 2) and The Village (Phase 1A)* remain unchanged as per previous report.

Gross Development Value is derived by reference to selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

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Summary of Gross Development Cost (GDC) - *Kayana Heights (Phase 2) & The Village (Phase 1A)*

No.	Items	Total Value of Estimate Costs	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Building Works and External Works/ Infrastructure including M& E	RM475,297,133	RM6,062,268	RM469,234,865
2	Other costs	RM61,394,215	RM2,691,161	RM58,703,054
3	Professional Fees	RM17,633,524	RM1,366,028	RM16,267,496
4	Finance Charges	RM37,418,417	RM346,926	RM37,071,491
5	Developer's Profit	18%	-	RM145,970,942

Remarks to Cost items

1. The parameters adopted for items 1 and 2 based on our estimates derived from Construction Cost Handbook/Arcadis (2022) and industry average, as per our previous valuation with no changes. The rates and percentages adopted remain the same. Professional fees, finance charges and developer's profit remain unchanged as per our valuation.

<u>Future Development Land</u>

As reported previously, of the 2 parcels we have taken only the larger parcel of 5,290.3 sq. m. (56,945 sq. ft.) size into account with the possibility of developing a block of apartments with 135 residences. The smaller site has been ignored as its size limits any significant development. There are no physical changes as at the date of our reinspection.

Comparables adopted for the larger parcel or any other material remain the same. After making reasonable adjustments for different factors, we have adopted RM116 per sq. ft. to derive a value of RM6,600,000.00. The comparable adjustments table is as follows:

Description	Comparable 1	Comparable 2	Comparable 3
Title No.	PL 016079155	CL 015430298	CL 015325176
Site Description	Flat and slightly higher than access road	Flat and same level with access road	Hillside with higher costs for slope stabilisation and drainage
Locality	Taman BDC, Kolombong	VIP Lot, KK	Signal Hill, Jalan Bukit Bendera
Accessibility	Dual lane carriageway	Dual lane carriageway	Winding dual lane carriageway
Land Area	45,737	42,625	39,596
Approved Development	Nil	Nil	Nil
Zoning	Local Centre	Residential Low Density	Residential Medium Density
Special Terms/Clause	Rubber produced is liable to royalty	One Dwelling House	Nil
Density	Unknown, assume normal density of 80 units per acre		
Tenure	999 years	999 years	999 years
Remaining Term	904 1/2	885 1/4	884 1/2
Transaction Dates	19/01/2022	25/08/2022	20/05/2022
Transacted Price	RM 5,000,000	RM 7,350,000	RM 4,000,000
RM/PSF	RM 109	RM 172	RM 101
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, terrain, land area, accessibility, tenure, conversion premium, density, infrastructure, and capital contribution for upgrading of utilities.		
Land Value After Adjusted Rate	RM 116 psf	RM 186 psf	RM 115 psf

<u>Cost Incurred</u>

Cost incurred increased to RM11,490,277 as at 31st December 2023 which includes stamp duty and legal fees and prices. This is for capital expenditure sunk into the project which has to be added back after arriving at the residual value and discounting to present value. Cost incurred into the project is based on actual expenditure provided by client's consultant. Material on site such as aggregate, cement, ready mix, river sand, piling are essential to the development and external work/infrastructure costs and other development costs incurred which have been paid for. They are constantly being delivered and used as the project is ongoing. We have therefore taken this into account and considered them as cost sunk-in. The amount has been inserted in the final value.

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Comparison Method *(Check Method)*

Title No.	CL 015000405 & 3 others	TL 017549665
Site Description	Steep hillside with higher costs for slope stabilization and drainage	
Negative Features (Cemetery/Airport)	Next to Cemetery	Next to Airport
Locality	Signal Hill, Bukit Bendera	Shangrila Heights, Kepayan
Accessibility	Winding dual lane carriageway	Dual lane carriageway
Land area	447,798 sq. ft.	69,696 sq. ft.
Approved Development	Approved	Approved
Special Terms/Clause	Residential Buildings	Residential Buildings
Component	25-storeys condominium with 242 units and 29-storeys condominium with 548 units	10-storeys condominium with 165 units
Density	76 units per acre	103 units per acre
Tenure	999 years	99 years
Remaining Term	879 – 892 years	74 ¼ years
Transacted Dates	2/2/2023	15/08/2022
Transacted Price	RM44,800,000	RM10,800,000
RM/psf	RM100 psf	RM155 psf
Adjustments	General adjustments are made for terrain and various factors inclusive of location, accessibility, negative features, land area, density, time/market condition and remaining tenure.	
Land Value After Adjustment	RM88 psf	RM110 psf

The comparables and adjustments remain unchanged as per previous report. After adjustments, the values derived are between RM88 – RM110 psf.

In adopting the rate to derive Ayuria Place's value, we have placed greater emphasis on Comparable 2 which is deemed as more suitable as its density and remaining title tenure are similar with the subject property. Taking into consideration all the factors above, we have adopted the rate of RM110 psf to derive its value. After allowing for cost incurred, the value derived is RM109,000,000.

Principal macro factors remain unchanged as per previous report.

RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM98,900,000.00
Comparison Method	-	RM109,000,000.00
Adopt	-	RM98,900,000.00

The values derived above are higher than our previous valuation due to higher cost incurred. From the above approaches, the comparison value has a variance of 9% over the Residual Method. However, the Residual Method is considered the more reliable approach in this case and we have therefore adopted the value derived as the Market Value of the subject property.

This is because it reflects the overall concept of the project with its different components, its development density and locational attributes. The Comparison Method does not adequately capture the project features and is therefore used as a check on the overall magnitude of our valuation.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market values of the subject property on 31st December 2023 are as follows:

Phase 1B – *Araya Gardens*
RM17,000,000.00 (RINGGIT MALAYSIA SEVENTEEN MILLION ONLY).

Phases 1A & 2 – *The Village & Kayana Heights*

RICS

AZMI & CO

Date: 4th April 2024
Our Ref: 1.4946.24/WCK

RM63,800,000.00 (RINGGIT MALAYSIA SIXTY-THREE MILLION AND EIGHT HUNDRED THOUSAND ONLY).

Future Development Land
RM6,600,000.00 (RINGGIT MALAYSIA SIX MILLION AND SIX HUNDRED THOUSAND ONLY).

Cost Incurred – *(Ayuria Place)*
RM11,500,000.00 (RINGGIT MALAYSIA ELEVEN MILLION AND FIVE HUNDRED THOUSAND ONLY).

GRAND TOTAL – "Ayuria Place" held under CL 015719874 & 3 others
RM98,900,000.00 (RINGGIT MALAYSIA NINETY-EIGHT MILLION AND NINE HUNDRED THOUSAND ONLY).

RICS [V0354 & E1101]

SR. WONG CHAW KOK
MRICS, MISM, ACIArb
Registered Valuer

SR. ZAMRI RAMLI
MRISM, MIPEAC
Registered Valuer

SR. MOHD ASRI MOHD ARIS
MRISM, MIPEAC
Registered Valuer

YEW TU LEONG
B. Surveying (Hons) Property Management
Registered Estate Agent

AZMI & CO
AZMI & CO (SABAH) SDN BHD
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Our Ref: 1.4411.23/WCK

21st October 2023

The Board of Directors
KTI LANDMARK BERHAD
(Formerly known as KTI Property Berhad)
Registration No. 201601008159 (Co. No. 1179087-X),
Lots 221 & 222, Taman Nelly 9,
Phase 4, Shoplots, Lorong Nelly Plaza,
Jalan Nountun, Kolombong, 88844,
Kota Kinabalu, Sabah.

Dear Sir,

CERTIFICATE OF VALUE OF TWELVE (12) PROPERTIES

We refer to your instructions to provide an opinion on the Market Values of the abovementioned assets ("**Subject Properties**") for the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the Initial Public Offering of shares in conjunction with the listing of KTI Landmark Berhad on the ACE Market of Bursa Securities and inclusion in the prospectus.

The Subject Properties were inspected on 27th, 28th February and 6th October 2023. The relevant date of valuation for this valuation exercise coincides with the dates of inspection, i.e. 27th,28th February and 6th October 2023.

Our valuations have been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards 6th Edition ("**MVS**") issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and conducted with the necessary professional responsibility and due diligence.

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

This Valuation Certificate should be read with the full Report prepared by Azmi & Co (Sabah) Sdn. Bhd., for submission to Bursa Securities, detailing the basis under which the valuations have been prepared.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

MARKET VALUE

Having taken into consideration all relevant and pertinent factors, we are of the opinion that the Market Value of the Subject Properties, on 27th February 2023, 28th February 2023 and 6th October 2023 is:-

Property	:		Market Value
Taman Bukit Alamanda	:	RM8,900,000.00	(Ringgit Malaysia Eight Million and Nine Hundred Thousand only)
Sandakan	:	RM12,500,000.00	(Ringgit Malaysia Twelve Million Five Hundred Thousand only)
Bandar Seri Lemawang	:	RM64,750,000.00	(Ringgit Malaysia Sixty-Four Million Seven Hundred and Fifty Thousand only)
The Logg	:	RM190,000,000.00	(Ringgit Malaysia One Hundred Ninety Million only)
Taman Lavender	:	RM12,700,000.00	(Ringgit Malaysia Twelve Million and Seven Hundred Thousand only)
Nelly Studio	:	RM760,000.00	(Ringgit Malaysia Seven Hundred and Sixty Thousand only)
Lot 68	:	RM1,600,000.00	(Ringgit Malaysia One Million and Six Hundred Thousand only)
Lot 69	:	RM1,100,000.00	(Ringgit Malaysia One Million and One Hundred Thousand only)
Lot 222	:	RM7,200,000.00	(Ringgit Malaysia Seven Million and Two Hundred Thousand only)
Lot 223	:	RM19,000,000.00	(Ringgit Malaysia Nineteen Million only)
Plaza Lemawang	:	RM2,000,000.00	(Ringgit Malaysia Two Million Only)
Alamesra	:	RM88,900,000.00	(Ringgit Malaysia Eighty-Eight Million and Nine Hundred Thousand Only)
Total Market Value	:	RM409,410,000.00	(Ringgit Malaysia Four Hundred Nine Million Four Hundred and Ten Thousand Only)

The above Report and Valuation has been carried out by Sr. Wong Chaw Kok,
For and on behalf of Azmi & Co (Sabah) Sdn. Bhd.

SR. WONG CHAW KOK, MRICS, MRISM, ACIArb, MBVAM, ICVS
Chartered Surveyor & Registered Valuer (V-0354)
Note: This report was peer reviewed by En. Zamri Bin Ramli (Registered Valuer (V-0957) from Azmi & Co Sdn. Bhd.(HQ)

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

METHODS OF VALUATION

Depending on the individual case, one or more of the following methods have been used to arrive at their market values. For all ongoing projects, greater weightage is place on the residual method as it accounts for the individuality of each project, sales achievement and also for progress claims and costs incurred for the project. In some of the projects, it is the only method due to circumstances. Where an alternative method is referred to, it is only use as a guide to check on the reasonableness and overall magnitude of value.

Investment Method (Income Approach)

In using this method, a fair maintainable income and estimated before allowing a percentage deduction for outgoings and void periods, to derive the net income. The net income is then capitalised based at an appropriate rate to derive the capital value.

Contractor's Test (Cost Method)

By the Contractor's Test, also known as the Cost Method, the property's building replacement cost is estimated which includes fees, interest and depreciation allowance. To this is then added the market value of the land which is derived by the comparison method. The total sum represents the asset's value.

Comparison Method

The comparison method compares known transactions for similar properties with adjustments for differences in transaction dates and other factors such as location, size, condition and so on. Where transaction evidences are scarce or not available, asking prices are carefully selected with due consideration given to their reasonableness having regard to the general prevailing level of values.

Residual Method (Income Approach)

The residual method is usually use for development projects as this method can account for and reflect the individuality of a particular site such as site features, development density, design and concept. However, care has to be taken in assessing its development viability.

By this method, the Gross Development Value of the proposed development is assessed from which is then deducted all development costs and allowing for developer's profit. The residual sum or balance is then discounted at an appropriate rate to present value which represents the price that a prudent developer is willing to pay in order to undertake the project. For ongoing projects, billings and costs incurred (contractors claims) are deducted and added back respectively to reflect the actual status of the project. These adjustments are conducted after the residual values which would otherwise be subject to the discounting effect.

In arriving at the Gross Development Value (GDV) this is based on KTI's actual selling prices, which have been cross-checked with Jabatan Penilaian dan Perkhidmatan Harta (JPPH) transactions of similar properties tempered by our knowledge and experience. Bumiputra quota and discount are not applicable in all the Joint Venture projects with Lembaga Pembangunan Perumahan dan Bandar (LPPB) as the developer. As a government agency, LPPB is exempted from the Housing Development (Control and Licensing) Enactment 1978 for licencing, advertisement and pricing purposes. LPPB has not applied or provided any bumiputra quota and discounts in these projects.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

In arriving at the Gross Development Cost (GDC) parameters are generally based on actual contract amounts which have been cross-checked against building rates in the Construction Handbook/Arcadis (2022) and also based on our own research data. GDC include preliminaries, piling works, building works, landscaping works, external works, capital contributions, contingencies, professional fees, title subdivision fees, admin, legal fees, stamp duty & marketing fees and conversion premium.

Construction finance (bridging loan) are normally between 6.5% to 7.5% depending on developers' 'credit profile. Actual interest cost is reduced with progress payments by purchasers. Accordingly, we have reduced by 35% by adjusting the rate to 4.5%. The adjusted rate of 4.5% per annum is adopted and applied on half (between ½ to 4½ years depending on the individual case) projected construction period. This reflects the typical S-curve nature of development expenditure.

Developer's profit adopted are between 8% to 20% of GDV depending on the development stage of the approved projects. As the projects have been approved, risks and uncertainties such as planning approval, technical and legal issues have largely been removed. The risks remaining are mainly that of market, construction and completion risks.

The residual value is discounted to present value (PV) over the project's expected completion/development period. We have adopted a discount rate of 4% in our valuation which reflects the weighted average capital cost reflecting equity and borrowed funds on a market driven approach and is in accord with IVSC Standards. International Valuation Standards (IVS) 2020 & Exposure Draft (2014) on development property state "the discount rate may be based on analysis of transactions of similar development properties or by using weighted average cost of capital (WACC) typical for participants in the relevant market". As we do not have transactions of similar projects, we have used WACC as the basis for our discount rate.

Sales claimed have been allowed based on progress billings. Cost incurred is for capital expenditure sunk into the project which has to be added back after arriving at the residual value which has been discounted to present value. Both these items are adjusted after deriving the discounted residual values and not before so as to avoid discounting their values which would otherwise be erroneous.

For Alamesra, as sales has not yet been conducted, no allowance has been provided for this item. Cost incurred is for capital expenditure sunk into the project which has to be added back after arriving at the residual value which has been discounted to present value. Bumiputra quota and discount are applicable for Araya Gardens and Kayana Heights. The developer shall provide 30% bumiputra quota and 5% discount as necessary based on Housing Development (Control and Licensing) Rules 2008.

RICS

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Date: 21st October 2023
Our Ref: 1.4411.23/WCK

1.0 INTEREST BEING VALUED : THE RESIDUAL VALUE OF ONGOING TAMAN BUKIT ALAMANDA PROJECT AT KAMPUNG NAGAPAS, 89600, PAPAR, SABAH HELD UNDER JOINT VENTURE RIGHTS TO INDIVIDUAL TITLE CL NO. 025346507.

Subject Property	A land parcel proposed for a landed housing scheme, under construction, known as Taman Bukit Alamanda. It is about 5 km from Papar Town
Location	Fronting Jalan Penampang – Papar Pan Borneo Highway, Kampung Nagapas, 89600, Papar, Sabah
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Title No.	CL 025346507
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Land Area	7.07 acres (area under valuation as per Joint Venture Agreement)
Tenure	99 years with 65¾ years unexpired
	JOINT VENTURE AGREEMENT (JVA)
JVA	A Joint Venture Agreement was executed on 21st December 2016 between Lembaga Pembangunan Perumahan dan Bandar (LPPB), as the landowner and K.T.I. Sdn Bhd as the financing contractor. Landowner's Entitlement - RM2,500,000 Amount Paid - RM2,500,000
	PROJECT DETAILS
Site Description	The subject property is part of a larger land parcel held under CL 025346507. The site extends to 7.07 acres and is divided into 2 parcels by the access road leading to Reservoir P2 at the ridgetop. Both parcels front onto a slip road that runs along the south side of Jalan Penampang - Papar, which is being upgraded as part of Pan Borneo Highway. Construction work is now at a very advanced stage.
Development Overview	The subject property is proposed for an affordable landed housing scheme with 107 double storey terraced houses. Building works on 99 units are about 90% complete whilst work on the remaining row with 8 dwellings has just commenced. Development was approved by Majlis Daerah Papar on 12th October 2021 *(Ref No.: MDPPR.600-2/4/2020(31))*
Accommodation	Accommodation is similar for the unit types with 3 bedrooms and 3 showers/w.c.s. Gross built-up area is 1,376 sq. ft. for intermediate units whilst corner units are 1,596 sq. ft. in size.
Sales Performance	84 units out of 107 units are sold, equivalent to 80% sales
Commencement Date	November 2021
Completion Date	December 2023

VALUATION METHOD

We have adopted the Residual Method in order to arrive at the market value of the joint venture rights to this property. As this project is at a highly advanced stage and nearing completion, there is no alternative method of valuation

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Summary of the computation by this method is tabulated below:

Gross Development Value (GDV)	RM35,671,000
Gross Development Cost (GDC)	RM20,745,364
Developer's Profit	8%
Remaining Development Period	0.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 107 with 84 units sold and 23 units unsold. The range of selling price is RM313,000 to RM408,000 with an average rate of RM230 psf to RM260 psf.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Costs Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M& E	RM17,990,417	RM15,042,903	RM2,947,514
2	Other costs	RM1,840,083	RM67,182	RM1,772,901
3	Professional Fees	RM858,143	RM536,675	RM321,468
4	Finance Charges	RM56,721	-	RM56,721
5	Developer's Profit	8%		RM2,853,680

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 4.5% of the estimated cost item 1.
2. Developer's Profit - As the project is ongoing and nearing completion, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 80% (84 units sold), market risks have been significantly reduced. The main risk is therefore its actual completion. Accordingly, we have adopted 8% of gross development value as developer's profits.
3. We have adopted an estimated development period of half (½) year in our valuation. Taking into consideration sales take-up of 80% and construction progress of 90% at the date of valuation, the estimated development period is considered realistic.

In arriving at the Market Value by the residual method, we have taken into consideration the following principal factors:-

1) The interest being valued relates to the remaining value of sold and unsold units and the cost to complete the units and other remaining works.
2) The proposed estate is along the Pan-Borneo Highway and therefore enjoys fast and convenient access to principal destinations.
3) The property market is presently in a recovery state with opening of the economy engendering greater market activities.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 28th February 2023 is **RM8,900,000.00 (RINGGIT MALAYSIA EIGHT MILLION AND NINE HUNDRED THOUSAND ONLY).**

For this project, we have only relied on the Residual Method as there are no other projects with similar features, scale, sales achievements and work progress. In this case, the sales achievement is very high 80% (84 units sold) with significant progress claims and development cost incurred 65%.

2.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO A 20.12 ACRES SITE PROPOSED FOR A LANDED HOUSING SCHEME, OFF JALAN AIRPORT, 90000, SANDAKAN, SABAH. (SANDAKAN JV PROJECT)

Subject Property	A land parcel proposed for a landed housing scheme in an established locality about 9 km from Sandakan Town Centre
Location	Off Jalan Airport, 90000, Sandakan, Sabah
Date of Inspection / Valuation	27th February 2023
	TITLE DETAILS
Title No.	CL 075428027
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Land Area	20.12 acres (under valuation as per Joint Venture Agreement)
Tenure	99 years expiring on 31st December 2118
	JOINT VENTURE AGREEMENT (JVA)
JVA	A joint venture to develop the subject land between Lembaga Pembangunan Perumahan dan Bandar (LPPB) and Landmark Property Sdn. Bhd. was executed on 7th January 2019. Landowner's Entitlement - RM10,277,126.50 Amount Paid - RM1,083,204.50 Outstanding Balance - RM9,193,922.00
	PROJECT DETAILS
Site Description	The subject land of about 20.12 acres (8.14 hectares) is flat and at the same level as its frontage road.
Development Overview	The proposed scheme is approved for development of 310 units of double storey terrace houses by Majlis Perbandaran Sandakan on 30th June 2020 *(vide Plan No. TP.37/2020 (Ref No.:SMC/TOW/1152/J.2/9)).*
Proposed Accommodation	Accommodation is similar for all units each with 3 bedrooms and 3 showers/w.c.s. Gross built-up area is 1,544 sq. ft. for intermediate units whilst corner units are around 1,787 sq. ft. in size.
Proposed Commencement Date	From January 2024 to November 2025.
Estimated Completion Date	From January 2026 to November 2027. *Note: The commencement date between January 2024 to November 2025 is based on the developer's tentative planning. However, we have taken 24 months as the completion time frame allowing for phasing overlap as we are of the view that pent-up demand for housing in Sandakan is providing strong sales for recent projects.*

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

VALUATION METHODS

Residual Method *(Primary Method)*

The residual method has been adopted with the comparison method used as a check on its reasonableness and overall magnitude in order to arrive at the market value.

Summary of the computation by the residual method for this JV project is tabulated below:

Gross Development Value (GDV)	RM115,910,000
Gross Development Cost (GDC)	RM79,714,165
Developer's Profit	20%
Remaining Development Period	2 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 310 under 3 phases. In average, we have adopted at the price of RM365,000 to RM425,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Cost Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M& E	RM58,347,243	RM22,000	RM58,325,243
2	Other costs	RM6,353,131	-	RM6,353,131
3	Professional Fees	RM2,783,106	RM231,065	RM2,552,041
4	Finance Charges	RM3,036,763	-	RM3,036,763
5	Unpaid JV Consideration	RM9,193,922	-	RM9,193,922
6	Developer's Profit	20%	-	RM23,182,000

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimates derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 4.5% of the estimated cost item 1.
2. A sum of RM1,083,204.50 has been paid to the landowner (LPPB) with an outstanding sum of RM9,193,922.
3. Developer's Profit - As the project has been approved, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. Commencement of the project is expected in January 2024. Accordingly, we have adopted 20% of gross development value as developer's profits.
4. We have adopted an estimated development period of two (2) year in our valuation. We are of the opinion the estimation development period is considered realistic.

Principal macro factors taken into consideration, in arriving at the market value, are as follows:

1) The proposed development is in an established locality.
2) Public amenities such as school, religious establishment and Sandakan Airport are within convenient driving distances.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

3) Demand for affordable houses below RM500,000 in Sandakan is healthy with a large number of transactions in 2022. Healthy sales was reported on a recently launched project.

Comparison Method *(Check Method)*

Details	Subject Site	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Title No.	CL 075428027	CL 075099464	CL 075354228 & CL 075354237	CL 075394866	CL 075204625	CL 075204572	CL 075204330	CL 075204456 & CL 075204447
Location	Off Jalan Airport, Sandakan Sabah	Sibuga Bypass, Jalan Lintas Sibuga	BT 7, Sg Ubar, Jln Batu Putih off Jln Airport	Lot 3, Batu 11.5, Jalan Labuk	Jalan Datuk Tay, Off Jalan Lintas Sibuga	Batu 8, Off Jalan Lintas Sibuga	Batu 8, Off Jalan Lintas Sibuga	Batu 8, Off Jalan Lintas Sibuga
Accessibility	Inner layer road of South-West side to Taman Kenari and North-west side to Taman Nuri	Fronting Main Road	Inner layer lot, kampung access	Fronting Main Road	Fronting Main Road	No access road	Off main road, along slip road	Fronting Main Road
Property Status	Vacant Land with Approved Development and Building Plan	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Visibility	Fair (6)	Fair (6)	Fair (6)	Fair (6)	Good (8)	Fair (6)	Fair (6)	Fair (6)
Land Area (sq. ft.)	876,427	253,382	437,014	187,722	457,358	304,940	640,194	868,842
Land Shape	Irregular	Almost Squarish	Irregular	Irregular	Rectangular	Triangular	Almost Rectangular	Rectangular
Tenure	99 years	999 years	99 years	999 years	999 years	999 years	999 years	999 years
Locality Analysis	Within a residential development, nearby a commercial precint and Sandakan Airport	Undeveloped locality	Kg locality & next to squatter colony	Not within a residential suburb	New residential locality with shops nearby	New residential locality with shops nearby	New residential locality with shops opposite main road	New residential locality with shops nearby
Distance to subject property	-	7½ km	3¼ km	6½ km	5¾ km	6¼ km	5⅔ km	5¼ km
Zoning	High Density Residential	General Industry	High Density Residential	Mixed Development	Medium Density Residential	Medium Density Residential	Medium Density Residential	General Industry
Lease Remaining	15 years with 99 years extended term	904 years	56 years	906 years	865 years	865 years	865 years	865 years
Transacted Price	-	RM3,875,200	RM4,700,000	RM3,448,000	RM4,000,000	RM4,200,000	RM12,495,000	RM18,550,000
Transacted Price	-	RM15.29 psf	RM10.75 psf	RM18.37 psf	RM8.75 psf	RM13.77 psf	RM19.52 psf	RM21.35 psf
Transacted Date	-	14/9/2022	31/12/2021	29/9/2020	10/3/2020	30/8/2019	22/11/2018	29/12/2017
	General adjustments are made for time/market conditions and various factors inclusive of location, property status, land area, land shape, tenure, zoning, benefit of development plan and time/market conditions							
	Land Value After Adjustment	RM18.05	RM16.35	RM21.12	RM11.02	RM20.80	RM22.64	RM24.77

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, accessibility, property status, land area, shape, tenure, and zoning and benefit of development plan. After making adjustments, the values derived are between RM11.02 psf to RM24.77 psf. Comparable 6 is considered as the most suitable which will reflect a value of RM19,842,596. After allowing for unpaid JV has taken into account and the value is derived at RM10,648,674.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM12,500,000.00
Comparison Method	-	RM10,648,674.00
Adopt	-	RM12,500,000.00

From the above approaches, the Residual Method is considered the more reliable approach in this case in arriving at the Market Value of the subject property. This is because it reflects the approved concept of the project as a landed estate with double storey terrace houses, its development density and locational attributes. The comparables do not adequately capture such features and are therefore used as a check on the overall magnitude of our valuation.

3.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO A PROPOSED TOWNSHIP (OVER 169.8 ACRES) TO BE KNOWN AS "BANDAR SERI LEMAWANG" ALONG JALAN TUARAN – KOTA BELUD, DISTRICT OF 89208, TUARAN, SABAH.

Subject Property: A mixed township development comprising landed housing scheme, apartment and future development which is parcelled into 8 lots. Details of the lots are as follows:

Lots No.	Property	Acres
1	Taman Seri Lemawang & Plaza Lemawang	52.33
2	Residensi Seri Akasia	20.08
3	Future Development	1.31
4 – 7 & A	Proposed Developments	80.56
	Public Reserved	15.52
	Total	169.80

Location: Along Jalan Tuaran – Kota Belud, 89208, Tuaran, Sabah about 3½ km from Tuaran Town Centre

Date of Inspection / Valuation: 28th February 2023

TITLE DETAILS

Title No.	CL 045115919
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Land Area	Net area after land acquisition - 169.80 acres
Tenure	999 years leasehold with 895 years unexpired

JOINT VENTURE AGREEMENT (JVA)

JVA: The township development (Bandar Seri Lemawang) is being undertaken through a joint venture between Lembaga Pembangunan Perumahan dan Bandar and K.T.I. Sdn. Bhd.

Landowner's Entitlement	- RM46,850,000.00
Amount Paid	- RM14,574,429.20
Outstanding Balance	- RM32,275,570.80

PROJECT DETAILS

Site Description: The subject property of about 169.80 acres is along Jalan Tuaran – Kota Belud. The land is divided into 3 parcels. The main bulk of the land, Parcel A, is along the south and on the right side of the road.

Taman Seri Lemawang

Development Overview: This estate in Lot 1 with 811 double storey terraced houses is presently under development over 52.33 acres (2,279,786 sq. ft.) and shall be completed in 9 phases (Phase 1A to Phase 1I). However, Phase 1A,

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	Phase 1B & Phase 1C have been completed with Occupation Certificate issued. Therefore, we have excluded these phases from our valuation. The remaining 6 phases with 540 units are the subject of our valuation which is Phases 1D to 1I. Development was approved by Majlis Daerah Tuaran on 18th February 2021 *(vide Ref: MDTRN:1000-1/1517 JLD.IV/10)*
Unit Details	

Type	Size	No. of Units
Intermediate	900 sq. ft.	689
Corner	998 sq. ft.	64
Intermediate Corner	998 sq. ft.	58
	Total	811

Sales Performance	743 units sold out of 811 units, equivalent to 91% sales
Commencement Date	From August 2020 to January 2022
Completion Date	From March 2023 to December 2023

Residensi Seri Akasia

Development Overview	Lot 2 has 800 units of 5-storey apartments over 20.08 acres (8.12 hectares). They are being built in 5 phases, identified as Block A to Block J. Construction work in Block A & B are about 70%, Block C at 50% and Block D is at substructure stage, about 10%. Development was approved by Majlis Daerah Tuaran on 26th January 2021 *(vide Ref: MDTRN:1000-1/1517 JLD.IV/5)*
Unit type details	Each block has 80 units distributed over 5 levels (16 units per level). All units have similar floor areas of 800 sq. ft. and are designed with 3 bedrooms, 2 showers/w.c.s (one ensuite), living & dining room, kitchen, utility yard and balcony
Sales Performance	166 units sold out of 800 units, equivalent to 20% sales
Commencement Date	From October 2021 to January 2025
Completion Date	From December 2023 to March 2027

VALUATION METHOD

We have adopted the Residual Method for the ongoing projects at Taman Seri Lemawang (TSL) and Residensi Seri Akasia (RSA). As sales achievement and construction are at advanced stages, no other methods are applicable for the projects. The undeveloped lots for future development have been valued by the Comparison Method.

Summary of the computation by Residual Method for TSL is tabulated below:

Gross Development Value (GDV)	RM156,530,000
Gross Development Cost (GDC)	RM105,313,478
Developer's Profit	8%
Remaining Development Period	0.5 year
Present Value Discount Rate	4%

This project has 811 double storey terraced houses. 743 have been sold (91% sales) with 68 units unsold. On average, the range of selling price is RM265,000 to RM390,000.

Summary of Gross Development Value (GDV)

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

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Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Cost Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M& E	RM89,470,364	RM70,047,385	RM19,422,979
2	Other costs	RM8,645,657	RM3,141,009	RM5,504,648
3	Professional Fees	RM3,319,351	RM2,860,654	RM458,697
4	Finance Charges	RM912,918	-	RM912,918
5	Unpaid JV Consideration	RM2,965,188	-	RM2,965,188
6	Developer's Profit	8%	-	RM12,522,400

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 3.5% of the estimated cost item 1.
2. A sum of RM8,988,728 has been paid to the landowner (LPPB) with an outstanding sum of RM2,695,188.
3. Developer's Profit - As the project is ongoing and nearing completion, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 91% (743 units), market risks have been significantly reduced. The main risk is therefore its actual completion. Accordingly, we have adopted 8% of gross development value as developer's profits.
4. We have adopted an estimated development period of half (½) year in our valuation. Taking into consideration sales take-up of 91% and construction progress of 70% to 90% at the date of valuation, estimated development period is considered realistic.

Summary of the computation by Residual Method for RSA is tabulated below:

Gross Development Value (GDV)	RM154,180,000
Gross Development Cost (GDC)	RM118,774,186
Developer's Profit	15%
Remaining Development Period	4.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

The total units of this project is 811 units under 5 phases with 166 units sold and 634 units unsold. The range of selling price is RM186,500 to RM205,000.

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Cost Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Landscaping Works & External Works, and Building Work including M& E	RM90,254,243	RM25,160,927	RM65,093,316
2	Other costs	RM10,562,127	RM2,373,792	RM8,188,335
3	Professional Fees	RM3,348,432	RM850,142	RM2,498,290
4	Finance Charges	RM10,781,057	-	RM10,781,057
5	Unpaid JV Consideration	RM3,828,327	-	RM3,828,327
6	Developer's Profit	15%	-	RM23,127,000

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Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 3.5% of the estimated cost item 1.
2. A sum of RM1,684,100 has been paid to the landowner (LPPB) with an outstanding sum of RM3,828,327.
3. Developer's Profit - As the project is ongoing, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 20% (166 units), market risks have been significantly reduced. The main risk is therefore its actual completion. Accordingly, we have adopted 15% of gross development value as developer's profits.
4. We have adopted an estimated development period of four and half (4½) years in our valuation. We are of the opinion the estimated development period is considered realistic.

Principal macro factors taken into consideration, in arriving at the market value using the residual and comparison methods, are as follows:

1) The proposed development is located along Jalan Tuaran – Kota Belud, and therefore enjoys good visibility and direct accessibility.
2) Demand for housing development is supported by K.K.I.P., which is a major driver and contributor of growth for the State, as it is only 15 km away.
3) Development of the subject land as part of Bandar Seri Lemawang is spread over 5 years in several phases.

Comparison method for Vacant Lots under future development

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 045317306	CL 045132303	NT 043197539	CL 045323402	CL 045316176 & 2 others	CL 045314832
Location	Kg Tamparuli, Jalan Berunggis-Tamparuli	Kg Bakut, Off Jalan Tuaran	Kg Tamparuli, Off Jalan Tamparuli Lama	Kg Minangkob, Jalan Tamparuli-Ranau	Kg Dalit, Jalan Rasa Ria	Kg Batangan, Off Jalan Bulong
Location analysis	At Kg. Ulu Sapat, about 1⅓ km from Tamparuli Town and 4½ km south-east from Tuaran Town.	At Kg. Bakut. Telipok Town with public amenities is about 4 km south.	Next to a terraced housing estate and 1 km away from Tamparuli Town	At Kg. Minangkob. Tamparuli Town with public amenities is about 8 km west.	Next to Shangri-La Resort & Dalit Golf Club. Tuaran Town about 10 km south-east	½ km away from SK Tuaran, off Jalan Bolong, Tuaran town about 1 km south-east
Land Area	35,736 sq. ft.	2,029,964 sq. ft.	117,618 sq. ft.	172, 868 sq. ft.	493,206 sq. ft.	34,412 sq. ft.
Lease Remaining	5/7/2069	28/8/2924	Grant in Prepetuity	31/12/2084	31/12/2077 & 31/12/2076	31/12/2076
Transacted Date	5/10/2021	25/8/2022	24/11/2022	19/1/2023	5/2/2020	6/1/2021
Transacted Price	RM630,000	RM25,000,000	RM2,000,000	RM1,900,000	RM16,272,273	RM1,250,000
Transacted Price	RM17.64 psf	RM12.32 psf	RM17.00 psf	RM11.00 psf	RM33.00 psf	RM36.32 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, neighbourhood/township amenities, land size, terrain, title type, tenure, benefits of DP and land improvements					
Land Value After Adjustment	RM20.28 psf	RM15.39 psf	RM19.04 psf	RM15.95 psf	RM42.57 psf	RM38.14 psf

In arriving at the Market Value, we have taken into consideration each aspect of the comparables in terms of time/market conditions, location, neighbourhood/township amenities, land size, terrain, title type, tenure, benefits of DP, common infrastructure and land improvements. After making adjustments, the values derived are between RM15.39 psf to RM42.57 psf.

In adopting the rate to derive the value of the vacant lots as part of the future development of Bandar Seri Lemawang with shared of common infrastructure, we have placed greater emphasis on Comparable 2. Taking into consideration all the relevant factors, we have adopted the rate of RM15.50 psf as a fair representation of the subject properties' market value.

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Valuation Computation (Based on most suitable rate after adjustment) for undeveloped lots (Lot 3 to Lot 7 & Lot A)

Based on their total land area of 3,566,368 sq. ft. and a rate of RM15.50 psf the total value of the vacant lots is RM55,278,706.00. After adjusting for the Unpaid JV Consideration, the total JV Rights Value is RM32,800,000.00 equivalent to RM9.20 psf. An end deduction for the kampung house in Lot A is allowed at RM50,000.00. The total land value for Lot 3 to 7 and Lot A is therefore RM32,750,000.00.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market value of the joint venture rights on the basis set out earlier as at 28th February 2023 are as follows:

Taman Seri Lemawang	-	**RM13,700,000.00 (RINGGIT MALAYSIA THIRTEEN MILLION AND SEVEN HUNDRED THOUSAND ONLY)**
Residensi Seri Akasia	-	**RM18,300,000.00 (RINGGIT MALAYSIA EIGHTEEN MILLION AND THREE HUNDRED THOUSAND ONLY).**
Vacant Lots for Future Development	-	**RM32,750,000.00 (RINGGIT MALAYSIA THIRTY TWO MILLION SEVEN HUNDRED AND FIFTY THOUSAND)**

4.0 INTEREST BEING VALUED : THE *JOINT VENTURE RIGHTS* TO AN ON-GOING MIXED COMMERCIAL/RESIDENTIAL DEVELOPMENT KNOWN AS THE LOGG, ALONG JALAN LINTAS, LUYANG, 88300, DISTRICT OF KOTA KINABALU, SABAH.

Subject Property	A prime mixed commercial/residential development with main road frontage along Jalan Lintas in an established and sought-after locality.
Location	Lintas commercial area, Luyang locality
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Title No.	CL 015721276
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Land Area	1.767 Hectares / 4.37 acres
Tenure	99 years with 92¾ years unexpired
	JOINT VENTURE AGREEMENT (JVA)
JVA	A Joint Venture Agreement was executed on 22nd April 2015 between Lembaga Pembangunan Perumahan dan Bandar (LPPB), as the landowner/developer and K.T.I as the financing contractor. Landowner's Entitlement - RM46,530,000 Amount Paid - RM29,951,654 Outstanding Balance - RM16,578,346
	PROJECT DETAILS
Site Description	The subject land is being developed as a mixed commercial/residential project known as The Logg. As it is along Jalan Lintas, it enjoys good accessibility and visibility. Construction work is now at superstructure stage reaching Level 3, is about 25%. Development was approved by Dewan Bandaraya Kota Kinabalu on 9th February 2023 *(vide Ref: DBKK*

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	No. JPB X/204/IX/(13))
Development Overview	Details of the proposed development are as follows: Retail Shops (Boulevard Mall) have 62 units comprising 3 kiosk units at basement level (457 sq. ft to 463 sq. ft.), Level 1 & 2 with 45 shop lots (370 sq. ft. to 19,443 sq. ft.), mezzanine (1,016 sq. ft.), and 9 kiosk units (238 sq. ft. to 503 sq. ft.) 4 outdoor alfresco units at Level 1 & 3 (2,044 sq. ft.) Offices Tower have 32 units from Level 3 to 4H and Level 6 with 10 to 11 units per level. Average size is about 556 sq. ft to 2,216 sq. ft. Two towers of Serviced Suites with two types. There are 542 units with sizes ranging from 681 sq. ft. to 1,313 sq. ft. Single tower of Parkhill Apartments *(Affordable Homes)* with 250 units. Each level comprises 9 units. The size ranging from 620 sq. ft to 850 sq. ft. from level 11 to level 38. 4 stars Hotel (Avani Hotel) have 370 units with 17 rooms each floor. Guest rooms start from Levels 13 to 18 and Levels 22 to 35. Luxury suites and presidential suite are at level 36. Room sizes are between 353 sq. ft. to 2,075 sq. ft. Standard room size is 301 sq. ft. Car Parks total 1,740 bays
Sales performance	31 units sold out of 572 units for serviced suites 210 units sold out of 250 units for Parkhill Apartments *(Affordable Homes)* Overall, sales is about 30% average sales excluding the Hotel and retail space which are held as investments.
Commencement Date	July 2019
Completion Date	December 2025

VALUATION METHODS

Residual Method *(Primary Method)*

We have adopted the Residual Method in order to arrive at the market value of the subject property. As a check on the overall magnitude of value, we have taken into account the market value of the land to which is then added the cost incurred and progress claim.
Summary of the computation by the residual method is tabulated below.

Gross Development Value (GDV)	RM1,091,481,910
Gross Development Cost (GDC)	RM747,468,969
Developer's Profit	18%
Remaining Development Period	4.25 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV)

Description	Floor Area (sq. ft.)	No. of unit	Adopted Rate (RM)/ psf	Total (RM)
Retail				
B1	1,378	3	2,250	3,100,500
L1	45,409	28	2,200	99,899,800
L2	49,054	30	2,100	103,013,400
L3	2,044	1	1,500	3,066,000

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Offices				
L3	11,901	10	600	7,140,600
L4	12,521	11	600	7,512,600
L6	12,419	11	600	7,451,400
Hotel - (4 star Hotel)	188,648	370	800,000	296,000,000
Service Suites -Astoria & Shorea	539,614	542	805	434,389,270
Affordable Homes – Parkhill	199,620	250	557	111,188,340
Car Parks	468 units		40,000	18,720,000
Total		1,256	-	1,091,481,910

Gross Development Value is derived by reference to concluded selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC)

No.	Items	Total Value of Cost Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, and External Works including M& E	RM595,793,270	RM83,881,746	RM511,911,524
2	Other costs	RM58,281,732	RM2,971,096	RM55,310,636
3	Professional Fees	RM37,892,452	RM15,483,352	RM22,409,100
4	Finance Charges	RM38,923,169	RM831	RM38,922,338
5	Unpaid JV Consideration	RM16,578,346	-	RM16,578,346
6	Developer's Profit	18%	-	RM196,466,744

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 6% of the estimated cost item 1.
2. A sum of RM29,951,654has been paid to the landowner (LPPB) with an outstanding sum of RM16,578,346.
3. Developer's Profit - As the project is ongoing and nearing completion, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. As sales achievement is about 30% (241 units for serviced suites and parkhill apartments), market risks have been significantly reduced. The main risk is therefore its actual completion. Accordingly, we have adopted 18% of gross development value as developer's profits.
4. We have adopted an estimated development period of 4¼ years in our valuation. We are of the opinion the estimated development period is considered realistic based on the sales performance to date.

<u>Comparison Method</u> *(Check Method)*

Title No.	**CL 015679320**	**CL 015270747 & CL 015270756**	**CL 015020694 & 4 others**
Description	Highly visible, walking distance to Sutera Harbour, KK Times Square, Imago Mall & Riverson	Two adjoining lands with walking distance to Shangri-la Tanjung Aru and Kinabalu Golf Club, Tanjung Aru	A large block of land held under 5 adjoining titles in a well-established area
Locality	Land beside Sutera Venure, Jalan Coastal	Lands beside Kinabalu Golf Club, Tanjung Aru	Jalan Lintas, Kolombong
Surroundings	Shopping complexes, retail, squalid housing	Golf club, hotel & resorts, condominium, housing	Golf course, commercial developments, industrial area
Road Frontage	Fronting onto six lane carriageway and near flyover	Fronting onto dual lane carriageway	Fronting onto five lane carriageway
Land area	25,507 sq. ft.	73,087 sq. ft.	368,723 sq. ft.
Development & Building Approval	None	None	None
Zoning	Commercial City Centre	High Density Residential	Mixed Uses
Special Terms/Clause	Commercial Building	Residential Building	Housing & Commercial Development
Height Restriction	Up to 10-storeys	Up to 15-storeys	Up to 30-storeys
Transacted Date	28/08/2018	25/02/2021	11/8/2017, 14/8/2017, 28/8/2017, 12/12/2017
Tenure	99 years	999 years	999 years
Remaining Term	78 years	903 years	901 years

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Transacted Price	RM10,713,129	RM35,000,000	RM208,000,000
Transacted Price	RM420 psf	RM479 psf	RM564 psf
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, beach frontage, accessibility, visibility, land size, development & building approval, zoning, title use terms, height restriction and tenure		
Land Value After Adjustment	RM538 psf	RM733 psf	RM744 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, beach frontage, accessibility, visibility, land size, development & building plan approval, title use terms, height restriction and tenure. After adjustments, the values derived are between RM538 psf to RM744 psf.

In adopting the rate to derive The Logg's value, we have placed greater emphasis on Comparable 3 which is along the same road, about 3 km from the subject property, and of about the same size magnitude. Taking into consideration all the factors above, we have adopted the rate of RM745 psf to derive its value. Cost incurred, sales received and unpaid JV have taken into account and the value is derived at RM190,000,000.

Principal macro factors taken into consideration, in arriving at the market value using the residual and comparison methods are as follows:

1) The subject property enjoys excellent access as it is along Jalan Lintas which is a major route for convenient all-weather access to Kota Kinabalu City Centre and all principal destinations.
2) As it fronts onto Jalan Lintas, the project enjoys good visibility with prime advertising frontage.
3) The project is in a prime locality with proximity to all attendant amenities including recreational facilities, banking facilities, commercial activities, dining and entertainment outlets and shopping conveniences.
4) The tourism market is recovering with room rates and occupancy improving. Full recovery is expected within the project's completion time frame.
5) Sales of service suites are also improving in tandem with such expectations.

<u>RECONCILIATION OF VALUES DERIVED</u>

Residual Method	-	RM190,000,000.00
Comparison Method	-	RM190,000,000.00
Adopt	-	RM190,000,000.00

From the above approaches, the values derived are similar. However, the Residual Method is considered the more reliable approach in this case to arrive at the Market Value of the joint-venture rights to the subject property. This is because it reflects the overall concept of the project with its different components, its development density and locational attributes. The Comparison Method does not adequately capture the project features and is therefore used as a check on the overall magnitude of our valuation.

5.0 FOUR (4) ADJOINING DETACHED HOUSE PLOTS AT TAMAN LAVENDER, OFF JALAN LINTAS, 88300, KOTA KINABALU, SABAH.

Subject Property	4 adjoining detached house plots in the sought-after Luyang locality
Location	Taman Lavender, off Jalan Lintas, 88300, Kota Kinabalu, Sabah
Date of Inspection / Valuation	28th February 2023

<u>TITLE DETAILS</u>

Title Nos.	CL 015654743, CL 015654752, CL 015654761 & CL 015654770

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Registered Owner K.T.I. Development Sdn Bhd

Land Area

Title No.	Lot No.	Land Area (sq. ft.)
CL 015654743	201	22,390
CL 015654752	202	9,963
CL 015654761	203	19,985
CL 015654770	204	9,599
	Total	61,937

Tenure (all titles) 99 years expiring on 31st December 2103 with 80¾ years unexpired.

[Title tenure shall be reinstated to 999 years based on Letter of Offer from Jabatan Tanah dan Ukur (JTU) dated 30th December 2021 with premium of RM1,000 each paid and pending endorsement on the title by Land and Surveys Department]

PROPERTY DETAILS

Property Description The subject properties are 4 adjoining detached house plots within Taman Lavender held under Country Lease titles with the individual plot details tabulated above.

Generally, the plots are vacant but we note that there is a permanent single storey structure (82 sq. ft. x 20 sq. ft.) with 5 rooms and 2 toilets at CL 015654743 which can be used as an outbuilding and incorporated as part of a bungalow house when the property is developed. However, as Occupation Certificate not obtained, the value of building has been ignored.

Planning Use Residential Low Density [R(L)]

VALUATION METHOD

We have adopted the Comparison Method in order to arrive at the market value of the subject properties. As these are vacant house plots within a residential suburb, there is no other alternative method.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 015485248	CL 015363407	CL 015589232	CL 015343843	CL 015487340	CL 015385654 & CL 015385663
Location	Jalan Gunung Bintang, Taman Prima Jaya Phase 1	Lot 35, Lorong Pelanduk 3, Taman Kinamount	Lot 458, Lorong Pokok Resam 5, Taman BDC Likas, Phase 12A	Lorong Tasbeh 1, Shangrila Estate	Lot 28, Lorong Pokok Seraya 1, Taman Khidmat	Off Jalan Penempatan, Jalan Shantung
Locality Analysis	Corner lot along Lorong Gunung Bintang. Near to the subject property	Backing onto open space. In established locality	Front and rear frontages. Detached houses enclave	Hilltop site along Jalan Bunga Tasbeh. Narrow winding access	Backing onto SGCC. Detached housing locality	Hilltop site at relatively undeveloped ridge Narrow winding access.
Topography	Flat	Flat	Flat	Steep slopes	Flat	Hilltop with steep sides
Land Area	9,065 sq. ft.	8,120 sq. ft.	14,424 sq. ft.	22,879 sq. ft.	9,746 sq. ft.	30,855 sq. ft.
Land Shape	Rectangular	Rectangular	Rectangular	Pentagonal	Rectangular	Trapezoidal but roughly squarish
Covenant	Transfer subject to building house. Transfer prohibition to company not individuals	Building Covenant but no time frame	Building Covenant extended to 1st Jan 2024	Covenant free	Building Covenant extended to Jan 2027	Building Covenant which does not prohibit transfer
Tenure	99 years	999 years	999 years	999 years	99 years	99 years
Lease Remaining	59 years	891 years	901 years	903 years	59 years	45 years
Transacted Price	RM2,066,152	RM1,665,000	RM2,900,000	RM4,150,000	RM2,000,000	RM7,000,000
Rates	RM228 psf	RM205 psf	RM201 psf	RM181 psf	RM205 psf	RM227 psf
Transacted Date	23/02/2022	07/06/2022	10/08/2022	25/08/2022	26/09/2022	15/12/2022
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of locality, neighbourhood, views, topography, land area, land shape, expiring covenants and tenure					
Land Value After Adjustments	RM233 psf	RM176 psf	RM211 psf	RM184 psf	RM201 psf	RM253 psf

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In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, locality, neighbourhood, views, topography, land area, land shape, expiring covenants and tenure. After making adjustments, the values derived are between RM176 psf to RM253 psf.

Macro factors that we have taken into consideration are as follows:-

1) The subject house plots are about 5 km from Kota Kinabalu City Centre and are near to major commercial amenities, schools, clinics and religious establishments.
2) The subject properties are in the sought after Luyang residential suburb.
3) Availability of suitable house plots are generally quite limited. The property market is generally resilient and stable.

VALUATION

Having considered all factors known to us, our opinion of the subject properties' market value, free of all encumbrances and with vacant possession, on 28th February 2023 is **RM12,700,000 (RINGGIT MALAYSIA TWELVE MILLION AND SEVEN HUNDRED THOUSAND ONLY)**

6.0 FIVE (5) STUDIO APARTMENTS AT TAMAN NELLY PHASE 8D, JALAN NOUNTUN, KOLOMBONG, 88450, KOTA KINABALU, SABAH.

Subject Properties	Unit Nos. D-2-26, D-2-08, D-2-28, D-3-05 & D-3-12 Taman Nelly Phase 8D, Jalan Nountun, Kolombong, 88450, Kota Kinabalu
Location	Located in the Kolombong locality which is primarily an industrial area but with residential developments
Date of Inspection / Valuation	28th February 2023

TITLE DETAILS

Master Title No.	CL 015605419
Registered Owners	Edward S. Jaip & Landmark Property Sdn. Bhd.
Land Area	4.669 Hectares (11.5 acres)
Tenure	99 years with 78¾ years unexpired

Note: Individual subsidiary titles shall be issued in due course for the subject properties

PROPERTY DETAILS

Property Description: Accommodation of each unit comprises a living/dining/bedroom area, open kitchen and shower/w.c. as a single large room to maximise space utilisation Details are as follows:

Level	Unit Nos.	Type	Provisional Floor Areas (each unit)
Level 2	D-2-26	A	257 sq. ft. (23.88 sq. m.)
	D-2-08	B	242 sq. ft. (22.48 sq. m.)
	D-2-28		
Level 3	D-3-05		
	D-3-12		

Beneficial Owner (all units)	Landmark Property Sdn. Bhd [Based on Trust Deed dated 27th February 2004 *(Ref No. JT/C/2002/46/tss)* and 11th August 2005 *(Ref No. JT/C/2002/55TSSs)*
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 17th May 2013.

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Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Tenancy Details	The studio units are tenanted with average monthly rental between RM350 to RM700. Tenancy period of these units starts from 1st July 2022 to 30th November 2023.

VALUATION METHODS

We have adopted the Comparison and Investment Method in order to arrive at the market value of the subject property.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Address	Unit No. D-4-37, Taman Nelly Phase 8D	Unit No. D-3-45, Taman Nelly Phase 8D	Unit No. D-2-17, Taman Nelly Phase 8D	Unit No. D-5-27, Taman Nelly Phase 8D	Unit No. D-7-18, Taman Nelly Phase 8D
Floor Area	242 sq. ft. (22.5 sq. m.)	242 sq. ft. (22.5 sq. m.)	242 sq. ft. (22.5 sq. m.)	257 sq. ft. (23.9 sq. m.)	257 sq. ft. (23.9 sq. m.)
Date of Transaction	06/11/2019	04/09/2020	01/12/2021	28/02/2022	16/06/2022
Transacted Price	RM150,000	RM150,000	RM150,000	RM148,000	RM200,000
Rate	RM618/psf	RM618/psf	RM618/psf	RM576/psf	RM778/psf

Based on comparison method, we have adopted the rate about RM570 psf to RM770 psf based on JPPH data.

Investment Method

No.	Description	Parameters
1	Gross Monthly Rental Term	RM1.45 psf to RM2.72 psf
2	Gross Monthly Rental Reversionary	RM2.90 psf to RM3.00 psf
3	Service Charge - Term	RM0.26 psf to RM0.27 psf
4	Service Charge - Reversionary	RM0.35 psf
5	Voids	10%
7	Capitalisation Rate – Term	4.50%
8	Capitalisation Rate – Reversion	4.25%

Remarks to the above items

1) For item 1, we have adopted the term rental for occupied units and for item 2, reversionary rents are based on current rates in the estate, in the range of RM3.00 psf to RM3.50 psf.
2) We have allowed for an increase in service charges at the reversionary period in anticipation of higher cost of management and maintenance.
3) Deduction is allowed for service charge & sinking fund, insurance, assessment rates and void cost

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM760,000.00
Investment Method	-	RM745,000.00
Adopt	-	RM760,000.00

As the comparable method is market driven and as there are sufficient transactions of units similar to the subject properties, the Comparison Method is considered as more robust and preferred in this case. The Investment Method in this case is less reliable as rental data obtained are asking rental prices and not actual tenancies. Accordingly, we have adopted RM760,000 as the total market value for the subject properties.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

7.0 A CORNER 3-STOREY SHOPOFFICE KNOWN AS LOT NO. 68, LORONG BUAH PALA 3, WISMA LTF, TAMAN NELLY, 88450, KOTA KINABALU, SABAH AND HELD UNDER INDIVIDUAL TITLE NO. CL 015479197

Subject Property	Lot No. 68, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah
Location	Located in the prime Kolombong locality
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Title No	CL 015479197
Registered Owner	K.T.I. Sdn. Bhd.
Land Area	1,174 sq. ft. (109.1 sq. m.)
Tenure	999 years with 902¼ years unexpired
	PROPERTY DETAILS
Property Description	A corner 3-storey shopoffice at the south-west wing of Wisma LTF, this property occupies a 1,174 sq. ft. (109.1 sq. m.) building plot. It is in its original design but has been renovated internally for use as offices. An individual staircase provides access to its upper levels.
Built-Up Area	The total floor areas are as follow: Main Floor Area 3,306 sq. ft. (307.2 sq. m.) Ancillary Floor Area 396 sq. ft. (36.9 sq. m.)
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 18th March 1987.

VALUATION METHODS

We have adopted the Comparison and Investment Methods in order to arrive at the market value of the subject property.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title No.	CL 015454574	TL 017564420	CL 015157463	CL 015348544
Location	Lot No. 16, Block A, Kolombong Industrial Development	Lot 1, Block E, KK Taipan, Jalan Tuaran	Lot 35, Inanam Commercial Centre, Jalan Tuaran	Lot No. 1, Jalan Gunung Bintang, Taman Dai Ming
Property	3-storey intermediate light industrial shop	3-storey corner shopoffice	3-storey intermediate shopoffice	2-storey corner shopoffice
Locality Analysis	In sought after industrial locality	New commercial precinct next to Inanam Township	In commercial precinct next to Taman Kopeks	Neighbourhood shop within established residential locality
Accessibility	Good	Good	Fair	Fair
Visibility	Good	Fair	Fair	Fair
Built-Up Area	3,597 sq. ft.	4,404 sq. ft.	4,947 sq. ft.	2,862 sq. ft.
Building Condition	Fair	Good	Fair	Below average
Title Status	Individual Title	Master Title	Master Title	Individual Title
Tenure	999 years	99 years	999 years	99 years
Lease Remaining	903 years	83 years	906 years	48 years
Distance to subject property	1 km	2.4 km	2.7 km	7 km
Transacted Price	RM1,350,000	RM1,850,000	RM1,500,000	RM1,200,000
Transacted Price	RM375 psf	RM420 psf	RM303 psf	RM419 psf
Transacted Date	17/06/2020	18/05/2021	01/12/2022	5/01/2023
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure			
Land Value After Adjustment	RM416 psf	RM420 psf	RM361 psf	RM427 psf

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, advertising advantage, title status, size, type, building condition and tenure. After adjustments, the values derived are between RM361 psf to RM427 psf.

In adopting the rate to derive Lot 68's market value, both Comparables 1 and 2 are considered suitable. Comparable 1 is in the immediate locality of the subject property but is an intermediate unit. Comparable 2 is a corner unit as is the subject property but has a much larger built-up area. We note that the average rate is RM406 which is slightly lower than the subject property. Having regard to all relevant factors, our adopted rate of RM420 psf in our opinion is a fair representation of the market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference.

No.	Description	Parameters
1	Annual Gross Income	Ground Floor - RM2.80 psf First Floor - RM2.00 psf Second Floor - RM1.50 psf
2	Outgoings	RM1.13 psf (4.5%)
3	Void	8%
4	Capitalisation Rate	4.25%

Estimated rents are based on current rental rates in the vicinity. Generally, prevailing ground floor rates range from RM2.50 to RM4.20. First floor rentals are between RM1.80 to RM2.30 whilst second floor are about RM1.20 to RM1.70. Deduction is allowed for outgoings and voids. Outgoings reflect general maintenance, insurance and assessment rate. General redecoration at a lump sum of RM15,000 equivalent to RM4.50 psf is allowed to improve its overall appearance prior to letting.

RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM1,550,000.00
Investment Method	-	RM1,700,000.00
Adopt	-	RM1,600,000.00

From the above, the Comparison Method appears to be more reliable in arriving at the Market Value of the subject property. This is due to the fact that there are numerous transactions of units reasonably similar to the subject property. The Investment Method in this case is less robust as the rental data obtained are generally based on asking rental prices with limited actual tenancies as supporting evidence. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. Having regard to both approaches and based on our knowledge and understanding of the market, we have adopted the Market Value as expressed above for the subject property.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

8.0 THE FIRST AND SECOND FLOORS OF A CORNER 3-STOREY SHOPOFFICE KNOWN AS LOT NO. 69, LORONG BUAH PALA 3, WISMA LTF, TAMAN NELLY, 88450, KOTA KINABALU, SABAH.

Subject Property	First and Second Floors, Lot No. 69, Lorong Buah Pala 3, Wisma LTF, Taman Nelly, 88450, Kota Kinabalu, Sabah
Location	Located in the prime Kolombong locality
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Title No	CL 015479204
Registered Owners	K.T.I. Sdn. Bhd. (Co. No. 125931-U) - $^2/_3$ *Shares* Chong Nyuk Oi (NRIC No. 290725-12-5002) - $^1/_6$ *Shares* Kong En Leong (NRIC No. 560208-71-5263) - $^1/_{12}$ *Shares* Kong En Phin (NRIC No. 580605-71-5433) - $^1/_{12}$ *Shares* *Note: The subject properties relate to the ⅔ shares under K.T.I Sdn. Bhd.*
Land Area	1,587 sq. ft. (147.4 sq. m.)
Tenure	999 years with 902¼ years unexpired
	PROPERTY DETAILS
Property Description	Comprising the first and second floors, the subject properties are at the corner of a row of 3 storey shopoffices. They are in their original design but with internal renovations. Both levels were used as offices but are now unoccupied. Access is via staircases.
Built-Up Area	The total floor areas are as follow: Main Floor Area 2,664 sq. ft. (247.4 sq. m.) Ancillary Floor Area 510 sq. ft. (47.4 sq. m.)
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 18th March 1987.

VALUATION METHODS

We have adopted the Comparison and Investment Methods in order to arrive at the market value of the subject property.

Comparison Method

First Floor

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Title No.	ST 010553376	TL 017703801	CL 015586142	CL 015652865	CL 015494394
Location	1st Floor, Unit B-1-22, Kuala Inanam, Plaza Kingfisher	1st Floor, Unit No. A-1-13, Jalan Tuaran, KK Taipan	1st Floor, Unit No. E-1-34, Jalan Lintas, Iramanis Centre	1st Floor, Unit No.15, Jalan Tuaran, Inanam Square	1st Floor, Unit No. 1, Block 1A, Jalan Seoangar, Alam Puteri
Property Type	3-storey intermediate shopoffice	3-storey corner shopoffice	3-storey intermediate shopoffice	3-storey intermediate shopoffice	3-storey corner shopoffice
Locality Analysis	Within established residential	Next to Inanam Township	Commercial precinct along main road	Located closed to Inanam Township	Located at Sepangar locality
Accessibility	Good	Good	Excellent	Fair	Fair
Visibility	Good	Fair	Fair	Fair	Fair
Title Status	Subsidiary Title	Master Title	Master Title	Master Title	Master Title

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Tenure	99 years	99 years	99 years	99 years	99 years
Lease Remaining	64 years	82 years	69 years	54 years	66 years
Built-Up Area	1,160 sq. ft.	1,495 sq. ft.	1,440 sq. ft.	1,200 sq. ft.	1,305 sq. ft.
Building Condition	Fair	Good	Fair	Fair	Excellent
Distance to subject property	4.2 km	2.4 km	1.8 km	2.0 km	10 km
Transacted Price	RM480,000	RM650,000	RM610,000	RM500,000	RM414,000
Transacted Price	RM414 psf	RM435 psf	RM424 psf	RM417 psf	RM317 psf
Transacted Date	9/9/2021	4/1/2022	28/01/2022	16/03/2022	22/11/2022
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure				
Value after adjustment	RM484 psf	RM387 psf	RM491 psf	RM471 psf	RM320 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, advertising advantage, title status, size, type, building condition and tenure. After adjustments, the values derived are between RM320 psf to RM491 psf.

In adopting the rate to derive the Lot 69, first floor shopoffice's value, we have placed greater emphasis on Comparable 4 as it is the near to the subject property and with other similar attributes. Average rates have been distorted by Comparable 5 which has a very low rate of RM320 psf. This comparable is not in the same locality as the other comparables and if it is excluded average rate is about RM458 psf. Taking into consideration all the relevant factors, we have adopted the rate of RM450 psf in our valuation as a fair representation of the market value.

Second Floor

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Title No.	CL 015663055	CL 015652865	CL015586142	CL 015494934
Location	3rd Floor, Unit No. 3, Jalan Lintas, Bunga Raja Shopping Complex	2nd Floor, Unit No. 15, , Jalan Tuaran, Inanam Square	2nd Floor, Unit No. C-2-20, Jalan Lintas, Iramanis Centre	2nd Floor, Unit No. 2, Block 1A, Jalan Sepangar, Alam Puteri (Princess Heights)
Property Type	4-storey intermediate shopoffice	3-storey intermediate shopoffice	3-storey corner shopoffice	3-storey intermediate shopoffice
Locality Analysis	Commercial precinct along main road	Located closed to Inanam Township	Commercial Precinct along main road	Located at Sepangar locality
Accessibility	Excellent	Fair	Excellent	Fair
Visibility	Good	Fair	Fair	Fair
Title Status	Master Title	Master Title	Master Title	Master Title
Tenure	999 years	99 years	99 years	99 years
Lease Remaining	902 years	54 years	69 years	66 years
Built-Up Area	1,800 sq. ft.	1,200 sq. ft.	1,500 sq. ft.	1,266 sq. ft.
Building Condition	Fair	Fair	Fair	Excellent
Distance to subject property	1.0 km	2.0 km	1.8 km	10 km
Transacted Price	RM470,000	RM300,000	RM550,000	RM256,000
Transacted Price	RM261 psf	RM250 psf	RM367 psf	RM202 psf
Transacted Date	01/03/2022	23/02/2022	09/05/2022	22/11/2022
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure			
Value after adjustment	RM298	RM268	RM363	RM228

In arriving at the Market Value, we have taken into consideration each aspect of the comparables in terms of time/market conditions, location, advertising advantage, title status, size, type, building condition and tenure. After adjustments, the values derived are between RM228 psf to RM363 psf.

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

In adopting the rate to derive Lot 69's second floor shopoffice value, we have placed greater emphasis on Comparable 2 as it is the near to the subject property and with other similar attributes. Average rates have been distorted by Comparable 4 which has a very low rate of RM228 psf. This comparable is not in the same locality as the other comparables and if it is excluded average rate is about RM310 psf. Taking into consideration all relevant factors, we have adopted the rate of RM270 psf in our valuation as a fair representation of the market value.

Investment Method

A summary of the Investment Method is tabulated below for easy reference.

No.	Description		Parameters	
1	Annual Gross Income		First Floor - RM1.95 psf Second Floor - RM1.45 psf	
2	Outgoings	deductions	RM0.78 psf to RM1.05 psf	*(1st & 2nd Floor)*
3	Void		8%	
4	Capitalisation Rate		4.25%	

Estimated rents are based on current rental rates in the vicinity. Generally, prevailing rates for first floor range from RM1.80 to RM2.30 whilst second floor are about RM1.20 to RM1.70. Deduction is allowed for outgoings reflect general maintenance, insurance and assessment rate. General redecoration at RM10,000 for each floor is allowed in order to improve their overall appearance prior to letting.

RECONCILITION OF VALUES DERIVED

Investment Method	-	RM1,100,000
Comparison Method	-	RM1,140,000
Adopt	-	RM1,100,000

From the above, the Comparison Method appears to be the more reliable in arriving at the Market Value of the subject property. This is due to the fact that there are numerous transactions of units reasonably similar to the subject property. The Investment Method in this case is less robust as the rental data obtained are generally based on asking rental prices with limited actual tenancies as supporting evidence. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. The values adopted is, however, tempered by our experience & knowledge in the market

9.0 A CORNER 4-STOREY CORPORATE OFFICE BUILDING KNOWN AS LOT NO. 222, TAMAN NELLY 9 *(SUB-PHASE 4),* LORONG NELLY PLAZA, JALAN NOUNTUN, 88444, KOTA KINABALU, SABAH.

Subject Property	Lot No. 222, Taman Nelly 9 *(Sub-Phase 4),* Lorong Nelly Plaza, Jalan Nountun, 88444, Kota Kinabalu, Sabah
Location	Located in the prime Kolombong locality
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Master Title No	NT 013057353 *(now surrendered, pending issuance and registration of individual title to the subject property)*
Registered Owner	Edward S. Jaip
Beneficial Owner	K.T.I. Sdn. Bhd. [Based on Trust Deed dated 16th December 2009]
Land Area	2.A 3.R. 30.P

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Tenure	Grant in Perpetuity
Special Terms	Padi *(Draft Individual title is ready to be issued. Use is for a 4-storey shopoffice).*

PROPERTY DETAILS

Property Description	A corner 4-storey block, this property has been renovated into the corporate office of K.T.I. Sdn Bhd, developer of the Taman Nelly scheme. This block is larger than the norm with a provisional land area of 3,607 sq. ft. (335.1 sq. m.) which is more than the size of 2 shoplots. Ground floor is used as showroom gallery. Upper floors are used as offices and may be reached from the ground level by stairs or lift.
Built-Up Area	Total floor areas are as follow: Main Floor Area 11,172 sq. ft. (1,037.9 sq. m.) Ancillary Floor Area 2,900 sq. ft. (269.4 sq. m.)
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 10th September 2012.

VALUATION METHODS

We have adopted the Comparison and Investment Method in order to arrive at the market value of the subject property.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3
Title No.	TL 017540500	TL 017504568	TL 015679339
Property Type	8-storey corner office	4-storey intermediate shop office without lifts	10-storey office
Address	Lot 66, Block K, KK Times Square	No. 2, Jalan Pantai	Lot No. 15, Block A, Sutera Avenue, Coastal Highway
Locality Analysis	Located at periphery of City Centre	Located in City Centre	Located at periphery of City Centre
Distance to Subject Property	7 km	9 km	7 km
Accessibility	Good	Good	Good
Visibility (advertising)	Good	Good	Excellent
Title Status	Master/strata title	Individual Title	Master/strata title
Title Use	Shop/office	Shophouse	Shop/office
Tenure	99 years	99 years	99 years
Lease Remaining	58 years	32 years	72 years
Built-Up Area	14,613 sq. ft.	6,000 sq. ft.	16,184 sq. ft.
Land Area	2,000 sq. ft.	1,500 sq. ft.	1,400 sq. ft.
Building Condition	Good	Good	Excellent
Transacted Price	RM11,000,000	RM6,000,000	RM16,000,000
Transacted Price (based on built-up)	RM753 psf	RM1,000 psf	RM989 psf
Date of Transaction	01/11/2018	03/10/2022	03/11/2022
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of location, advertising advantage, title status, size, type, building condition and tenure		
Value After Adjustment	RM640 psf	RM950 psf	RM919 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, location, advertising advantage, title status, size, type, building condition and tenure. After adjustments, the values derived are between RM640 psf to RM950 psf.

In adopting the rate to derive the value for Lot 222 (corner 4-storey corporate office building), we have placed greater emphasis on Comparable 1 as it has the most similar land and built-up area with the subject property. Taking into consideration all relevant factors, we have adopted the rate of RM640 psf in our valuation as a fair representation of its market value.

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Investment Method

A summary of the Investment Method is tabulated below for easy reference as follows.

No.	Description		Parameters	
1	Annual Gross Income		Ground Floor - RM3.80 psf First Floor - RM2.50 psf Second Floor - RM2.50 psf Third Floor - RM2.50 psf	
2	Outgoings	Deduction	RM1.50 psf	*(Gf to 3rd Floor)*
3	Voids	Deduction	8.5%	
4	Capitalisation Rate		4.5%	

Estimated rents are based on the current rental rates in the vicinity. Generally, ground floor rates for quality showroom/gallery range from RM3.50 to RM4.50. Ground floor of the subject property is of high ceiling with high quality finishes for a grand environment. Outgoings reflect general maintenance, insurance and assessment rate. The capitalisation rate is a long-term outlook. This is an all-risks rate reflecting the illiquid nature of real estate but as a good hedge against inflation with lower risks, scarcity and so on.

RECONCILIATION OF VALUES DERIVED

Investment Method	-	RM7,100,000.00
Comparison Method	-	RM7,200,000.00
Adopt	-	RM7,200,000.00

In valuing the subject property, we are aware that both approaches have their weaknesses and strengths. As both approaches provide almost similar values, their differences are not very material in our choice between them.

From the above approaches, we have concluded that the Comparison Method is the more reliable approach in arriving at the Market Value of the subject property. The Investment Method in this case is less robust as the rental data obtained are mainly from KK Times Square and limited data was obtained from other localities. Furthermore, the capitalization rate is based on our general experience and yields of other asset classes and not on actual analysed yields. As such the values derived by this method may be regarded as less reliable.

10.0 A DOUBLE STOREY OFFICE/SHOWROOM WITH DOUBLE VOLUME WAREHOUSE KNOWN AS LOT NO. 223 (BUILDING NO. 32A), LORONG NELLY 9/2, TAMAN NELLY 9 *(SUB-PHASE 1)*, KAMPUNG NOUNTUN, INANAM, 88450, KOTA KINABALU, SABAH.

Subject Property	Lot No. 223 (Building No. 32A), Lorong Nelly 9/2, Taman Nelly 9 *(Sub-Phase 1)*, Kampung Nountun, Inanam, 88450, Kota Kinabalu, Sabah
Location	Located in the prime Kolombong locality
Date of Inspection / Valuation	28th February 2023

TITLE DETAILS

Title No	NT 013021308 *(now surrendered, pending issuance and registration of individual title to the subject property)*
Registered Owner	Edward S. Jaip
Beneficial Owner	K.T.I. Development Sdn. Bhd. [Based on Trust Deed agreement dated 25th October 2022 *(Ref No. JT/C/2002/45/tss)*
Land Area	65,787 sq. ft. (6,111.8 sq. m.)
Tenure	Grant in Perpetuity

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Special Terms	Padi & Coconut *(Draft Individual title is ready to be issued. Use is for a 2-storey showroom).*
	PROPERTY DETAILS
Property Description	A double-storey showroom/office with large double volume warehouse adjoining its rear and with a deep, full width forecourt of tarmac hardstanding 37,543 sq. ft. (3,487.8 sq. m.). The rear northern half of the site is undeveloped and of earth formation except for a 12-bay car port along the north-west corner. This undeveloped portion extends to about 27,000 sq. ft. (2,508 sq. m.).
Built-Up Area	The total floor areas are as follow: Main Floor Area 11,040 sq. ft. (1,025.6 sq. m.) Ancillary Floor Area 37,543 sq. ft. (3,488 sq. m.)
Occupation Certificate	Issued by Dewan Bandaraya Kota Kinabalu on 7th March 2018

VALUATION METHODS

We have adopted the Comparison and Contractor's Test (Cost Method) in order to arrive at our opinion of the subject property's market value.

Comparables Adjustment

In this approach adjustments are applied directly to the adjusted building size (MFA) after allowing for differences in building components and depreciation. Adjusted building size reflects adjustments for the office component with a building factor of 1.25 applied to account for the difference in building rates for warehouse and office. The final adjusted rate is an all-in rate reflecting both building and land components. This is shown in the attached table.

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Title No.	CL 015309690	CL 015445404	CL 015569481	CL 015454270	CL 015677960	CL 015379727
Description	3-storey detached office with warehouse	3-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse	2-storey detached office with warehouse
Address	Lot CL 015309690, Lorong Tongkuzu, Likas Baru Industrial Estate	Lot 2A, Jalan Kacang Tanah 1, Sedco Industrial Estate	Lot 2, SEDCO Industrial Estate, Jalan Kilang, Off Jalan Lintas	Lot No. 1, Jalan Bolukun, Jalan Tuaran BT 5.5	Lot CL 015677960, Lorong Perindustrian Suria	Lot No. 27, Jalan Kilang, Off Jalan Lintas, Sedco Industrial Estate
Land Area	27,007 sq. ft.	80,945 sq. ft.	27,879 sq. ft.	16,819 sq. ft.	87,040 sq. ft.	66,598 sq. ft.
Distance to Subject Property	3 km	2 km	4 km	2km	1km	2km
Accessibility	Off main road, no through access	Off main road, no through access	Fronting Jalan Kilang	Off main road, access is through dual lane service road	Off main road, narrow width, no through access	Off main road, access is through dual lane service road
Title Status	Individual	Individual	Individual	Individual	Individual	Individual
Tenure	60 years	99 years	99 years	999 years	99 years	99 years
Lease Remaining	52 years	53 years	52 years	901 years	83 years	48 years
Price Transacted	RM5,425,000	RM20,000,000	RM7,500,000	RM7,800,000	RM20,250,000	RM18,000,000
Date of Transaction	18/06/2020	02/01/2021	02/07/2021	05/04/2022	03/01/2023	09/06/2022
Rate psf on Land Area	RM201 psf	RM247 psf	RM269 psf	RM463 psf	RM232 psf	RM270 psf
Building Condition	Poor	Fair	Fair	Fair	Fair	Good
Adjusted Building MFA	16,334 sq. ft.	27,196 sq. ft.	15,962 sq. ft.	5,482 sq. ft.	36,464 sq. ft.	35,930 sq. ft.
Building Depreciation	90%	25%	25%	25%	25%	15%
Base Value Derive from Land Area	RM201 psf	RM247 psf	RM269 psf	RM464 psf	RM233 psf	RM270 psf

RICS

AZMI & CO

Date: 21st October 2023
Our Ref: 1.4411.23/WCK

Adjustments	General adjustments are made for time/market conditions and various factors inclusive of locality, access, land size and tenure					
Rate on Land Area after Adjustment	RM208 psf	RM316 psf	RM281 psf	RM383 psf	RM275 psf	RM297 psf

Using this approach the value arrived at after applying the adopted all-in rate of RM300 psf is RM19,750,000.00.

Contractor's Test (Cost Method)

No.	Description	Parameters
1.	Total Building Costs	Main Building - RM160 psf to RM200 psf Ancillary Facilities - RM50 psf to RM80 psf
2.	Other costs	RM14.60 psf
3.	Depreciation Cost	25%
4.	Land Cost	RM200 psf
5.	Acquisition Cost	4.5%
6.	Financial Charges	3.75%

We have adopted RM160 to RM200 psf for main floor area and RM50 psf to RM50 psf for ancillary floor area based on Construction Cost Handbook/Arcadis (2022). A rate of RM200 per sq. ft. has been applied for the land after adjustments based on recent transactions between RM180 to RM214 per sq. ft. After deriving the building & other costs and allowing for depreciation, the land cost, acquisition cost and finance charges are added to derive the value of the subject property.

Land Comparables Adjustment for Contractor's Test

Details	Subject Property	Comparable 1	Comparable 2
Title No.	CL 015646867	CL 015726511	CL 015092430
Description	A large detached warehouse with double storey offices/showroom	Vacant land	Vacant land next to water reservoir
Address	Lot No. 223, Lorong Nelly 9/2, Phase 9, Taman Nelly, Kampung Nountun, Inanam, Kota Kinabalu	Mile 5½, Jalan Tuaran	Off Lorong Juta, Km 7, Jalan Tuaran
Land Area	65,787 sq. ft.	16,885 sq. ft.	81,893 sq. ft.
Distance to Subject Property	-	1 km	2½ km
Accessibility	Single carriageway with dual lanes	Single carriageway with dual lanes	Off main road, no through access
Zoning	Approved for use as a showroom with warehouse space	Industrial	Commercial
Terrain	Flat	Flat	Hilly & steep
Tenure	99 years	60 years	999 years
Lease Remaining	84 years	57 years	958 years
Price Transacted		RM3,050,000	RM17,500,000
Date of Transaction	-	18/06/2020	16/02/2022
Rate on Land Area		RM181 psf	RM214 psf
	General adjustments are made for time/market conditions and various factors inclusive of locality, accessibility, land area, terrain (earthwork & retaining wall) and tenure		
	Rate on Land Area after Adjustment	RM183 psf	RM259 psf

Building rates are based on prevailing market, our general experience and from Construction Cost Handbook/Arcadis (2022). Other development costs include external works, utilities, fees (consultants' fees at 7.0%) and interest. Depreciation has been allowed at 25%. Land value is adopted at RM200 psf based on recent transaction prices between RM180 psf to RM214 psf with adjusted rate between RM183 psf to RM259 psf. Acquisition cost allowed at 4.50% covers stamp duty and legal fees for purchase and loan documentation and is deducted after discounting.

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RECONCILIATION OF VALUES DERIVED

Comparison Method	-	RM19,750,000.00
Contractor's Test	-	RM19,300,000.00
Adopt	-	RM19,000,000.00

From the above approaches, we have placed greater weightage on the value derived from the Contractor's Test as we consider this more accurately reflects the condition of the building, title conditions, present market and its built-up size. Furthermore, land scarcity and construction cost have significantly contributed to higher development cost.

The Comparison Method in this case is less robust as all of the comparables have extensions and modifications that are not in compliance with planning requirements. Accordingly, estimated and adjusted built-up areas are likely to have a high margin of error. Furthermore, depreciation rates adopted are based on external observations and may not adequately reflect actual building conditions. Adjustment rates adopted are discretionary based on experience and market understanding. These weaknesses therefore mean the Comparison Method is more suitable as a secondary approach or a counter check measure. Accordingly, the market value adopted for the subject property is RM19,000,000.

11.0 A DOUBLE-STOREY DETACHED SHOP KNOWN AS LOT NO. 17, PHASE 3A, PLAZA LEMAWANG (SHOP/OFFICES), 89208, TUARAN SABAH

Subject Property	Lot No. 17, Phase 3A, Plaza Lemawang (Shop/Offices), 89208, Tuaran, Sabah
Location	Along Jalan Tuaran – Kota Belud, 89208, Tuaran, Sabah, about 3½ km from Tuaran Town
Date of Inspection / Valuation	28th February 2023
	TITLE DETAILS
Master Title No	CL 045115919 *(Individual subdivided title shall be issued in due course)*
Registered Owner	Lembaga Pembangunan Perumahan dan Bandar (LPPB)
Provisional Land Area	5,851.3 sq. ft. (543.6 sq. m.)
Tenure	999 years leasehold with 895 years unexpired
	PROPERTY DETAILS
Property Description	Comprising a double-storey detached shoplot, the subject property has a provisional land area of 5,851 sq. ft. (543.6 sq. m.). It is earmarked for a mini market. Ground and first floors are designed with an open retail area and toilets/w.c.s. The built-up area (main floor area) is 9,936 sq. ft.
Occupation Certificate	Issued by Majlis Daerah Tuaran on 19th December 2022

VALUATION METHODS

We have adopted the Comparison Method and Contractor's Test (Cost Method) in order to arrive at the market value of the subject property.

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Location	Lot No. 1, Phase 3A, Plaza Lemawang	Lot No. 8, Phase 3A, Plaza Lemawang	Lot No. 9, Phase 3A, Plaza Lemawang	Lot No. 16, Phase 3A, Plaza Lemawang
Property	2-storey corner shop	2-storey corner shop	2-storey corner shop	2-storey corner shop
Built-Up Area	2,558 sq. ft.	2,558 sq. ft.	2,558 sq. ft.	2,558 sq. ft.
Transacted Price	RM690,000	RM690,000	RM690,000	RM690,000

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Transacted Price	RM270 psf	RM270 psf	RM270 psf	RM270 psf
Transacted Date	27/7/2021	14/10/2021	14/1/2022	14/7/2021
Adjustment	General adjustments are made for time/market conditions and various factors inclusive of building size and type			
Total Value After Adjustment	RM202 psf	RM202 psf	RM202 psf	RM202 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of time/market conditions, size and type. After making adjustments, the value is RM202 psf.

As the comparables are within the same development as the subject property, we have taken relevant factors into account for adjustment. Factors that are common such as accessibility, title tenure and building condition have been excluded as there is no need for adjustments. We note that sub-sales of 2-storey corner lots on small 1,080 sq. ft. plots at an existing project, Plaza CKS, about 3.5 km north-east were transacted in 2022 at about RM1,000,000. The analysed rate on built-up area is about RM900 psf, which is more than four times the adjusted rate of RM202 psf. Conversely, the subject property, is more than fourfold in the term of size.

Taking into consideration all the factors above, we have adopted RM200 psf in our valuation as a fair representation of the market value.

Contractor's Test (Cost Method)

No.	Description	Parameters
1.	Total Building Costs	Main Building - RM150 psf Ancillary Facilities - RM50 psf
2.	Other costs	RM27.60 psf
3.	Land Cost	RM65 psf
4.	Acquisition Cost	4.5%
5.	Financial Charges	3.75%

We have adopted RM150 psf for the main floor area of the double storey detached shop and RM50 psf for its ancillary floor area. These rates are based on prevailing market, our general experience and from Construction Cost Handbook/Arcadis (2022). Based on analysis and adjustments of land transactions we have adopted RM65 psf for the land. After deriving the building & other costs, the land cost, acquisition cost and finance charges are added to derive the value of the subject property.

Land Comparables Adjustments for Contractor's Test

Details	**Subject Property**	**Comparable 1**	**Comparable 2**	**Comparable 3**	**Comparable 4**	**Comparable 5**
Title No.	CL 045115919	NT 043216655	CL 045314832	CL 015677577	CL 045339320	CL 037503718
Location	Lot No. 17, Plaza Lemawang	Off Jalan Sulaman, D'Sri Gayang Phase 3	Kg. Batangan, Off Jalan Bolong	No. 29, off Jalan Sepangar	Lot 18, IZ12, Jalan Tengah KKIP	Pekan Kota Belud, Lorong Dewan Kota Belud
Property	2-storey mini market	Terraced shop office plot	Residential land	Detached plot	Detached plot	Commercial lot
Accessibility	Good	Fair	Fair	Fair	Fair	Good
Land Area (sf)	5,851	1,100	34,412	30,252	87,124	6,669
Title Status	Master Title	Master Title	Individual	Individual	Master	Individual
Tenure	999 Years	Grant in perpetuity	99 Years	99 Years	99 Years	99 Years
Lease Remaining	895 Years	Grant in perpetuity	55 Years	76 Years	75 Years	82 Years
Zoning	Commercial	Commercial	Residential	Industrial	Industrial	Commercial
Transacted Price	-	RM120,000	RM1,250,000	RM1,512,597	RM3,746,160	RM980,000
Rate on Land Area	-	RM109 psf	RM36 psf	RM50 psf	RM43 psf	RM147 psf
Transacted Date	-	4/8/2018	6/1/2021	15/4/2021	6/4/2022	24/4/2013

General adjustments are made for locality, accessibility, land area, title status, tenure, zoning and time/market conditions					
Land Value After Adjustment	RM82 psf	RM61 psf	RM67 psf	RM64 psf	RM122 psf
In this case the most suitable comparable is Comparable 1 as it is a shophouse plot. The average rates and most suitable comp are almost similar.					

Building rates are based on prevailing market, our general experience and from Construction Cost Handbook/Arcadis (2022). Other development costs include external works, utilities, professional fees and interest. Land value is adopted at RM65 psf based on transaction prices between RM50 psf to RM100 psf. After making adjustment, the land value is derived between RM64 psf and RM122 psf. Acquisition cost is allowed at 4.50% which covers stamp duty and legal fees for purchase and loan documentation.

<u>RECONCILIATION OF VALUES DERIVED</u>

Comparison Method	-	RM2,000,000.00
Contractor's Test	-	RM2,100,000.00
Adopt	-	RM2,000,000.00

From the above approaches, the Comparison Method appears to be more reliable in arriving at the Market Value of the subject property. This is because we are able to rely on sales of double storey corner units within the project thus allowing for direct comparison with limited adjustments required. The Contractor's Test (Cost Method) is therefore used as a check on the overall magnitude of our valuation. Having regard to both approaches and based on our knowledge and understanding of the market, we have adopted the Market Value as expressed above for the subject property.

12.0 A 20.4 ACRES RESIDENTIAL DEVELOPMENT SITE PROPOSED FOR 5 BLOCKS OF 39-STOREYS APARTMENTS & 2-STOREYS SUPERLINK HOUSES AT ALAMESRA, OFF SULAMAN COASTAL HIGHWAY, 88450, KOTA KINABALU, SABAH.

Subject Property	A parcel of mixed-use development land at Alamesra
Location	Alamesra, Kota Kinabalu, Sabah
Date of Inspection / Valuation	6th October 2023
	<u>TITLE DETAILS</u>
Title No.	CLs 015719874, 015719918, 015719909 & 015719892
Registered Owner	Millennium Amber Sdn. Bhd. *(Co. No. 1120533-D)* *(For all titles)*
Land Area	8.24 hectares (20.4 acres) more or less
Tenure	99 years with 75¼ years unexpired *(For all titles)*
	<u>PROJECT DETAILS</u>
Site Description	The subject property is an approved mixed development on a 20.37 acres site to be known as "Ayuria Place, Alamesra" held under 4 adjoining titles. The interest being valued is the land (to be amalgamated and subdivided) with the benefit of development plan approved by Dewan Bandaraya Kota Kinabalu on 13th September 2023 *(vide Ref: DBKK No. R/1151(G)/JLD.7/(250).* Construction work is now at early stage.
Development Overview	Details of the proposed development are as follows: <u>The Village (Phase 1A)</u> has 4 units of 2-storeys sales office & shoplot. Estimated gross built-up area for each 2-storeys building is 3,660 sq. ft.

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	Araya Gardens (Phase 1B) comprises 42 units of 2-storeys superlink terraced houses over 5.057 acres with a density of 8 units per acre. Plot sizes range from 2,166 sq. ft. to 6,402 sq. ft. Gross built-up area is about 2,754 sq. ft. for intermediate units whilst intermediate corner and corner units are around 2,804 sq. ft. and 2,813 sq. ft. respectively.
	Kayana Heights (Phase 2) has 2 blocks of 39-storeys apartments with 6-storeys car park podium A, 3 blocks of 39-storeys apartments with 8-storeys car park podium B. Unit sizes ranging from 650 sq. ft. – 1,000 sq. ft. Based on the total of 2,135 dwellings and site area of 14.45 acres, density is 148 units per acre.
Sales performance	(The Village) shops shall be kept as investments by the client. As project launch for Araya Garden and Kayana Heights are tentatively planned to be at the 1st quarter of 2024, there are no sales as yet.
Sales & Purchase Agreement	The subject property was purchased from Millenium Amber Sdn Bhd on 9th January 2023 for RM73,999,718 (in a vacant undeveloped state and without benefit of approved development plan).
Commencement Date	Phase 1A (The Village) - September 2023 Phase 1B (Araya Gardens) - September 2023 Phase 2 (Kayana Heights) - January 2024-December 2025
Completion Date	September 2028

VALUATION METHODS

Residual Method *(Primary Method)*

We have adopted the Residual Method in order to arrive at the market value of the subject property. As a check on the overall magnitude of value, we have taken into account the market value of the land derived by the comparison method to which is then added the cost incurred.

Summary of the computation by the residual method is tabulated below.

Araya Gardens (Phase 1B)

Gross Development Value (GDV)	RM51,514,288
Gross Development Cost (GDC)	RM23,558,688
Developer's Profit	18.0%
Remaining Development Period	2 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) - *Araya Gardens (Phase 1B)*

The total units of this project is 42 units double storey terraced houses. Selling price is RM1,200,000 to RM1,400,000 for non-bumi lots. Bumi lot prices are reflected by a 5% discount with selling prices from RM1,140,000 to RM1,235,000.

Gross Development Value is derived by reference to selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

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Summary of Gross Development Cost (GDC) - *Araya Gardens (Phase 1B)*

No.	Items	Total Value of Costs Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Building Works and External Works/Infrastructure including M&E	RM18,921,089	RM551,819	RM18,369,270
2	Other costs	RM2,921,049	RM9,656	RM2,911,393
3	Professional Fees	RM701,972	RM1,326	RM700,646
4	Finance Charges	RM1,014,578	RM242	RM1,014,336
5	Developer's Profit	18%	-	RM9,272,572

Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 3.5% of the estimated cost item 1.
2. Developer's Profit - As the project is ongoing, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. Accordingly, we have adopted 18% of gross development value as developer's profits.
3. We have adopted an estimated development period of 2 years in our valuation which we are consider realistic based on the limited units and a survey of sales performance of similar projects.

<u>Kayana Heights (Phase 2) and The Village (Phase 1A)</u>

Gross Development Value (GDV)	RM810,949,676
Gross Development Cost (GDC)	RM591,743,289
Developer's Profit	18.0%
Remaining Development Period	3.5 years
Present Value Discount Rate	4%

Summary of Gross Development Value (GDV) - *Kayana Heights (Phase 2) and The Village (Phase 1A)*

The total units of this project are 2,135 apartments and 4 units of 2-storeys shoplot. For Podium A (Blocks A1 & A2), selling prices for non-bumi lots are between RM347,750 to RM409,500. Bumi lot prices are reflected by a 5% discount with selling prices from RM330,363 to RM389,025. With regard to Podium B (Blocks B1, B2 & B3) as APDL (Advertising Permit and Developer's License) has not been submitted and obtained, there is no selling price chart for reference. Prices between RM354,250 to RM4700,000 for non-bumi lots and RM336,538 to RM446,500 for bumi lots have been adopted in the range RM428-575 psf based on survery and analysis price of similar projects.

For The Village, we have adopted a price of RM1,200,000 per unit based on comparison with transacted units.

Gross Development Value is derived by reference to selling prices of the units within the subject scheme and transacted prices of similar properties/projects.

Summary of Gross Development Cost (GDC) - *Kayana Heights (Phase 2) & The Village (Phase 1A)*

No.	Items	Total Value of Costs Estimate	Certified Amount	Balance Amount
1	Preliminaries, Piling Works, Building Works and External Works/Infrastructure including M& E	RM475,297,133	RM823,086	RM474,474,047
2	Other costs	RM61,394,215	RM127,244	RM61,266,971
3	Professional Fees	RM17,633,524	RM18,674	RM17,614,850
4	Finance Charges	RM37,418,417	RM3,411	RM37,415,006
5	Developer's Profit	18%	-	RM145,970,942

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Remarks to Cost items

1. The parameters adopted for items 1 to 2 are based on our estimate derived from Construction Cost Handbook/Arcadis (2022) as per our valuation. The rates psf and percentages adopted are generally within industry average. Professional fees is based on 3.5% of the estimated cost item 1.
2. Developer's Profit - As the project is ongoing, risks and uncertainties such as planning approval, site conditions, technical and legal issues have largely been removed. Accordingly, we have adopted 18% of gross development value as developer's profits.
3. We have adopted an estimated development period of 3½ years in our valuation. We are of the opinion the estimated development period is realistic based on the subject locality's large catchment and survey of sales achievements of similar projects.

Future Development Land

There are 2 parcels of future development land based on the endorsed development plan. We have taken into account the larger parcel with a land size of 5,290.3 sq. m. (56,945 sq. ft.) with the possibility of developing a block of apartments with about 135 residences. The smaller site has been ignored as its size limits any significant development.

We have compared the future development land (larger parcel) with 3 comparables of similar sizes. After making reasonable adjustments for different factors, we have adopted RM116 per sq. ft. to derive a value of RM6,600,000.00. The comparable adjustments table is as follows:

Description	Comparable 1	Comparable 2	Comparable 3
Title No.	PL 016079155	CL 015430298	CL 015325176
Site Description	Flat and slightly higher than access road	Flat and same level with access road	Hillside with higher costs for slope stabilisation and drainage
Locality	Taman BDC, Kolombong	VIP Lot, KK	Signal Hill, Jalan Bukit Bendera
Accessibility	Dual lane carriageway	Dual lane carriageway	Winding dual lane carriageway
Land Area	45,737	42,625	39,596
Approved Development	Nil	Nil	Nil
Zoning	Local Centre	Residential Low Density	Residential Medium Density
Special Terms/Clause	Rubber produced is liable to royalty	One Dwelling House	Nil
Density	Unknown, assume normal density of 80 units per acre		
Tenure	999 years	999 years	999 years
Remaining Term	904 1/2	885 1/4	884 1/2
Transaction Dates	19/01/2022	25/08/2022	20/05/2022
Transacted Price	RM 5,000,000	RM 7,350,000	RM 4,000,000
RM/PSF	RM 109	RM 172	RM 101
Adjustments	General adjustments are made for time/market conditions and various factors inclusive of location, terrain, land area, accessibility, tenure, conversion premium, density, infrastructure, and capital contribution for upgrading of utilities.		
Land Value After Adjusted Rate	RM 116 psf	RM 186 psf	RM 115 psf

Cost Incurred

This is for capital expenditure sunk into the project which has to be added back after arriving at the residual value and discounting to present value. Cost incurred into the project is based on actual expenditure provided by client's consultant. Material on site such as aggregate, cement, ready mix, river sand are essential to the development which have been paid for. They are constantly being delivered and used as the project is ongoing. We have therefore taken this into account and considered them as cost sunk-in. The amount has been inserted in the final value. As at the date of valuation, there are no external work/infrastructure costs incurred for this project.

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Comparison Method *(Check Method)*

Title No.	**CL 015000405 & 3 others**	**TL 017549665**
Site Description	Steep hillside with higher costs for slope stabilization and drainage	
Negative Features (Cemetery/Airport)	Next to Cemetery	Next to Airport
Locality	Signal Hill, Bukit Bendera	Shangrila Heights, Kepayan
Accessibility	Winding dual lane carriageway	Dual lane carriageway
Land area	447,798 sq. ft.	69,696 sq. ft.
Approved Development	Approved	Approved
Special Terms/Clause	Residential Buildings	Residential Buildings
Component	25-storeys condominium with 242 units and 29-storeys condominium with 548 units	10-storeys condominium with 165 units
Density	76 units per acre	103 units per acre
Tenure	999 years	99 years
Remaining Term	879 – 892 years	74 ¼ years
Transacted Dates	2/2/2023	15/08/2022
Transacted Price	RM44,800,000	RM10,800,000
RM/psf	RM100 psf	RM155 psf
Adjustments	General adjustments are made for terrain and various factors inclusive of location, accessibility, negative features, land area, density, time/market condition and remaining tenure.	
Land Value After Adjustment	RM88 psf	RM110 psf

In arriving at the Market Value, we have taken into consideration relevant aspects of the comparables in terms of location, accessibility, negative features, land area, density, time/market condition and remaining tenure. After adjustments, the values derived are between RM88 – RM110 psf.

In adopting the rate to derive Ayuria Place's value, we have placed greater emphasis on Comparable 2 which is deemed as more suitable as density and remaining title tenure are similar with the subject property. Taking into consideration all the factors above, we have adopted the rate of RM110 psf to derive its value. After allowing for cost incurred, the value derived is RM99,000,000.

Principal macro factors taken into consideration, in arriving at the market value using the residual and comparison methods are as follows:

1) Demand for housing is supported by TAR University College & Universiti Malaysia Sabah (UMS), which are major drivers and contributors of the State's educational system. Both are within a stone's throw of the subject property.
2) A large number of government agencies/authorities offices, such as Menara Kastam, Jabatan Pendaftaran Negara and Immigration Department, commonly referred to as "mini Putrajaya", near the subject property provides a good market catchment for the apartments.
3) Pusat Pentadbiran Negeri Sabah or known as "PPNS", the State's administration offices is within 3km of the project.
4) The project is in a prime locality with proximity to all its attendant amenities including recreational facilities, banking facilities, government offices, dining and entertainment outlets and shopping conveniences.

RECONCILIATION OF VALUES DERIVED

Residual Method	-	RM88,900,000.00
Comparison Method	-	RM99,000,000.00
Adopt	-	RM88,900,000.00

From the above approaches, the comparison value has a variance of 11.4% over the Residual Method. However, the Residual Method is considered the more reliable approach in this case and we have therefore adopted the value derived as the Market Value of the subject property.

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This is because it reflects the overall concept of the project with its different components, its development density and locational attributes. The Comparison Method does not adequately capture the project features and is therefore used as a check on the overall magnitude of our valuation.

VALUATION

Having taken all factors known to us into consideration, we are of the opinion that the market values of the subject property on 6th October 2023 are as follows:

Phase 1B – *Araya Gardens*

RM17,000,000.00 (RINGGIT MALAYSIA SEVENTEEN MILLION ONLY).

Phases 1A & 2 – *The Village & Kayana Heights*

RM63,800,000.00 (RINGGIT MALAYSIA SIXTY-THREE MILLION AND EIGHT HUNDRED THOUSAND ONLY).

Future Development Land

RM6,600,000.00 (RINGGIT MALAYSIA SIX MILLION AND SIX HUNDRED THOUSAND ONLY).

Cost Incurred – *(Ayuria Place)*

RM1,500,000.00 (RINGGIT MALAYSIA ONE MILLION AND FIVE HUNDRED THOUSAND ONLY).

GRAND TOTAL – "Ayuria Place" held under CL 015719874 & 3 others

RM88,900,000.00 (RINGGIT MALAYSIA EIGHTY-EIGHT MILLION AND NINE HUNDRED THOUSAND ONLY).

16. STATUTORY AND OTHER INFORMATION

16.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we have only one class of shares, namely, ordinary shares, all of which rank equally with one another.

(b) Save for the Pink Form Allocations as disclosed in Section 4.3.3;

  (i) 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

  (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(c) Save for the new Shares issued for the Acquisitions and to be issued for the Public Issue as disclosed in Sections 6.2 and 4.3.1 respectively, no shares of our Company 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.

(d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

(e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

16.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our Company's share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

16.2.1 KTISB

KTISB'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
27 August 1984	2	RM2 / Cash	2
11 February 1985	505,345	RM505,345 / Cash	505,347
22 August 1996	494,653	RM494,653 / Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTISB. In addition, there were 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 KTID

KTID'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
5 January 1994	2	RM2 / Cash	2
2 July 1998	99,998	RM99,998 / Cash	100,000
27 September 2002	150,000	RM150,000 / Cash	250,000
31 October 2003	250,000	RM250,000 / Cash	500,000
1 March 2011	500,000	RM500,000 / Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTID. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.3 Landmark Property

Landmark Property's share capital as at LPD is RM2,000,000 comprising 2,000,000 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
7 December 1981	2	RM2 / Cash	2
28 July 1997	2	RM2 / Cash	4
27 October 1997	249,996	RM249,996 / Cash	250,000
2 June 2004	250,000	RM250,000 / Cash	500,000
6 July 2015	1,500,000	RM1,500,000 / Otherwise than Cash	2,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Landmark Property. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.4 Dataran Jayamakmur

Dataran Jayamakmur'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
1 April 2002	2	RM2 / Cash	2
17 July 2003	99,998	RM99,998 / Cash	100,000
7 April 2004	900,000	RM900,000 / Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Dataran Jayamakmur. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.5 KTI Industrial

KTI Industrial's share capital as at LPD is RM500,000 comprising 500,000 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
9 August 1993	2	RM2 / Cash	2
26 October 1993	19,998	RM19,998 / Cash	20,000
19 September 1995	230,000	RM230,000 / Cash	250,000
19 May 1998	250,000	RM250,000 / Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTI Industrial. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

16.2.6 KTI Hotel & Resort

KTI Hotel & Resort's share capital as at LPD is RM20,000,000 comprising 20,000,000 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
14 July 2016	2	RM2 / Cash	2
10 July 2020	9,999,998	RM9,999,998 / Cash	10,000,000
17 March 2022	10,000,000	RM10,000,000 / Cash	20,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTI Hotel & Resort. In addition, there were 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. 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 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 8 – Variation of Rights

(1) *Variation of rights*

If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than 75.0% of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

Clause 12 – Issue of Securities

(1) *Allotment of shares or grant of rights*

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:

(a) issue and allot shares in the Company; and

(b) grant rights to subscribe for shares or options over unissued shares in the Company.

(3) *Issue of new shares or securities to Members*

(a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) 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, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security 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.

(4) *General mandate for issue of securities*

Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must 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 10.0% of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue.

Clause 46 – Alteration of capital

(3) *Purchase of own shares*

The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

16.3.2 Borrowing and voting power of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contract in which they are interested in are as follows:

Clause 95 – Powers of Directors

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

Borrowing

(1) borrow money;

Mortgage

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

Issue debentures

(3) issue debentures and other Securities whether outright or as security; and/or

Lend or advance money

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

Clause 97 – Powers of Directors

Power of attorney

(1) The Directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for the purposes and with the powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit.

(2) Any powers of attorney granted under Clause 97(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.

Clause 105 – Directors' Interest in Contracts

Directors' interest in contracts

(a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

(b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 107 – Passing of resolution by the Directors

(1) Passing of resolution by more than one Director

The Directors may pass a resolution without a Board Meeting, if a majority of the Directors entitled to vote and sign on the resolution signed the resolution, signifying their agreement to the resolution set out in the document.

Clause 118 – Voting at Board Meetings

(1) *Directors' decision*

Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) *Casting of vote*

Each Director is entitled to cast 1 vote on each matter for determination.

16.3.3 Remuneration of directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 93 – Remuneration of Directors

(1) *Non-executive Directors' remuneration*

The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(2) *Fee*

Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.

(3) *Fee of non-executive Directors*

If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(4) *Expenses*

The following expenses shall be determined by the Directors:

(a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

(b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(5) *Executive Directors' remuneration*

Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

16.3.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of shares as follows:

Clause 14 – Transfer of Securities

Transfer of securities

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the 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 the Deposited Securities.

Clause 17 – Transfer of Shares or Debentures

(1) *Instrument of transfer*

Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

(2) *Execution of instrument of transfer*

The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

(3) *Effect the transfer of shares or debentures*

The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

16.4 GENERAL INFORMATION

(a) Save for the dividends paid to our shareholders in FYE 2020 to 2023 and up to LPD and Directors' remuneration as disclosed in Sections 12.17 and 5.2.4 respectively, 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.

(b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have 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.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 17.

(d) 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

(a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

(d) 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:

(a) Constitution;

(b) Audited financial statements of KTI Landmark, KTID, KTISB, Landmark Property, Dataran Jayamakmur, KTI Industrial and KTI Hotel & Resort for FYE 2020 to 2023, where applicable;

(c) Accountants' Report as set out in Section 13;

(d) Reporting Accountants' Report relating to our pro forma combined financial information as set out in Section 14;

(e) IMR Report as set out in Section 8;

(f) Material contracts as set out in Section 6.5;

(g) Relevant documents for the material litigation referred in Section 12.7;

(h) Letters of consent as set out in Section 16.5; and

(i) Valuation certificates as set out in Section 15 and the valuation reports.

16.7 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M & A Securities acknowledges 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.

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17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES 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 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., 21 MAY 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 4 JUNE 2024

In the event there is any changes to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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 Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

17.2.2 Placement

Types of Application	**Application Method**
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

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 Application**.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE 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 Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

(i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(ii) 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

(iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) 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

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form; or

(ii) Electronic Share Application; or

(iii) Internet Share Application.

17.3.3 Application by Eligible Person(s)

The Eligible Person(s) will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

17.4 APPLICATION BY WAY OF APPLICATION FORMS

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 RM0.30 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 759"** 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:

(a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor 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 4 June 2024 or by such other time and date specified in any change to the date or time for closing.

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 APPLICATIONS

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.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

17.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

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, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad and Public 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:

(a) reject Applications which:

(i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(ii) are illegible, incomplete or inaccurate; or

(iii) are accompanied by an improperly drawn up or improper form of remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) 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 17.9 below.

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 any time 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 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at https://tiih.online within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.4, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

17.9 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.

17.9.1 For applications by way of Application Forms

(a) 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.

(b) 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.

(c) 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 (a) and (b) above (as the case may be).

(d) 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 (b) above (as the case may be).

17.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) 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.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) 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.

17.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our IPO Shares allotted to you will be credited into your CDS Account.

(b) 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.

(c) In accordance with Section 14(1) of the Central Depositories Act, 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 Central Depositories Act and Depository Rules.

(d) In accordance with Section 29 of the Central Depositories Act, 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.

17.11 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 at telephone no. 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.

17. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

You may also check the status of your Application at the above website, **5 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 Prospectus on the website of Bursa Securities.

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