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CHIN HIN GROUP BERHAD
(Registration No.: 201401021421 (1097507-W))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PART A

- (I) PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN ACE LOGISTIC SDN BHD BY METEX STEEL SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF CHIN HIN GROUP BERHAD ("CHIN HIN"), TO PP CHIN HIN REALTY SDN BHD FOR A CASH CONSIDERATION OF RM20,800,000;**
- (II) PROPOSED DISPOSAL OF 11 UNITS OF SHOP OFFICES TOGETHER WITH 89 UNITS OF CAR PARKS LOCATED AT KUALA LUMPUR, 1 UNIT OF FACTORY LOCATED AT SHAH ALAM, SELANGOR AND 23 UNITS OF SHOP OFFICES LOCATED AT ALOR SETAR, KEDAH, BY PP CHIN HIN SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF CHIN HIN, TO MIDAS SIGNATURE SDN BHD, FOR A TOTAL CASH CONSIDERATION OF RM55,650,000; AND**
- (III) PROPOSED TENANCY OF PROPERTIES BY PP CHIN HIN SDN BHD FROM MIDAS SIGNATURE SDN BHD**

(COLLECTIVELY KNOWN AS "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHIN HIN IN RELATION TO THE PROPOSALS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



M&A SECURITIES SDN BHD
(Registration No.197301001503 (15017-H))
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser



STRATEGIC CAPITAL ADVISORY SDN BHD
(Registration No.199901003253 (478153-U))
(Investment Adviser- Corporate Finance
CMSL/A0124/2007)
(Licensed by Securities Commission Malaysia)

The Notice of the Extraordinary General Meeting ("**EGM**") of Chin Hin to be held at Chin Hin Culture Centre, No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur together with the Form of Proxy, are enclosed. The completed and signed Form of Proxy should be lodged at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on or before the date and time indicated below in order for it to be valid. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 13 July 2020 at 10.30 a.m.
Date and time for the EGM : Wednesday, 15 July 2020 at 10.30 a.m. or immediately after the conclusion of the Company's Annual General Meeting, whichever is later or at any adjournment thereof

(In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly visit Bursa Securities' and Company's website at www.chinhingroup.com for the latest updates on the status of the said meeting.)

This Circular is dated 29 May 2020

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

"Ace Logistic"	: Ace Logistic Sdn Bhd
"Ace Logistic Properties"	: Collectively, Nilai Properties and Kepala Batas Properties
"Ace Logistic SSA"	: Conditional share sale agreement dated 8 November 2019 entered into between Metex Steel and PP CH Realty for the Proposed Disposal of Ace Logistic
"Aera Property"	: Aera Property Group Sdn Bhd
"Bandar Baru Mergong Units"	: 3 units of 3-storey semi-detached standard factories held under title documents Lot 9942 GM 29604, Lot 9943 GM 29605 and Lot 9944, GM 29606 Section 50, Town of Alor Setar, District of Kota Setar, Kedah bearing postal address No. 401, 400 and 399, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah
"Board"	: Board of Directors of Chin Hin
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Car Parks"	: 89 units of car park bays which form part of the Kuchai Lama Units
"Car Park Tenancy Agreement"	: Tenancy agreement to be entered into between PP Chin Hin and Midas for the proposed tenancy by PP Chin Hin of the Car Parks
"CBRE WTW" or "Independent Valuer"	: C H Williams Talhar & Wong Sdn Bhd
"Chin Hin" or "Company"	: Chin Hin Group Berhad
"Chin Hin Group" or "Group"	: Chin Hin and its subsidiaries, collectively
"Circular"	: This circular to the shareholders of Chin Hin in relation to the Proposals
"Director(s)"	: A "director" as defined under Section 2(1) of the Capital Markets and Services Act, 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposals were agreed upon a director of Chin Hin, its subsidiary or holding company or a Chief Executive of Chin Hin, its subsidiary or holding company
"Disposal Agreements"	: Collectively, Ace Logistic SSA and Properties SPAs
"EGM"	: Extraordinary general meeting
"EPS"	: Earnings per share
"FYE"	: Financial year ended/ending, as the case may be

DEFINITIONS *(cont'd)*

- "Gunung Perak Unit" : 1 unit of 2-storey shop office held under title document PT 13060 (resurveyed Lot No 745) HS(M) 5499, Town of Alor Setar, District of Kota Setar, Kedah bearing postal address No. 102, Fasa 6, Taman Gunung Perak, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah
- "IAL" : Independent advice letter
- "JKR" : Jabatan Kerja Raya
- "Kepala Batas Properties" : 2 units of single storey terrace house held under title documents Lot 2513 GM 1243 and Lot 2701 GM 1393, Town of Kepala Batas, District of Kubang Pasu, Kedah bearing postal address No. 51 Jalan Wira 4/2 and No. 204, Jalan Wira 2, Taman Wira Mas, 06200, Kepala Batas, Kedah
- "Kuchai Lama Units" : Collectively,
- (a) 8 units of 3-storey stratified shop office bearing postal address Units A-0-1, A-1-1, and A-2-1; Units A-0-4, A-1-4 and A-2-4; Units A-0-07, A-1-07 and A-2-07; Units A-0-08, A-1-08 and A-2-08; Units A-0-09, A-1-09 and A-2-09; Units A-0-10, A-1-10 and A-2-10; Units A-0-12, A-1-12 and A-2-12; Units B-0-03, B-1-03 and B-2-03, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur;
- (b) 3 units of 2-storey stratified shop office bearing postal address Units C-0-02 and C-1-02; Units C-0-03 and C-1-03; Units F-0-07 and F-1-07, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur; and
- (c) 89 car park bays located at Units A-01 and A-07; Parking Lot No. G11, G12, G13, G14, G15, G16, G17, G18, G19, G20, G21, G22, G23, G24, G25, G26, G27, G28, G29, G30, G31, G32, G33, G34, G35, G36, G37, G38, G39, G40, G41, G42, G43, G44, G45, G46, G47, G48, G49, G50, G51, G52, G53, G54, G55, G56, G57, G58, G59, G62, G65, G66, G67, G68, G69, G70, G71, G86, G87, G88, G89, G97, G98, G99, G100, G101, G102, G103, G104, G105, G132, G133, G134, G135, G136, G169, G170, G171, G172, G173, G175, G176, G177, G178, G179, G180, G181, G182 & G183, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur,
- held under Master title Geran Mukim 9198, Lot 103676, Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
- "Listing Requirements" : Main Market Listing Requirements of Bursa Securities
- "LPD" : 30 April 2020, being the latest practicable date prior to the printing of this Circular
- "M&A Securities" or "Adviser" : M&A Securities Sdn Bhd

DEFINITIONS *(cont'd)*

- "Major Shareholder(s)" : A person who has an interest or interests in 1 or more voting shares in Chin Hin and the number, or the aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in Chin Hin; or
 - (b) 5% or more of the total number of voting shares in Chin Hin where such person is the largest shareholder of Chin Hin.
- For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Companies Act, 2016.
- Major Shareholder also includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposals were agreed upon, a major shareholder of Chin Hin or any other corporation which is its subsidiary or holding company
- "Mergong Units" : Collectively,
- (a) 6 adjoining units of 3-storey shop offices comprising 5 adjoining intermediate units and 1 end unit held under title documents Lot 8398 GM 33960, Lot 8397 GM 33961, Lot 8396 GM 33962, Lot 8395 GM 33963, Lot 8394 GM 33964 and Lot 8393 GM 33965, Section 51, Town of Alor Setar, District of Kota Setar, Kedah bearing postal address No. 3, 5, 6, 7, 8 and 9, Taman Bandar Baru Mergong 05150 Alor Setar, Kedah; and
 - (b) 3 units of 2-storey shop offices comprising 2 adjoining intermediate units and 1 corner unit held under title documents Lot 8393 GM 34043, Lot 8378 GM 34048 and Lot 8377 GM 34049, Section 51, Town of Alor Setar, District of Kota Setar, Kedah bearing postal address No. 20, 26 and 27, Taman Bandar Baru Mergong 05150 Alor Setar, Kedah
- "Metex Steel" : Metex Steel Sdn Bhd, a wholly-owned subsidiary of Chin Hin
- "Midas" : Midas Signature Sdn Bhd
- "NA" : Net assets
- "NBV" : Net book value
- "Nilai Properties" : 4 contiguous industrial land held under title documents Lot 19033 to 19035 and 19055, GRN 164787, 164789, 164790 and 164808, Mukim Setul, District of Seremban, Negeri Sembilan together with industrial buildings and ancillary buildings erected thereon bearing postal address No. 2, 2A and 6, Jalan Intan 1, Nilai Utama Enterprise Park, 71800 Nilai, Negeri Sembilan
- "PP Chin Hin" : PP Chin Hin Sdn Bhd, a wholly-owned subsidiary of Chin Hin
- "PP CH Realty" : PP Chin Hin Realty Sdn Bhd

DEFINITIONS *(cont'd)*

"Proposals"	:	Collectively, Proposed Disposals and Proposed Tenancy
"Proposed Disposals"	:	Collectively, Proposed Disposal of Ace Logistic and Proposed Disposal of Properties
"Proposed Disposal of Ace Logistic"	:	Proposed disposal by Metex Steel of its 100% equity interest in Ace Logistic to PP CH Realty for a cash consideration of RM20,800,000
"Proposed Disposal of Properties"	:	Proposed disposal by PP Chin Hin of the Sale Properties to Midas for a cash consideration of RM55,650,000
"Proposed Tenancy"	:	Proposed tenancies by PP Chin Hin of the Shop Offices and Car Parks from Midas
"Properties Disposal Consideration"	:	Cash consideration of RM55,650,000 for the Proposed Disposal of Properties
"Properties SPAs"	:	35 conditional sale and purchase agreements, all dated 8 November 2019 entered into between PP Chin Hin and Midas for the Proposed Disposal of Properties
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPGT"	:	Real properties gain tax
"Sale Properties"	:	Collectively, Kuchai Lama Units, Shah Alam Unit, Mergong Units, Sultan Abdul Hamid Units, Simpang Kuala Unit, Gunung Perak Unit and Bandar Baru Mergong Units
"Sale Shares"	:	11,000,000 ordinary shares, representing the entire equity interest of Ace Logistic
"SCA" or "Independent Adviser"	:	Strategic Capital Advisory Sdn Bhd, the independent adviser to the non-interested shareholders of Chin Hin in relation to the Proposals
"Shah Alam Unit"	:	1 unit of 3-storey semi-detached factory with goods hoist held under title document PT 35461, HS(D) 283205, Mukim Damansara, District of Petaling, Selangor bearing postal address No. 28, Jalan Kerawang U8/108, Perindustrian Tekno Jelutong, Seksyen U8, 40150 Shah Alam, Selangor
"Share Disposal Consideration"	:	Cash consideration of RM20,800,000 for the Proposed Disposal of Ace Logistic
"Shop Offices"	:	Collectively, (a) The first and second floors of 4 units of 3-storey shop offices which form part of the Sultan Abdul Hamid Units; (b) The ground, first and second floors of 3 units of 3-storey semi-detached standard factories which form the entire Bandar Baru Mergong Units; and (c) The first and second floors of 5 units of 3-storey stratified shop offices which form part of the Kuchai Lama Units

DEFINITIONS *(cont'd)*

"Shop Offices Tenancy Agreements"	: 12 tenancy agreements, to be entered into between PP Chin Hin and Midas for the proposed tenancy by PP Chin Hin of the Shop Offices
"Simpang Kuala Unit"	: 1 unit of 2-storey shop office held under title document Lot 101 GRN 142670, Section 14, Town of Alor Setar, District of Kota Setar, Kedah bearing postal address No. 101, Pekan Simpang Kuala, 05400 Alor Setar, Kedah
"sq ft"	: square feet
"sq m"	: square metre(s)
"Sultan Abdul Hamid Units"	: Collectively, (a) 4 units of 2-storey shop offices comprising 3 intermediate units and 1 end unit held under title documents PT 484 HS(D) 19491, PT 485 HS(D) 19492, PT 486 HS(D) 19493 and PT 488 HS(D) 19495, Town of Alor Setar, District of Kota Setar, Kedah bearing postal address No. 183, 184, 185 and 187, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah; and (b) 5 units of 3-storey intermediate shop offices held under title documents PT 296 PN 3321, PT 306 PN 3331, PT 307 PN 3332, PT 308 PN 3333 and PT 309 PN 3334, Section 31, Town of Alor Setar, District of Kota Setar, Kedah bearing postal address No. 61, 71, 72, 73 and 74, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah
"Tenancy Agreements"	: Collectively, Shop Offices Tenancy Agreements and Car Park Tenancy Agreement

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

PART A

LETTER TO THE SHAREHOLDERS OF CHIN HIN IN RELATION TO THE PROPOSED DISPOSAL CONTAINING:

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NOTICE OF EGM **ENCLOSED**

FORM OF PROXY **ENCLOSED**

PART A

**LETTER TO THE SHAREHOLDERS
IN RELATION TO THE PROPOSALS**



CHIN HIN GROUP BERHAD
(Registration No.201401021421 (1097507-W))

Registered Office:
Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

29 May 2020

Board of Directors:

Datuk Seri Dr Nik Norzrul Thani Bin Nik Hassan Thani (*Independent Non-Executive Chairman*)
Datuk Seri Chiau Beng Teik (*Deputy Group Executive Chairman*)
Chiau Haw Choon (*Group Managing Director*)
Lee Hai Peng (*Executive Director cum Chief Financial Officer*)
Datuk Cheng Lai Hock (*Independent Non-Executive Director*)
Yeoh Chin Hoe (*Senior Independent Non-Executive Director*)
Shelly Chiau Yee Wern (*Alternate Director to Datuk Seri Chiau Beng Teik*)

Dear Shareholders,

**PROPOSED DISPOSAL OF ACE LOGISTIC;
PROPOSED DISPOSAL OF PROPERTIES; AND
PROPOSED TENANCY**

1. INTRODUCTION

On 8 November 2019, on behalf of the Board, M&A Securities announced that:

- (a) Metex Steel had on even date, entered into the Ace Logistic SSA with PP CH Realty for the Proposed Disposal of Ace Logistic;
- (b) PP Chin Hin had on even date, entered into the Properties SPAs with Midas for the Proposed Disposal of Properties; and
- (c) In conjunction with the Proposed Disposal of Properties, PP Chin Hin will enter into the Tenancy Agreements with Midas for the Proposed Tenancy.

The Proposals are deemed related party transactions pursuant to Paragraph 10.08 of the Listing Requirements, further details of which are set out in Section 9 below. In this respect, the Board has appointed SCA on 10 October 2019 to act as the Independent Adviser to advise the non-interested shareholders of Chin Hin on the Proposals. The IAL is set out in Part B of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING BY WAY OF POLL ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Disposal of Ace Logistic

Metex Steel will dispose the Sale Shares, representing the entire equity interest of Ace Logistic to PP CH Realty for a cash consideration of RM20,800,000.

Upon completion of the Proposed Disposal of Ace Logistic, it will cease to be an indirect wholly-owned subsidiary of Chin Hin.

The salient terms of the Ace Logistic SSA are set out in Appendix I.

2.1.1 Information on Ace Logistic

Ace Logistic was incorporated in Malaysia on 18 February 2004 under the Companies Act, 1965 as a private limited company. As at LPD, Ace Logistic is an investment holding company.

As at LPD, the issued share capital of Ace Logistic is RM11,000,000 comprising 11,000,000 ordinary shares.

The Directors of Ace Logistic are Datuk Seri Chiau Beng Teik, Datin Seri Wong Mee Leng and Chiau Haw Choon. Ace Logistic is a wholly-owned subsidiary of Metex Steel, which is a wholly-owned subsidiary of Chin Hin. As at LPD, Ace Logistic does not have any subsidiary or associate company.

Ace Logistic owns the Ace Logistic Properties, of which Metex Steel is currently:

- (a) leasing part of the Nilai Properties (the rooftop of the single storey factory where the solar panels of Metex Steel is situated) from Ace Logistic pursuant to the lease agreement dated 21 January 2015 for a tenure of 50 years ("**Nilai Lease Agreement**"); and
- (b) renting the entire Nilai Properties with gross floor area of approximately 17,667 sq m, consisting of the factory, warehouse, office block and ancillary buildings situated on it pursuant to the Tenancy Agreement dated 2 January 2017 ("**Nilai Tenancy Agreement**"). Metex Steel is using the Nilai Properties for manufacturing of wire mesh products.

In relation to (b) above, as at LPD, Metex Steel sublets approximately 3,600 sq m of the factory to a third party, Formino Metal Sdn Bhd, which in turn, is using it for the manufacturing of metal roofing. However, Formino Metal Sdn Bhd will cease operation and is expected to move out by end September 2020. Metex Steel will continue to rent the entire Nilai Properties from Ace Logistic after the Proposed Disposal of Ace Logistic based on the salient terms as set out in Section 2.1.5 below.

The Kepala Batas Properties are currently vacant.

A summary of the historical financial information of Ace Logistic including further details of the Ace Logistic Properties are set out in Appendix III.

2.1.2 Basis and justification on arriving at the Share Disposal Consideration

The Share Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the following:

- (a) the NA of Ace Logistic of RM20.63 million based on its audited financial statements as at 31 December 2018; and
- (b) the adjusted NA of Ace Logistic of RM20.79 million after incorporating the net revaluation surplus for the Ace Logistic Properties.

The adjusted NA of Ace Logistic is derived as follows:

	RM'000
Audited NA as at 31 December 2018	20,631
Add:	
- Revaluation surplus of Nilai Properties (net of deferred tax)	152
- Revaluation surplus of Kepala Batas Properties (net of deferred tax)	7
Adjusted NA	20,790

In relation to (b) above, the net revaluation surplus for the Nilai Properties and Kepala Batas Properties was based on their market value of RM25.50 million and RM0.35 million respectively, as appraised by CBRE | WTW, based on its valuation certificate dated 6 December 2019 using the comparison and income approach (investment method) of valuation:

Valuation method	Description
Comparison approach	Analyses recent transactions and asking prices of similar properties in and around the locality for comparison purposes with adjustments made for differences in location, accessibility, size (land area), position (intermediate/end/corner lot), time, tenure and other relevant characteristics, if any to arrive at the market value.
Income approach (Investment method)	Determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

The Board is of the opinion that the Share Disposal Consideration is fair as it is at a slight premium of RM0.01 million to the adjusted NA of Ace Logistic of RM20.79 million.

2.1.3 Original cost and date of investment

The original cost and date of investment by Chin Hin in Ace Logistic are as follows:

Date of investment	No. of shares	Investment amount (RM)
2 December 2014	11,000,000	16,800,000

Ace Logistic was subsequently transferred from Chin Hin to Metex Steel via an internal reorganisation at a transfer consideration of RM16,000,296.

2.1.4 Assumption of liabilities

Save for the obligations and liabilities arising from or in connection with the Ace Logistic SSA, there are no other liabilities, contingent liabilities and/or guarantees which remains or given by the Group or Metex Steel in relation to Ace Logistic.

2.1.5 Salient terms for the tenancy of Nilai Properties

As part of the terms of the Ace Logistic SSA, the lease and rental arrangements of the Nilai Lease Agreement and Nilai Tenancy Agreement will continue after the Proposed Disposal of Ace Logistic, subject to the following salient terms to be incorporated in the respective supplemental agreements to be executed between Metex Steel and Ace Logistic:

(a) Supplemental agreement to the Nilai Lease Agreement

To incorporate a term that the yearly rate of lease rental for the remaining tenure of the lease shall be increased by 5% every 5 years. The said 5 year period shall be calculated commencing from the completion date of the Ace Logistic SSA. The Nilai Lease Agreement commenced on 21 January 2015 for a tenure of 50 years and has a remaining tenure of 45 years as at LPD.

(b) Supplemental agreement to the Nilai Tenancy Agreement

To incorporate the following terms:

Term	Details
Commencement date	2 January 2017
Tenure	Up to 31 December 2020 with 3 years automatic extension, from 1 January 2021 until 31 December 2023
Option to renew for further term	Renewable at the request of the tenant i.e. Metex Steel for a further period of 2 years (from 1 January 2024 until 31 December 2025), with automatic extension of 3 years (from 1 January 2026 to 31 December 2028)
Rental	RM120,000 per month commencing from the completion date of the Ace Logistic SSA (approximately RM0.63 per square foot) Ace Logistic be allowed to increase the monthly rental rate for the tenancy period by 5% every 5 years. The said 5 year period shall be calculated commencing from the completion date of the Ace Logistic SSA

The market rental of similar properties in the same vicinity is approximately RM1.00 per square foot per month based on the income approach (investment method) of valuation adopted by CBRE | WTW for the valuation of Nilai Properties. The rental for the Nilai Properties is lower than the market rental rate.

The above supplemental agreements to the Nilai Lease Agreement and Nilai Tenancy Agreement shall be executed between Metex Steel and Ace Logistic within 14 days from the completion date of the Ace Logistic SSA.

2.2 Proposed Disposal of Properties

PP Chin Hin will dispose the Sale Properties on an "as is where is" basis to Midas for a total cash consideration of RM55,650,000. The breakdown of the Properties Disposal Consideration is as follows:

Sale Properties	Consideration RM'000
(a) Kuchai Lama Units	26,450
(b) Shah Alam Unit	4,550
(c) Mergong Units	8,600
(d) Sultan Abdul Hamid Units	7,050
(e) Simpang Kuala Unit	650
(f) Gunung Perak Unit	600
(g) Bandar Baru Mergong Units	7,750
	55,650

The salient terms of the Properties SPAs are set out in Appendix I. Further details of the Sale Properties are set out in Appendix IV.

2.2.1 Basis and justification on arriving at the Properties Disposal Consideration

The Properties Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the following:

- (a) the total market value of the Sale Properties of RM55.65 million, as appraised by CBRE | WTW, based on its valuation certificates dated 6 December 2019 using the comparison and income approach (investment method) of valuation; and
- (b) the total NBV of the Sale Properties of RM53.96 million (after incorporating the net revaluation reserves of RM10.23 million), based on the latest audited consolidated statements of financial position of Chin Hin as at 31 December 2018.

Details of the Properties Disposal Consideration, market values of the Sale Properties as appraised by CBRE | WTW and audited NBV of the Sale Properties as at 31 December 2018 are as follows:

Sale Properties	Properties Disposal Consideration	Market value	Audited NBV	Difference between Properties Disposal Consideration and NBV
	RM'000			
Kuchai Lama Units	26,450	26,450	25,926	524
Shah Alam Unit	4,550	4,550	4,550	-
Mergong Units	8,600	8,600	8,170	430
Sultan Abdul Hamid Units	7,050	7,050	6,660	390
Simpang Kuala Unit	650	650	620	30
Gunung Perak Unit	600	600	580	20
Bandar Baru Mergong Units	7,750	7,750	7,450	300
	55,650	55,650	53,956	1,694

The Board is of the opinion that the Properties Disposal Consideration is fair as it represents the total market values of the Sale Properties as appraised by CBRE | WTW and is at a premium of RM1.69 million or 3.1% to their total audited NBV as at 31 December 2018.

2.2.2 Assumption of liabilities

Save for the obligations and liabilities arising from or in connection with the Properties SPAs, there are no other liabilities, contingent liabilities and/or guarantees which remains or given by the Group or PP Chin Hin in relation to the Sale Properties.

2.3 Proposed Tenancy

The Group is currently occupying certain units of the shop offices which will be disposed to Midas under the Proposed Disposal of Properties and as such, it is a condition in the Properties SPAs that either:

- (a) Midas enters into tenancy agreements with PP Chin Hin for those Sale Properties which PP Chin Hin is currently occupying; or
- (b) Midas enters into deed(s) of assignment with PP Chin Hin, for the assignment of all rights, interest and benefits of PP Chin Hin under the existing tenancy agreements between PP Chin Hin and its related companies namely Chin Hin, Metex Steel, Chin Hin Concrete KL Sdn Bhd and Starken AAC Sdn Bhd, in favour of Midas.

Arising from (a) above, Midas will enter into the following:

- (i) Shop Offices Tenancy Agreements with PP Chin Hin for the proposed tenancy of the Shop Offices; and
- (ii) Car Park Tenancy Agreement with PP Chin Hin for the proposed tenancy of the Car Parks.

The proposed salient terms of the Tenancy Agreements are set out in Appendix II.

The tenancies of the Shop Offices and Car Parks will commence on the day immediately after the completion of the respective Properties SPAs. The rent payable for the Shop Offices and Car Parks are as follows:

Details	Rent per month (RM)	Rental rate (RM/sq ft per month)	⁽¹⁾ Market rental rate (RM/sq ft per month)
Shop Offices			
(1) First and second floors of 4 units of 3-storey shop offices which form part of the Sultan Abdul Hamid Units, bearing the postal address No. 71, 72, 73 and 74, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah	8,000	First floor: 0.96 Second floor: 0.51	First floor: 0.57 to 0.98 Second floor: 0.37 to 0.56
(2) Ground, first and second floors of 3 units of 3-storey semi-detached standard factories which form the entire Bandar Baru Mergong Units, bearing the postal address No. 401, 400 and 399, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	36,000	0.88	1.11 to 1.38

Details	Rent per month (RM)	Rental rate (RM/sq ft per month)	⁽¹⁾Market rental rate (RM/sq ft per month)
(3) First and second floors of 5 units of 3-storey stratified shop offices which form part of the Kuchai Lama Units, bearing the postal address A-1-07, A-1-08, A-1-09, A-1-10 and A-1-12, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	9,480	First floor: 1.50 to 1.52 Second floor: 1.00	First floor: 1.26 to 1.92 Second floor: 1.01 to 1.59
Car Parks			
(4) Units A-01 and A-07, Parking Lot No. G11 to G59, G62, G65, G66, G67, G68, G69, G70, G71, G86, G87, G88, G89, G97 to G105, G132 to G136, G169, G170, G171, G172, G173, G175, G176, G177, G178, G179, G180, G181, G182 & G183, all located at Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	13,350	RM150 per month per parking lot	RM150 per month per parking lot

Note:

- (1) Based on the market rental of similar properties in the same vicinity extracted from the valuation report.

Arising from item (b) above, Midas will enter into 7 deeds of assignment for the following Sale Properties:

Details	Rent per month (RM)	Rental rate (RM/sq ft per month)	⁽¹⁾Market rental rate (RM/sq ft per month)
(1) Units A-1-01, A-2-01, A-2-07, A-2-08, A-2-09, A-2-10, A-1-4, A-2-4 and F-1-07 of the shop offices which form part of the Kuchai Lama Units, bearing the postal address Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	20,140	First floor: 1.17 to 1.60 Second floor: 1.00	First floor: 1.26 to 1.92 Second floor: 1.01 to 1.59

Note:

- (1) Based on the market rental of similar properties in the same vicinity adopted by CBRE | WTW for the valuation of the Sale Properties.

The deeds of assignment will take effect on the day immediately after the completion of the respective Properties SPAs.

The rent was arrived at after taking into consideration the prevailing monthly rental rates of comparable properties on similar tenancy agreements. The Board is of the opinion that the rental payable for the Shop Offices and Car Parks is fair and they are within or lower than the market rental rates.

3. UTILISATION OF PROCEEDS

The Group will generate proceeds of RM20.80 million from the Proposed Disposal of Ace Logistic and RM55.65 million from the Proposed Disposal of Properties. The Company intends to utilise the total proceeds of RM76.45 million in the following manner:

	RM'000	Notes	Expected time frame (from completion of the Proposals)
Repayment of bank borrowings	50,000	(a)	Within 3 months
Working capital	23,450	(b)	Within 12 months
Estimated expenses for the Proposals	3,000	(c)	Within 3 months
Total estimated proceeds	76,450		

Notes:

- (a) The Company proposes to utilise RM50.0 million of the proceeds to repay part of the existing bank borrowings of the Group, which amounted to approximately RM521.41 million as at 31 December 2018. The Group's total bank borrowings as at 30 April 2020 amounted to RM586.46 million. The repayment will be made for the following:
- (i) RM30.00 million to reduce the bankers' acceptance from various financial institutions such as HSBC Bank Malaysia Berhad, Maybank Islamic Berhad, AmBank (M) Berhad, RHB Bank Berhad and Hong Leong Bank Berhad; and
 - (ii) RM20.00 million to repay revolving credit from Al-Rajhi Banking and Investment Corporation (Malaysia) Berhad and RHB Bank Berhad.

These bankers' acceptances and revolving credit were mainly used as working capital to fund the purchase of various building materials for the Group's distribution business.

The proposed repayment is expected to result in annual interest savings of approximately RM2.24 million based on the interest rate of between 3.85% to 4.10% per annum for the bankers' acceptances and 4.91% to 5.34% for the revolving credit.

- (b) The working capital is for the Group's day-to-day operations and is earmarked for the following manner:

	RM'000
Purchase of wire rods ⁽¹⁾	20,800
Purchase of other inventories such as steel bars, cement and plywood, and payment of operating expenses	2,650
	23,450

Note:

- (1) Metex Steel will purchase the wire rods on cash terms to enjoy cash rebates of approximately RM50.00 per metric tonne. Based on the average price for wire rods of RM2,130.00 per metric tonne¹, RM20.80 million will allow Metex Steel to purchase approximately 9,765 metric tonne of wire rods. Further based on Metex Steel's average accounts receivable turnover days of about 75 days, turnaround of its raw materials approximately 4.8 times per year, which translate to approximately 45,000 metric tonne of wire rods per year

¹ Based on Metex Steel's historical average purchase price of wire rods for the past 3 months prior to the date of announcement from August 2019 to October 2019

based on the earmarked amount of RM20.80 million. As such, the expected gross cash rebate to be enjoyed by the Group will amount to approximately RM2.25 million per year.

For FYE 31 December 2018, Metex Steel consumed approximately 49,674 metric tonne of wire rods for its production of wire mesh products.

- (c) The estimated expenses consist of fees payable to the relevant authorities, professional fees, valuation fees, RPGT and other miscellaneous expenses. If the actual expense incurred for the Proposals is higher than the amount estimated, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expense is lower than the amount estimated, the excess will be utilised for working capital.

Until the proceeds raised from the Proposed Disposals are fully used, the Group will place these proceeds (including accrued interest, if any) in interest-bearing deposit accounts with licensed financial institutions and/ or used to invest in short-term money market instruments. The interest from such placements and/or investment will be used as additional working capital for the Group.

4. BACKGROUND INFORMATION ON THE PURCHASERS

4.1 Information on PP CH Realty

PP CH Realty was incorporated on 6 October 2011 under the Companies Act, 1965 as a private limited company. Its principal activities are investment holding and property development.

As at LPD, the issued and paid-up share capital of PP CH Realty is RM88,000,000 comprising 88,000,000 ordinary shares.

The Directors of PP CH Realty are Datuk Seri Chiau Beng Teik and Chiau Haw Choon. The shareholders of PP CH Realty are:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Datuk Seri Chiau Beng Teik	Malaysian	48,399,999	55.0	-	-
Chiau Haw Choon	Malaysian	26,400,000	30.0	-	-
Datin Seri Wong Mee Leng	Malaysian	13,200,000	15.0	-	-
Low Kum Moon	Malaysian	1	negligible	-	-
		88,000,000	100.0	-	-

4.2 Information on Midas

Midas was incorporated on 27 February 2017 under the Companies Act, 1965 as a private limited company. It is an investment holding company.

As at LPD, the issued share capital of Midas is RM100,000 comprising 100,000 ordinary shares.

The directors of Midas are Datuk Seri Chiau Beng Teik and Chiau Haw Choon. Midas is a wholly-owned subsidiary of Aera Property.

4.3 Information on Aera Property

Aera Property was incorporated under the Companies Act, 1965 on 18 December 2012 as a private limited company under the name of Asthetik Property Group Sdn Bhd and assumed its present name on 8 March 2017. It is principally involved in investment holding and provision of management services.

As at LPD, the issued share capital Aera Property is RM250,000 comprising 250,000 ordinary shares.

The Directors of Aera Property are Datuk Seri Chiau Beng Teik and Chiau Haw Choon. Aera Property is a wholly-owned subsidiary of PP CH Realty.

5. RATIONALE AND BENEFITS OF THE PROPOSALS

The Proposed Disposals provide an avenue for the Group to unlock the value of its property assets at their market value; and raise cash proceeds which can be channelled towards the Group's business operations.

The Proposed Tenancy provides the Group with certainty that its on-going business operations will not be disrupted. The Proposed Tenancy provides for the Group to renew the tenancies at the Group's option which allows the Group to continue operating its headquarters at Jalan Kuchai Lama, Kuala Lumpur and its branch offices and warehouse in Alor Setar. As for the Nilai Properties, the tenancy will expire in December 2020 with automatic renewal until December 2023, and the option to renew for further 5 years will ensure the Group's wire mesh manufacturing business will not be disrupted.

The Proposals will also reduce the administrative time and effort required to monitor the Sale Properties and will enable the Group to focus its resources on its core businesses.

The proceeds raised from the Proposed Disposals will enable the Group to part repay its bank borrowings, which will:

- (a) reduce the Group's gearing level and improve the Group's financial position with enhancement to its current ratio; and
- (b) improve the Group's cash flow due to the lower outflow from the payment of interest expense.

In view of the capital requirements of the Group's operations and financial obligations, the Group recognises the need to pursue an asset light strategy and to monetise its non-core assets to raise additional funds to enhance the Group's financial position.

The current building materials distribution industry is challenging amidst uncertainties clouding the construction sector with mega projects being revised or deferred and slow properties take up rate, which has impacted the Group's profitability. The proceeds raised for working capital will be mainly used to purchase wire rods on cash term basis to enjoy cash rebates to improve its profitability. As disclosed in Section 3, the Group expects to enjoy gross cash rebate of approximately RM2.25 million per year.

Upon completion of the Proposed Disposals, it is expected that the Group will recognise an estimated one-off net gain of approximately RM12.36 million, and recurrent annual net savings of RM0.15 million. Further details are set out in Section 7.3.

The net gain of approximately RM12.36 million is computed as follows:

	RM'000
Effects of Proposed Disposal of Ace Logistic	
Expected gain on disposal	3,427
Less: RPGT on the gain on disposal	548
Effects of Proposed Disposal of Properties	
Expected gain on disposal ⁽¹⁾	11,017
Add: Reversal of deferred tax on revaluation reserves	913
Less: RPGT on the gain on disposal	1,892
Less: Estimated expenses of the Proposals ⁽²⁾	561
	12,356

Notes:

- (1) After taking into account the reversal of revaluation reserves.
- (2) After taking into consideration the income tax effect computed at 24%.

6. RISK FACTORS

Save as disclosed below, the Board believes that the Proposals will not result in a material change in the risk profile of the Group as:

- (a) save for the Shop Offices, Car Parks and Nilai Properties, the remaining Sale Properties are non-core assets which are not currently being used by the Group for its business activities, save for the generation of rental income;
- (b) the Proposals, after taking into account inter-alia, loss of rental income and annual rental expenditure for the tenanted Shop Offices, Car Parks and Nilai Properties will not have a significant adverse impact on the Group's earnings and working capital;
- (c) the continuity of the Nilai Lease Agreement and Nilai Tenancy Agreement will ensure that the current electricity generating and wire mesh manufacturing activities of Metex Steel situated on the Nilai Properties are not disrupted; and
- (d) the Proposed Tenancy will ensure continuity of the Group's existing business operations vis-à-vis its headquarters at Jalan Kuchai Lama, Kuala Lumpur and its branch offices and warehouse in Alor Setar.

Meanwhile, the Proposals is subject to inter-alia, the following additional risks:

6.1 The Proposed Disposals may not be completed within the agreed time period

The completion of the Proposed Disposals is conditional upon the fulfilment of the conditions precedent under the Disposal Agreements as set out in Appendix I. There is no assurance that the Proposed Disposals can be completed within the time period permitted under the Disposal Agreements. In the event that the conditions precedent are not obtained within the stipulated time period, the said parties may either mutually extend the stipulated period or rescind the Disposal Agreements.

Nevertheless, the Group and the purchasers shall endeavour to fulfil all its obligations and proactively engage with third parties to obtain all the necessary documents required for the completion of the Disposal Agreements within the timeframe stipulated in the respective agreements. However, should there be any delay beyond the agreed timeframe, the Board shall endeavour to negotiate to mutually extend the timeframe prior to its expiry.

6.2 Renewal of lease and rental arrangements

Metex Steel's wire mesh manufacturing facility which is located on the Nilai Properties will be tenanted from Ace Logistic, which is outside the Group following the completion of the Proposed Disposal of Ace Logistic.

If the tenancy agreement is not renewed or is terminated for any reasons or if there is a material dispute between our Group and PP CH Realty in respect of the operations of Metex Steel on the tenanted Nilai Properties, Metex Steel's production may be affected, which will in turn, materially and adversely affect our financial performance.

A significant increase in rental rates will also materially and adversely affect our financial performance. Separately, we will also have to incur significant costs and losses if Metex Steel is required to relocate its production facility. Further, there is also no assurance that we will be able to secure or obtain alternative sites for Metex Steel's continuing operations.

As part of the terms of the Proposed Disposal of Ace Logistic, our Board has negotiated for the tenancy of Metex Steel production facility to cover a period of 3 years from the expiry of the Existing Tenancy Agreement (i.e. 31 December 2020), with an option to further renew for 5 years. Our Board will also endeavour to fully adhere to the terms of the tenancy agreement to mitigate any dispute and/or potential termination without cause.

7. EFFECTS OF THE PROPOSALS

7.1 Issued share capital and substantial shareholders' shareholding

The Proposals will not have any effect on the issued share capital of Chin Hin and the shareholdings of its substantial shareholders.

7.2 NA and gearing

For illustrative purposes, based on the audited consolidated financial statements of Chin Hin as at 31 December 2018, and assuming that the Proposals had been effected on 31 December 2018, the pro forma effects of the Proposals on the consolidated NA and gearing of the Group are as follows:

	Audited as at 31 December 2018	(I) After Proposed Disposal of Ace Logistic	(II) After (I) and Proposed Disposal of Properties and Proposed Tenancy
	RM'000		
Share capital	325,796	325,796	325,796
Treasury shares	(4,992)	(4,992)	(4,992)
Foreign currency translation reserve	234	234	234
Merger reserve	(153,191)	(147,391)	(147,391)

	(I)	(II)	
	Audited as at 31 December 2018	After Proposed Disposal of Ace Logistic	
	RM'000		
		After (I) and Proposed Disposal of Properties and Proposed Tenancy	
Revaluation reserve	16,368	16,368	7,045
Retained profit	231,551	⁽¹⁾ 234,430	⁽²⁾ 243,907
Total equity	415,766	424,445	424,599
No. of shares ⁽³⁾ ('000)	546,608	546,608	546,608
NA per share (RM)	0.76	0.78	0.78
Borrowings ⁽⁴⁾ (RM'000)	521,406	521,406	471,406
Gearing ratio (times)	1.25	1.23	1.11

Notes:

- (1) After taking into consideration the estimated gain on disposal of Ace Logistic of RM3.43 million and RPGT of approximately RM0.55 million.
- (2) After taking into consideration the estimated gain on disposal of the Sale Properties (after reversal of revaluation reserves) of RM11.02 million, reversal of deferred tax on revaluation reserves of RM0.91 million, RPGT of approximately RM1.89 million and estimated expenses for the Proposals of RM0.56 million.
- (3) Based on the number of shares as at LPD and excludes 9,780,000 treasury shares held by Chin Hin.
- (4) After taking into consideration repayment of borrowings of RM50.00 million from the proceeds of the Proposed Disposals.

7.3 Earnings and EPS

For illustrative purposes, the pro forma effects of the Proposals on the earnings and EPS of the Group, based on the audited consolidated financial statements of Chin Hin for FYE 2018, and on the assumption that the Proposals had been effected on 1 January 2018, being the beginning of FYE 2018, are set out below:

	Audited for FYE 2018	Pro forma after Proposals
	RM'000	
Profit for the financial year	24,099	24,099
Effects of Proposed Disposal of Ace Logistic		
Add: Expected gain on disposal	-	3,427
Less: RPGT on the gain from disposal	-	548
Add: Expected cash rebate as a result of the utilisation of proceeds from disposal ⁽¹⁾	-	1,710
Less: Rental expense for Nilai Properties ⁽¹⁾	-	1,094
Pro forma profit for the financial year after Proposed Disposal of Ace Logistic	24,099	27,594

	Audited for FYE 2018	Pro forma after Proposals
	RM'000	
Effects of Proposed Disposal of Properties		
Add: Expected gain on disposal ⁽²⁾	-	11,017
Add: Reversal of deferred tax on revaluation reserves	-	913
Less: RPGT on the gain from disposal		1,892
Add: Interest savings as a result of the utilisation of proceeds from disposal ⁽¹⁾	-	1,701
Less: Rental income from Sale Properties ⁽¹⁾	-	1,373
Less: Rental expense pursuant to the Proposed Tenancy ⁽¹⁾	-	793
Less: Estimated expenses of the Proposals ⁽¹⁾	-	561
Pro forma profit for the financial year after Proposals	24,099	36,606
No. of Chin Hin shares ⁽³⁾ ('000)	546,608	546,608
EPS (sen)	4.41	6.70

Notes:

- (1) After taking into consideration the income tax effect computed at 24%.
- (2) After taking into account the reversal of revaluation reserves.
- (3) Based on the number of shares as at LPD and excludes 9,780,000 treasury shares held by Chin Hin.

Overall, the Proposals will not result in any material loss of contribution to the Group, as it is expected that the Group will recognise:

- (a) an estimated one-off net gain (after reversal of revaluation reserves, RPGT and estimated incidental expenses for the Proposals) of approximately RM12.36 million; and
- (b) Recurrent net annual savings of RM0.15 million arising from the estimated interest savings from the repayment of bank borrowings of RM1.70 million and cash rebates of RM1.71 million, against the annual rental expenditure for the tenanted Shop Offices, Car Parks and Nilai Properties of RM1.89 million and loss of rental income of RM1.37 million. The above is estimated after taking into consideration the income tax effect computed at 24%.

7.4 Convertible securities

The Group does not have any convertible securities as at LPD.

8. APPROVALS REQUIRED AND CONDITIONALITY OF PROPOSALS

The Proposals are subject to the approvals and/or consents being obtained from the following:

- (a) shareholders of Chin Hin at the forthcoming EGM;
- (b) State Authority for the transfer of the Sale Properties (where relevant); and

(c) any other relevant authorities and/or parties, if required.

In relation to (a) above, the highest percentage ratio applicable to the Proposals under Paragraph 10.02(g) of the Listing Requirements is 18.3% (calculated based on aggregate of the Share Disposal Consideration and Properties Disposal Consideration over the audited NA of Chin Hin Group as at 31 December 2018). Based on the percentage ratio and as the Proposals are related party transactions pursuant to the Listing Requirements, the Proposals require the approval of the shareholders of Chin Hin.

The Proposed Tenancy and Proposed Disposal of Properties are inter-conditional. The Proposed Disposal of Ace Logistic is not conditional with the Proposed Disposal of Properties.

Save for the above, the Proposals are not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by Chin Hin.

9. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Datuk Seri Chiau Beng Teik and Chiau Haw Choon are both Directors and major shareholders of Chin Hin. They are also Directors and major shareholders of PP CH Realty, Aera Property and Midas.

Separately, Datin Seri Wong Mee Leng, a person connected with Datuk Seri Chiau Beng Teik and Chiau Haw Choon is also deemed interested in the Proposals. Datin Seri Wong Mee Leng is the spouse of Datuk Seri Chiau Beng Teik and mother of Chiau Haw Choon and she also has substantial indirect shareholdings in Chin Hin, PP CH Realty, Aera Property and Midas.

Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Datin Seri Wong Mee Leng are collectively known as "**Interested Parties**". The Proposals are deemed related party transactions pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the Interested Parties' common directorships and/or substantial shareholdings in Chin Hin, PP CH Realty, Aera Property and Midas.

Datuk Seri Chiau Beng Teik and Chiau Haw Choon have abstained and will continue to abstain from all deliberations and voting in relation to the Proposals at the relevant Board meetings. The Interested Parties will abstain from voting in respect of their direct and/or indirect shareholdings in Chin Hin on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. The Interested Parties have also undertaken to ensure that the persons connected to them (if any) will also abstain from voting in respect of his/her direct and/or indirect shareholdings in Chin Hin on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

As at LPD, the direct and indirect shareholdings of the Interested Parties in Chin Hin are set out below:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Datuk Seri Chiau Beng Teik	133,081,600	24.35	⁽¹⁾ 219,207,100	40.10
Chiau Haw Choon	10,750,000	1.97	⁽¹⁾ 219,207,100	40.10
Datin Seri Wong Mee Leng	-	-	⁽¹⁾ 219,207,100	40.10

Note:

⁽¹⁾ Deemed interested for the shares held by Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

Save for the Interested Parties, none of the other Directors and major shareholders of Chin Hin and person connected with them has any interests, direct or indirect in the Proposals.

10. TOTAL AMOUNT TRANSACTED WITH INTERESTED PARTIES

The total amount transacted between Chin Hin Group and the Interested Parties and/or persons connected to the Interested Parties in the preceding 12 months (including the recurrent related party transactions under the shareholders' mandate obtained at the 5th annual general meeting of Chin Hin held on 17 June 2019) is approximately RM15.91 million.

11. TENTATIVE TIMETABLE

Barring any unforeseen circumstances, the Board expects the Proposed Disposals to complete by the second half of 2020.

The tentative timetable for the implementation of the Proposed Disposals is as follows:

Events	Tentative timeline
EGM	15 July 2020
All conditions precedent in the Ace Logistic SSA and Properties SPAs fulfilled	August 2020
Completion of Proposed Disposals	September 2020

The Proposed Tenancy will commence from the relevant dates of completion of the Properties SPA, in accordance with the tenancy period as stated in the Tenancy Agreements.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Chin Hin, having considered all aspects of the Proposals, including but not limited to the rationale and the effects, as well as having sought the advice of the Independent Adviser, is of the opinion that the Proposals are:

- (a) in the best interest of the Group;
- (b) fair, reasonable and on normal commercial terms; and
- (c) not detrimental to the interest of the non-interested shareholders of the Group.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

After considering all aspects of the Proposals, including the rationale and benefits and basis and justification of arriving at the Share Disposal Consideration, Properties Disposal Consideration and the rental rates for the Shop Offices, Car Parks and Nilai Properties, the Board (save for Datuk Seri Chiau Beng Teik and Chiau Haw Choon who have abstained from deliberating and voting in respect of the Proposals at the relevant Board meetings) is of the opinion that the Proposals are in the best interest of the Group and its shareholders.

Accordingly, the Board (save for Datuk Seri Chiau Beng Teik and Chiau Haw Choon) recommends that you vote in favour of the resolutions for the Proposals to be tabled at the forthcoming EGM.

14. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

As at LPD, save for the Proposals and the proposed subscription of 30.0% equity interest in Starken Philippines Inc. announced on 20 June 2019, the Board is not aware of any other corporate proposal that has been announced but has yet to be completed.

15. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Chin Hin Culture Centre, F-0-1 & F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, off Jalan Kuchai Lama, 58200 Kuala Lumpur, on Wednesday, 15 July 2020 at 10.30 a.m. or immediately after the conclusion of the Company's Annual General Meeting, whichever is later or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained, to be deposited at the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the EGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. The lodging of the Form of Proxy will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

16. FURTHER INFORMATION

Please refer to the appendices of this Circular for further information.

Yours faithfully
For and on behalf of the Board of Directors of
CHIN HIN GROUP BERHAD

DATUK SERI DR NIK NORZRUL THANI BIN NIK HASSAN THANI
Independent Non-Executive Chairman

PART B

**IAL TO THE NON-INTERESTED SHAREHOLDERS
IN RELATION TO THE PROPOSALS**

EXECUTIVE SUMMARY

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE “DEFINITIONS” SECTION OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS IAL.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSALS. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THIS IAL IN ITS ENTIRETY FOR FURTHER INFORMATION AND THE RECOMMENDATIONS FROM SCA, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSALS. THIS IAL SHOULD ALSO BE READ IN CONJUNCTION WITH PART A OF THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM OF CHIN HIN.

1. INTRODUCTION

On 8 November 2019, M&A Securities, on behalf of the Board, announced that Chin Hin proposes to undertake the following proposals:

- (a) Proposed Disposal of Ace Logistic;
- (b) Proposed Disposal of Properties; and
- (c) Proposed Tenancy.

In view of the interests of the Interested Parties as set out in Section 9, Part A of the Circular, the Proposals are deemed related party transactions pursuant to Paragraph 10.08 of the Listing Requirements.

In this respect, the Board (save for the Interested Parties) had appointed SCA as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company as to whether the Proposals are fair and reasonable and whether the Proposals are detrimental to the interests of the non-interested shareholders of Chin Hin.

The purpose of this IAL is to provide the non-interested shareholders of Chin Hin with an independent evaluation on the fairness and reasonableness of the Proposals together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified in this IAL, in relation to the Proposals.

In arriving at our opinion and recommendation on the Proposals, we had taken into consideration the following bases and analyses:

2. RATIONALE OF THE PROPOSALS

2.1. Rationale for the Proposed Disposals

The Proposed Disposals is to enable the Group to unlock the value of its property assets at their market value to raise additional funds to enhance the Group’s financial position.

2.2. Rationale for the Proposed Tenancy

The Proposed Tenancy and tenancy of Nilai Properties is to ensure that on-going business operations of the Group is not disrupted as a result of the Proposed Disposals.

We are of the opinion that the rationale for the Proposals is fair and reasonable as it will enable Chin Hin to improve the financial position of the Group and potentially enhance the earnings of the Group.

Further information on the rationale for the Proposals are as set out in Section 5.1 of this IAL.

3. EVALUATION OF THE PROPOSALS

3.1 Basis and justification for the Share Disposal Consideration

Metex Steel, a wholly-owned subsidiary of Chin Hin shall dispose its entire equity interest in Ace Logistic to PP CH Realty for a cash consideration of RM20,800,000. Given that Ace Logistic is an investment holding company, we are of the view that the assessment of the Share Disposal Consideration should be based on the Adjusted NA methodology as it takes into consideration the valuation of assets of a company to determine the adjusted value of the firm's financial value. The Adjusted NA methodology seeks to adjust the value of the assets and liabilities of a company to take reflect its current fair market value, which in this instance relates to the assets and liabilities held by Ace Logistic.

We have also reviewed the Valuation Certificates prepared by CBRE | WTW and note that the valuations are prepared in accordance with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia. Please refer to Appendix V of the Circular for the Valuation Certificates of the Nilai Properties and Kepala Batas Properties.

We are of the view that the methodologies applied by the Independent Valuer are reasonable and are consistent with generally applied valuation methodologies. We have reviewed and are satisfied with the bases and assumptions used by the Independent Valuer in deriving the valuation for the Kepala Batas Properties and Nilai Properties. As such, we are satisfied with and have relied upon the valuation for the purposes of calculating the Adjusted NA of Ace Logistic.

We note that the Share Disposal Consideration of RMRM20,800,000 is above the Adjusted NA of Ace Logistic of RM20,790,904.

Premised on the above observations, we are of the view that the Share Disposal Consideration is fair and reasonable.

Further information on the evaluation of the basis and justification of the Share Disposal Consideration are set out in Section 5.2.1 of this IAL.

3.2 Basis and justification for the Properties Disposal Consideration

We note that the Properties Disposal Consideration of RM55.65 million was based on the total market value of the Sale Properties, as appraised by CBRE | WTW, based on its Valuation Certificates dated 6 December 2019.

We have reviewed the Valuation Certificates prepared by CBRE | WTW and note that the valuations are prepared in accordance with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia. Please refer to Appendix V of the Circular for the Valuation Certificates of the Sale Properties.

We are of the view that the methodologies applied by the Independent Valuer are reasonable and are consistent with generally applied valuation methodologies. We have reviewed and are satisfied with the bases and assumptions used by the Independent Valuer in deriving the valuation for the Sale Properties. As such, we are satisfied with and have relied upon the valuation for the purposes of evaluating the Properties Disposal Consideration.

Premised on the above observations, we are of the view that the Properties Disposal Consideration is fair and reasonable.

Further information on the evaluation of the basis and justification of the Properties Disposal Consideration are set out in Section 5.2.2 of this IAL.

3.3 Salient terms of the Disposal Agreements

We have reviewed the salient terms of the Disposal Agreements and based on our review, we are of the view that the overall terms and conditions of the Disposal Agreements are fair and reasonable and not detrimental to the non-interested shareholders of Chin Hin.

Further information on the evaluation of the salient terms of the Disposal Agreements are set out in Section 5.2.3 of this IAL.

3.4 Salient terms of the Tenancy Agreements and tenancy of the Nilai Properties

We have reviewed the salient terms of the Tenancy Agreements and tenancy of the Nilai Properties. Based on our review, we are of the view that the overall terms and conditions of the Tenancy Agreements and tenancy of the Nilai Properties are fair and reasonable and not detrimental to the non-interested shareholders of Chin Hin.

Further information on the evaluation of the salient terms of the Tenancy Agreements and tenancy of the Nilai Properties are set out in Section 5.2.4 of this IAL.

4. RISK FACTORS

The Proposed Tenancy as well as the continuity of the Nilai Lease Agreement and Nilai Tenancy Agreement, will ensure that on-going business operations of the Group is not disrupted as the result of the Proposed Disposals.

As set out in the rationale for the Proposals, the Proposed Disposals is to enable the Group to unlock the value of its property assets at their market value to raise additional funds to enhance the Group's financial position.

We wish to highlight that although efforts and measures taken by Chin Hin to mitigate the risks associated with the Proposals, no assurance can be given that one or a combination of risk factors as stated in Section 6, Part A of the Circular will not occur and give rise to material and adverse impact on the business and operations of the Group, its financial performance, financial position or prospects thereon.

Further information on the evaluation of risk factors is set out in Section 5.3 of this IAL.

5. FINANCIAL EFFECTS OF THE PROPOSALS

- (i) The Proposals will not have any effects on the issued share capital and substantial shareholders' shareholdings of Chin Hin.
- (ii) The Proposals will have a positive effect on the Group's NA and gearing considering the gain on disposals and repayment of borrowings from the proceeds of the Proposed Disposal.
- (iii) The Proposals will not result in any material loss of contribution to the Group as the Group will recognise an estimated one-off net gain subsequent to the Proposed Disposals and a recurrent net annual savings of RM0.15 million.
- (iv) The Group does not have any convertible securities.

Based on the above, we are of the opinion that the financial effects of the Proposals are fair and reasonable and not to the detriment of the non-interested shareholders of Chin Hin.

Further information on the evaluation of the effects of the Proposals are set out in Section 5.4 of this IAL.

6. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposals, we are of the opinion that the Proposals are **FAIR AND REASONABLE** and **NOT DETRIMENTAL** to the interests of the non-interested shareholders of the Company.

Accordingly, we recommend that the non-interested shareholders TO VOTE IN FAVOUR of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders. We recommend that any non-interested shareholders who require advice in relation to the Proposals in the context of their individual investment objectives, financial situation or particular needs, consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers.

NON-INTERESTED SHAREHOLDERS OF CHIN HIN ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF CHIN HIN.



Strategic Capital Advisory Sdn Bhd

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Date: 29 May 2020

To: The Non-Interested Shareholders of Chin Hin Group Berhad

Dear Sir/Madam,

CHIN HIN GROUP BERHAD (“CHIN HIN” OR “THE COMPANY”)

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSALS

This IAL is prepared for inclusion in the Circular and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein.

1. INTRODUCTION

On 8 November 2019, M&A Securities, on behalf of the Board, announced that Chin Hin proposes to undertake the following proposals:

- (a) Proposed Disposal of Ace Logistic;
- (b) Proposed Disposal of Properties; and
- (c) Proposed Tenancy.

In view of the interests of the Interested Parties as set out in Section 9, Part A of the Circular, the Proposals are deemed related party transactions pursuant to Paragraph 10.08 of the Listing Requirements.

In this respect, the Board (save for the Interested Parties) had on 10 October 2019 appointed SCA as the independent adviser to advise the non-interested Directors and non-interested shareholders of the Company on the fairness and reasonableness of the terms of the Proposals.

The purpose of this IAL is to provide the non-interested Directors and non-interested shareholders of the Company with an independent evaluation on the fairness and reasonableness of the Proposals and whether the said proposals are to the detriment of the non-interested shareholders as well as to provide a recommendation thereon on the voting of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

Other than for this intended purpose, this IAL should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our express written consent.

Non-interested shareholders of the Company are advised to read this IAL and Part A of the Circular together with the appendices thereon, and to carefully consider the recommendations contained herein before voting on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company. If you are in doubt about the course of action to be taken, you should consult your stock broker, bank manager, accountant, solicitor or other professional adviser immediately.



2. DETAILS OF THE PROPOSALS

The details of the Proposals are set out in Section 2, Part A of the Circular and should be read in their entirety.

3. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The interests of the Interested Parties and/or persons connected to them are set out in Section 9, Part A of the Circular.

4. LIMITATIONS TO THE EVALUATION OF THE PROPOSALS

SCA was not involved in the formulation of the Proposals or any deliberation and negotiation on the terms and conditions of the Proposals.

Our role as an Independent Adviser does not extend to expressing an opinion on the commercial merits of the Proposals which is solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. As such, where comments or points of the consideration are included on matters, which may be commercially oriented, these are incidental to our overall financial evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposals. SCA's terms of reference as Independent Adviser is limited to expressing our independent evaluation of the Proposals which is based on the sources of information as highlighted below.

In rendering our advice, we have taken note of the pertinent issues which we have considered important in enabling us to assess the implication of the Proposals, and therefore of general concern to the non-interested shareholders of the Company, as such:

- (i) The scope of SCA's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the Proposals and other implications of the said proposals only. Comments or points of the consideration which may be commercially oriented such as the rationale and potential benefits of the Proposals are included in our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of the Company to consider and form their views thereon;
- (ii) SCA's views and advice as contained in this IAL only caters to the non-interested shareholders of the Company at large and not to any non-interested shareholders individually. Hence, in carrying out our evaluation, we have not given consideration the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and
- (iii) We recommend that any individual non-interested shareholder or group of non-interested shareholders of the Company who is in doubt as to the action to be taken or required advice in relation to the Proposals in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, shall consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately. We shall not be liable for any damage or loss sustained or suffered by any individual shareholders or any group of shareholders.



In performing our evaluation, we have relied on the following sources of information:

- (i) The Disposal Agreements and the Tenancy Agreements;
- (ii) Chin Hin's announcement dated 8 November 2019 in relation to the Proposals;
- (iii) Master Valuation Certificate dated 6 December 2019 as prepared by CBRE | WTW ("Valuation Certificates") for the purpose of determining the market value of Sale Properties, the Nilai Properties and the Kepala Batas Properties;
- (iv) Valuation Report dated 6 December 2019 as prepared by CBRE | WTW ("Valuation Report") for the purpose of determining the market value of Nilai Properties;
- (v) Audited financial statements of Ace Logistic for the financial year ended 31 December 2018;
- (vi) Information contained in Part A of the Circular and the appendices attached thereto;
- (vii) Other relevant information furnished to us by the management of the Company; and
- (viii) Other publicly available information which we deemed relevant.

We have made all reasonable enquiries and have relied on the Board and management of the Company to exercise due care to ensure that all information, documents as mentioned above and relevant facts, information and representation for our evaluation of the Proposals had been disclosed to us and that such information is accurate, reasonable, complete, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate.

We have not undertaken an independent investigation into the business of the Company, and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. We have also assumed that the Proposals will be implemented based on the terms as set out in Section 2, Part A of the Circular, without material waiver or modification.

The Board has, individually and collectively, accepted full responsibility that all material facts, financial and other information essential to our evaluation have been disclosed to us, that they have seen this IAL, and for the accuracy of the information in respect of the Proposals (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission, of which would make any statement herein incomplete, false and/or misleading.

We are satisfied with the disclosures from the Board and management of the Company and that sufficient information has been obtained, and to the best of our knowledge and belief, the information is accurate, reasonable, complete, valid and there is no omission of material facts. We have also performed our reasonableness check and where, possible, corroborating such information with independent sources. Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time.

Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the date hereof. After the dispatch of this IAL, should SCA become aware of any significant change affecting the information contained in this IAL or have reasonable grounds to believe that there is material omission in this IAL, we will immediately notify the shareholders. If circumstances require, a supplementary IAL will be sent accordingly to the shareholders.



SCA confirms that it is not aware of any circumstances which exist or likely to give rise to a possible conflict of interest situation for SCA to carry out the role as the Independent Adviser in connection with the Proposals. SCA also confirms that it has not had any professional relationship with the Company, and their related parties in the past two (2) years, other than acting as an Independent Adviser for Chin Hin Group Property Berhad (“CHGP”) in relation to:-

- (i) The subscription by BKG Development Sdn Bhd (“BKG”), a wholly-owned subsidiary of CHGP, for 35,000,000 new redeemable preference shares in Stellar 8 Sdn Bhd (“8 Stellar”) at an issue price of RM1.00 per redeemable preference share for a total consideration of RM35,000,000 via the subscription agreement dated 24 May 2019; and
- (ii) the joint development between BKG and 8 Stellar for the implementation and completion of a mixed and integrated residential and commercial development project known as 8th & Stellar on 2 pieces of leasehold land held under PM7481 Lot 44984 and PM7482 Lot 44983, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur via the joint venture agreement dated 24 May 2019,

as per our independent advice letter dated 31 July 2019.

SCA is an approved corporate financial adviser within the meaning of the Securities Commission of Malaysia (“SC”)’s Principal Adviser Guidelines. SCA has undertaken the role as an independent adviser for corporate exercises in the past two (2) years before the date of this IAL, which include amongst others

- (i) the acquisitions of 100% equity interest in Impiana Hotels & Resorts Management Sdn Bhd, 100% equity interest in Impiana Pangkor Sdn Bhd, 100% equity interest in Astaka Mekar Sdn Bhd, remaining 25% equity interest in Intra Magnum Sdn Bhd (“Intra Magnum”) and 100% equity interest in Impiana Cherating Sdn Bhd by Bio Osmo Berhad as well as assets and liabilities of Impiana Hotel Ipoh Sdn Bhd by Intra Magnum via agreements dated 12 April 2018 for a total purchase consideration of RM425,900,000, as per our independent advice letter dated 31 January 2019;
- (ii) the joint venture via the joint venture agreement dated 2 April 2019 between Iconic Maison Sdn Bhd (formerly known as Sanbumi Sawmill Sdn Bhd), a wholly-owned subsidiary of Sanbumi Holdings Bhd (“Sanbumi”) and Iconic Development Sdn Bhd (“IDSB”) in relation to the mixed development project on a piece of freehold land held under Lot 458, Mukim 14, Daerah Seberang Perai Selatan, Pulau Pinang held under Geran Mukim 85; an issuance of 57,324,840 new redeemable convertible preference shares of Sanbumi to IDSB pursuant to the terms and conditions of the joint venture; a special issue of up to 74,703,000 new ordinary shares in Sanbumi to independent third party investors; and amendments to the constitution of Sanbumi to facilitate the issuance of the redeemable convertible preference shares, as per our independent advice letter dated 31 July 2019; and
- (iii) the acquisition by Innoceria Sdn Bhd, a wholly-owned subsidiary of Grand-Flo Berhad, of a parcel of freehold land held under H.S.(D) 51646, Lot PT 65076, Mukim of Dengkil, District of Sepang, State of Selangor Darul Eshan (“Land”) and an ongoing development project undertaken on the Land, known as “the Acacia Residences” for a total cash consideration of RM17,000,000 from NCT United Development Sdn Bhd via a land and development purchase agreement dated 24 February 2020, as per our independent advice letter dated 20 May 2020

Premised on the foregoing, SCA is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested Directors and non-interested shareholders in relation to the Proposals.



5. EVALUATION OF THE PROPOSALS

In evaluating the Proposals, we have considered the following:

- (i) Rationale of the Proposals;
- (ii) Evaluation of the Proposals:
 - (a) Basis and justification of the Share Disposal Consideration;
 - (b) Basis and justification of the Properties Disposal Consideration;
 - (c) Salient terms of the Disposal Agreements; and
 - (d) Salient terms of the Tenancy Agreements and tenancy of Nilai Properties;
- (iii) Risk factors relating to the Proposals; and
- (iv) Financial effects of the Proposals.

5.1 Rationale of the Proposals

The rationale of the Proposals is as set out in Section 5, Part A of the Circular.

Rationale of the Proposed Disposals

In view of the current market sentiment in the construction industry, it is noted that the rationale for the Proposed Disposals is to enable the Group to unlock the value of its property assets at their market value to raise additional funds to enhance the Group's financial position. The proceeds raised from the Proposed Disposals is to be utilised for the reduction in bank borrowings and working capital purposes. Accordingly, we are of the view that the rationale for the Proposed Disposals is REASONABLE.

Rationale of the Proposed Tenancy

It is noted that the Proposed Tenancy and tenancy of Nilai Properties were included in the Ace Logistic SSA and Properties SPAs in order to ensure that on-going business operations of the Group is not disrupted as a result of the Proposed Disposals. Accordingly, we are of the view that the rationale for the Proposed Tenancy is REASONABLE.

Premised on the above, we are of the opinion that the rationale for the Proposals is FAIR and REASONABLE as it will enable Chin Hin to improve the financial position of the Group and potentially enhance the earnings of the Group. Nevertheless, the non-interested shareholders of Chin Hin should note that the potential benefits arising from the Proposals, are subject to certain risk factors as disclosed in Section 6, Part A of the Circular.

5.2 Evaluation of the Proposals

5.2.1 Basis and Justification of the Share Disposal Consideration

The basis and justification of arriving at the Share Disposal Consideration are set out in Section 2.1.2, Part A of the Circular.

Metex Steel, a wholly-owned subsidiary of Chin Hin shall dispose its entire equity interest in Ace Logistic to PP CH Realty for a cash consideration of RM20,800,000. Given that Ace Logistic is an investment holding company, we are of the view that the assessment of the Share Disposal Consideration should be based on the Adjusted NA methodology as it takes into consideration the valuation of assets of a company to determine the adjusted value of the firm's financial value. The Adjusted NA methodology seeks to adjust the value of the assets and liabilities of a company to take reflect its current fair market value, which in this instance relates to the assets and liabilities held by Ace Logistic.

For the purposes of arriving at the value the assets and liabilities of Ace Logistic, SCA had taken into consideration the audited financial statements of Ace Logistic as at 31 December 2018, which are summarised in the table below:



	Notes	31.12.18 RM	Fair value Adjustments	Adjusted RM
Non-Current Assets				
Property, plant and equipment	1	509,054	10,000	519,054
Investment properties	2	25,300,000	200,000	25,500,000
		<u>25,809,054</u>		<u>26,019,054</u>
Current Assets				
Other receivables		46,011		46,011
Tax recoverable		8,552		8,552
Cash and bank balances		254,295		254,295
		<u>308,858</u>		<u>308,858</u>
Total Assets		26,117,912		26,327,912
Non-Current Liabilities				
Deferred tax liabilities	1,2	184,230	50,400	234,630
Current Liabilities				
Accruals		4,026		4,026
Amount due to immediate holding company		1,600,333		1,600,333
Amount due to a related company		3,698,019		3,698,019
		<u>5,302,378</u>		<u>5,302,378</u>
Total Liabilities		5,486,608		5,537,008
NA		<u>20,631,304</u>		<u>20,790,904</u>

We have assumed that the following carrying amount of the assets and liabilities of Ace Logistic approximates its fair value as at the LPD based on our discussion with the management of Ace Logistic as well as work performed as follows:

- The property, plant and equipment of Ace Logistic comprise mainly the Kepala Batas Properties (two (2) units of single storey intermediate terrace house), office equipment and other equipment. We have adopted the market value of RM345,000 for the Kepala Batas Properties as appraised by CBRE | WTW.

	RM' 000
Fair value of the Kepala Batas Properties ^[a]	345
Book value of the Kepala Batas Properties ^[b]	335
Revaluation surplus of the Kepala Batas Properties ^[c]	10
Deferred tax liabilities associated with the revaluation ^[d]	(2)
Net adjustment to the value of the Kepala Batas Properties	<u>8</u>

Notes:

^[a] Based on the valuation certificate dated 6 December 2019 prepared by CBRE | WTW.

^[b] Based on the audited financial statements for the FYE 31 December 2018.

^[c] Computed based on the difference between RM345,000 and the carrying amounts of the Kepala Batas Properties as at 31 December 2018

^[d] Computed based on the corporate tax rate of 24% based on the Malaysia Financial Reporting Standards ("MFRS") guidance.



The Independent Valuer had used the following approaches to value the Kepala Batas Properties:

- (i) Comparison Approach which entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape, type of development and other relevant characteristics to arrive at the market value (“Comparison Approach”); and
- (ii) Income Approach where net current annual income is capitalised by a suitable rate of return consistent with the type and quality of investment to arrive at the market value (“Income Approach”).

2. Investment properties consist of the Nilai Properties. The Nilai Properties is an industrial premise measuring 8.14 acres comprising of four (4) contiguous industrial lots with industrial buildings and ancillary building located in Nilai, Negeri Sembilan.

We have adopted the market value of RM25,500,000 million for the Nilai Properties as appraised by CBRE | WTW.

	RM' 000
Fair value of the Nilai Properties ^[a]	25,500
Book value of the Nilai Properties ^[b]	25,300
Revaluation surplus of the Nilai Properties ^[c]	200
Deferred tax liabilities associated with the revaluation ^[d]	(48)
Net adjustment to the value of the Nilai Properties	152

Notes:

[a] Based on the valuation certificates dated 6 December 2019 prepared by CBRE | WTW.

[b] Based on the audited financial statements for the FYE 31 December 2018.

[c] Computed based on the difference between RM25,500,000 and the carrying amounts of the Nilai Properties as at 31 December 2018

[d] Computed based on the corporate tax rate of 24% based on the MFRS guidance.

The Independent Valuer had used the following approaches to value the Nilai Properties:

- (i) Cost Approach which entails separate valuations of the land and buildings; wherein the land is valued at Comparison Approach whilst the building is valued at depreciated replacement cost to arrive at the market value which uses two (2) basis; “as is” basis and the extended open-sided single storey factory has been completed according to approved building plan and issued with certificate of completion and compliance; and
- (ii) Income Approach.

We note that the Share Disposal Consideration of RMRM20,800,000 is above the Adjusted NA of Ace Logistic of RM20,790,904.

We have reviewed Ace Logistic’s audited financial statements and held discussions with management of Ace Logistic. There were no exceptional and/or extraordinary items reported in the audited financial statements of Ace Logistic for the FYE 31 December 2018. There have been no peculiar accounting policies adopted by Ace Logistic and there have been no audit qualifications reported in the audited financial statements of Ace Logistic for the FYE 31 December 2018.

We have also reviewed the Valuation Certificates prepared by CBRE | WTW and note that the valuations are prepared in accordance with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia. Please refer to Appendix V of the Circular for the Valuation Certificates of the Nilai Properties and Kepala Batas Properties.



It should be noted that the Independent Valuers' valuations do not account for the effort, time, marketability, buyer demand, uncertainty relating to a property sale and potential transaction costs that would be required to dispose of the assets and realise the calculated value of the properties determined through fundamental analysis and that It is assumed that there are existence of ready and committed buyer(s) for each of the property at its fully revalued basis and that the sale can be conducted efficiently without any timing constraints and other relevant market factors which may affect the sale process.

We are of the view that the methodologies applied by the Independent Valuer are reasonable and are consistent with generally applied valuation methodologies. We have reviewed and are satisfied with the bases and assumptions used by the Independent Valuer in deriving the valuation for the Kepala Batas Properties and Nilai Properties. As such, we are satisfied with and have relied upon the valuation for the purposes of calculating the Adjusted NA of Ace Logistic.

Premise on the above, we are of the opinion that the basis and justification for the Share Disposal Consideration are FAIR and REASONABLE. Nevertheless, non-interested shareholders of Chin Hin should note that the potential benefits and financial returns are subject to certain risk factors as disclosed in Section 6, Part A of the Circular.

5.2.2 Basis and Justification of the Properties Disposal Consideration

The basis and justification of arriving at the Properties Disposal Consideration are set out in Section 2.2.1, Part A of the Circular.

The Properties Disposal Consideration comprises the followings:

No.	Sale Properties	Description	Properties Disposal Consideration (RM' million)
1.	Kuchai Lama Units	8 units of 3-storey stratified shop office 3 units of 2-storey stratified shop office and 89 car park bays located in Pusat Perdagangan Kuchai, Kuala Lumpur	26.45
2.	Shah Alam Unit	1 unit of 3-storey semi-detached factory in Perindustrian Tekno Jelutong, Selangor	4.55
3.	Mergong Units	6 adjoining units of 3-storey shop offices and 3 units of 2-storey shop offices in Taman Bandar Baru Mergong, Alor Setar, Kedah	8.60
4.	Sultan Abdul Hamid Units	4 units of 2-storey shop offices and 5 units of 3-storey shop offices in Kompleks Perniagaan Sultan Abdul Hamid, Alor Setar, Kedah	7.05
5.	Simpang Kuala Unit	1 unit of 2-storey shop offices in Pekan Simpang Kuala, Alor Setar, Kedah	0.65
6.	Gunung Perak Unit	1 unit of 2-storey shop office in Taman Gunung Perak, Alor Setar, Kedah	0.60
7.	Bandar Baru Mergong Units	3 units of 3 storey semi-detached factories in Taman Bandar Baru Mergong, Alor Setar, Kedah	7.75
			55.65



We note that the Properties Disposal Consideration of RM55.65 million was based on the total market value of the Sale Properties, as appraised by CBRE | WTW, based on its Valuation Certificates dated 6 December 2019. The Independent Valuer had adopted the same approaches for the valuation of the Sale Properties as that for the Kepala Batas Properties.

We have reviewed the Valuation Certificates prepared by CBRE | WTW and note that the valuations are prepared in accordance with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia. Please refer to Appendix V of the Circular for the Valuation Certificates of the Sale Properties.

It should be noted that the Independent Valuers' valuations do not account for the effort, time, marketability, buyer demand, uncertainty relating to a property sale and potential transaction costs that would be required to dispose of the assets and realise the calculated value of the properties determined through fundamental analysis and that It is assumed that there are existence of ready and committed buyer(s) for each of the property at its fully revalued basis and that the sale can be conducted efficiently without any timing constraints and other relevant market factors which may affect the sale process.

We are of the view that the methodologies applied by the Independent Valuer are reasonable and are consistent with generally applied valuation methodologies. We have reviewed and are satisfied with the bases and assumptions used by the Independent Valuer in deriving the valuation for the Sale Properties. As such, we are satisfied with and have relied upon the valuation for the purposes of evaluating the Properties Disposal Consideration.

Premise on the above, we are of the opinion that the basis and justification for the Properties Disposal Consideration are FAIR and REASONABLE. Nevertheless, non-interested shareholders of Chin Hin should note that the potential benefits and financial returns are subject to certain risk factors as disclosed in Section 6, Part A of the Circular.

5.2.3 Salient terms of Disposal Agreements

The salient terms of the Disposal Agreements are as disclosed in Appendix I of the Circular. Non-interested shareholders of the Company are advised to read Appendix I of the Circular in the entirety.

Our comments on the salient terms of the Disposal Agreements are as follows:

(i) Ace Logistic SSA

	Salient terms	SCA Comments
(1)	<p>Agreement for sale and purchase of the Sale Shares</p> <p>(a) Subject to fulfillment of the conditions precedent and the terms and conditions in the Ace Logistic SSA, Metex Steel shall sell, and PP CH Realty shall purchase the Sale Shares free from all liens, charges, pledges and encumbrances but with all rights attaching to them;</p> <p>(b) PP CH Realty will allow Metex Steel to continue to:</p> <p>(i) lease part of the Nilai Properties (the rooftop where the solar panels of Metex Steel is situated) from Ace Logistic pursuant to the Nilai Lease Agreement; and</p>	<p>This term is reasonable as it sets out the rights and obligations of Metex Steel and PP CH Realty in relation to the Proposed Disposal of Ace Logistic.</p> <p>We are of the view that these terms (b), (c) and (d) are reasonable as it serves to protect the interest of Metex Steel by ensuring the ongoing business operations of Metex Steel are not disrupted as a result of the Proposed Disposal of Ace Logistic. Please refer to our comments on the salient terms of the tenancy of the Nilai Properties as set out in Section 5.2.4 below for further details.</p>



	Salient terms	SCA Comments
	<p>(ii) rent 2 units of semi-detached factory situated on the Nilai Properties pursuant to the Nilai Tenancy Agreement;</p> <p>subject to the execution of supplemental agreements to the Nilai Lease Agreement and Nilai Tenancy Agreement between Metex Steel and Ace Logistic, incorporating the salient terms as set out in Section 2.1.5 of Part A of this Circular.</p> <p>(c) if requested by Metex Steel, PP CH Realty shall issue an acknowledgement in writing undertaking to observe and perform Ace Logistic's covenants as provided in the Nilai Tenancy Agreement (the tenancy of which has been duly renewed from 1 January 2019 to 31 December 2020) and not to do any act or thing in derogation thereof.</p> <p>(d) the "right of first refusal" to purchase the Nilai Properties at the market value at that particular point is given by PP CH Realty to Metex Steel in the event PP CH Realty decides to sell the Nilai Properties and /or Ace Logistic.</p>	
(2)	<p>Conditions precedent</p> <p>The Ace Logistic SSA shall be conditional upon the following conditions:</p> <p>(a) Metex Steel obtaining the approval of its board of directors and shareholders of Chin Hin in relation to Ace Logistic SSA;</p> <p>(b) PP CH Realty obtaining the approval of its board of directors and shareholders for entering into Ace Logistic SSA;</p> <p>(c) Metex Steel and/or Ace Logistic shall have obtained a redemption statement from Hong Leong Bank Berhad in relation to the existing third party charge(s), together with an undertaking that it shall, upon receipt of the redemption sum:</p> <p>(i) execute and forward the discharge, relevant duplicate of the existing charge and the original document of title to the Nilai Properties ("Discharge Documents") to Metex Steel's solicitors; and</p> <p>(ii) refund the redemption sum received in the event the Discharge Documents cannot be registered at the relevant land office or registry for any reason attributable to Hong Leong Bank Berhad.</p>	<p>This condition is reasonable as the relevant approvals are required to be in compliance with Paragraph 10.08 of the Listing Requirements. The Listing Requirements also requires the Interested Parties to abstain from board deliberation and voting on the relevant resolutions in respect of the Proposed Disposal of Ace Logistic.</p> <p>This condition is a reciprocal condition of condition (a) above. This condition is fair and reasonable, and not detrimental to the interest of the Company.</p> <p>This condition is reasonable as it sets out Metex Steel's obligation to PP CH Realty by ensuring that the Nilai Properties are free of third party charges.</p>



	Salient terms	SCA Comments
(3)	<p>Conditional period for compliance of the conditions precedent</p> <p>(a) The conditional period for the Ace Logistic SSA is 6 months from the date of the Ace Logistic SSA or such other extended date thereof as the parties thereto may mutually agree; and</p> <p>(b) In the event the conditions precedent are not obtained or complied with within the conditional period or such extended period thereof as mutually agreed to in writing by the parties, the Ace Logistic SSA shall automatically lapse and deemed terminated and any deposits shall be forfeited by Metex Steel as agreed liquidated damages and the parties therein shall have no further claims against each other.</p>	<p>These terms are reasonable as it sets out the period in order for the Ace Logistic SSA to be unconditional as well as obligations of Metex Steel and PP CH Realty to facilitate the orderly completion of the Proposed Disposal of Ace Logistic.</p>
(4)	<p>Manner of payment</p> <p>(a) Deposit</p> <p>Upon the execution of the Ace Logistic SSA, PP CH Realty shall pay to Metex Steel the deposit of RM2,080,000 (“Share Deposit Sum”).</p> <p>(b) Balance consideration</p> <p>On or before the expiry of 3 months after the date of fulfillment of the last of the conditions precedent (or such other extended date as may be agreed upon between the parties) (“Completion Date”), the balance of the Share Disposal Consideration of RM18,720,000 shall be deposited with Metex Steel’s solicitors as stakeholder.</p> <p>PP CH Realty shall be entitled to an automatic extension of a further period of 3 months from the day following the Completion Date to pay the balance consideration with interest to be calculated on a daily basis at the rate of 8% per annum from the day following the Completion Date until full payment of the balance Share Disposal Consideration is received by Metex Steel and/or its solicitors.</p>	<p>These terms are reasonable and serves to protect the interest of Metex Steel as it sets out the payment obligations of PP CH Realty in relation to the Proposed Disposal of Ace Logistic.</p>
(5) 5.1	<p>Default</p> <p>5.1 Default by Metex Steel</p> <p>(a) Notwithstanding anything to the contrary herein contained, in the event that Metex Steel shall commit a breach of any of the covenants, stipulations or undertakings on its part to be observed and performed as contained in the Ace Logistic SSA; or fail to complete the sale of the Sale Shares in accordance with terms thereof or if any of the warranties or covenants of Metex Steel contained in the Ace Logistic SSA shall be found to be false or incorrect, misleading or misrepresented and Metex Steel shall fail to remedy the breach in accordance to the terms thereof, without any prejudice to any other</p>	<p>These terms are reasonable, wherein the events of default are set out to enable PP CH Realty to take the appropriate actions to protect its interest pursuant to the Ace Logistic SSA.</p>



	Salient terms	SCA Comments
	<p>rights and remedies available to PP CH Realty, PP CH Realty may terminate the Ace Logistic SSA OR commence proceedings against Metex Steel for specific performance of the Ace Logistic SSA, whereby all the costs and expenses incurred by PP CH Realty based on a solicitor-client basis shall be borne by Metex Steel absolutely; or</p> <p>(b) If PP CH Realty elects to terminate the Ace Logistic SSA, Metex Steel shall, within 14 days of termination, refund to PP CH Realty whatever sums so far received by Metex Steel pursuant to the Ace Logistic SSA together with a further sum equivalent to the Share Deposit Sum as agreed liquidated damages for the breach of the terms and conditions of the Ace Logistic SSA, failing which Metex Steel shall pay to PP CH Realty late payment interest at the rate of 8% per annum to be calculated on a daily basis from the expiry of the said 14 days' period to the date of actual refund. Thereafter, the Ace Logistic SSA shall terminate and be rendered null and void and neither party shall have any further claims against the other.</p>	
5.2	<p>Default by PP CH Realty</p> <p>(a) Notwithstanding anything to the contrary herein contained, in the event that PP CH Realty shall fail to complete the purchase of the Sale Shares and settlement of the debts owing by Ace Logistic to Chin Hin Group in accordance with the provisions herein contained, Metex Steel may elect to terminate the Ace Logistic SSA OR commence proceedings against PP CH Realty for specific performance of the Ace Logistic SSA, whereby all the costs and expenses incurred by Metex Steel based on a solicitor-client basis shall be borne by PP CH Realty absolutely.</p> <p>(b) If Metex Steel elects to terminate the Ace Logistic SSA, then it is hereby agreed between Metex Steel and PP CH Realty that the Share Deposit Sum paid by PP CH Realty shall be forfeited absolutely to Metex Steel by way of agreed liquidated damages and thereafter Metex Steel shall refund all other monies (if any) paid by PP CH Realty to Metex Steel pursuant to the Ace Logistic SSA within 14 days of termination, failing which Metex Steel shall pay to PP CH Realty late payment interest on the other monies (if any) at the rate of 8% per annum to be calculated on a daily basis from the expiry of the said 14 days' period to the date of actual refund. Thereafter, the Ace Logistic SSA shall terminate and be rendered null and void and neither party shall have any further claims against the other.</p>	<p>These terms set out the actions that can be taken by Metex Steel in the event that PP CH Realty defaults in any of its obligations, covenant or undertaking pursuant to the Ace Logistic SSA and fails to remedy it.</p> <p>These terms will safeguard Chin Hin's interest and are not detrimental to the non-interested shareholders' interest.</p>

	Salient terms	SCA Comments
(6)	<p>Termination</p> <p>Notwithstanding anything to the contrary herein contained:</p> <p>(a) if at any time prior to the Completion Date, a petition for winding-up of Ace Logistic is filed by any person whosoever; or</p> <p>(b) if prior to the Completion Date, any person or persons should make any claim, take or file any action, suit, writ, proceedings or injunction in respect of the transaction herein; or</p> <p>(c) if Metex Steel should be wound-up or such proceedings of a like nature should be commenced against Metex Steel prior to the Completion Date and the same is not resolved and remedied by Metex Steel within 14 days upon it being notified of any of the events whichever may be applicable,</p> <p>then PP CH Realty shall be at liberty in any of the aforesaid events to terminate the Ace Logistic SSA by notice in writing to Metex Steel to that effect, and Metex Steel shall refund to PP CH Realty all monies paid by PP CH Realty to Metex Steel under the Ace Logistic SSA. Upon the receipt of the said notice and the refund as aforesaid, the Ace Logistic SSA shall be deemed null and void and be of no effect whatsoever.</p>	<p>These terms are reasonable, where in the event of Metex Steel or Ace Logistic's default in any of the mentioned events, the non-defaulting party can safeguard its interest by terminating the Ace Logistic SSA.</p>

(ii) **Properties SPAs**

	Salient terms	SCA Comments
(1)	<p>Agreement for sale and purchase of the Sale Properties</p> <p>(a) Midas has on 8 November 2019 entered into the Properties SPAs for the sale and purchase of the Kuchai Lama Units, Shah Alam Units, Mergong Units, Sultan Abdul Hamid Units, Simpang Kuala Unit, Gunung Perak Unit and Bandar Baru Mergong Units respectively.</p> <p>(b) PP Chin Hin agrees to sell and Midas agrees to purchase the Sale Properties on an "as is where is" basis subject to the existing tenancies, free from all encumbrances for the Properties Disposal Consideration.</p>	<p>These terms are reasonable as it sets out the rights and obligations of PP Chin Hin and Midas in relation to the Proposed Disposal of Properties.</p>
(2)	<p>Conditions precedent</p> <p>The Properties SPAs are conditional upon the following conditions being fulfilled within the conditional period, being 6 months from the date of the Properties SPAs:</p> <p>(a) PP Chin Hin shall have obtained the approval of the shareholders of Chin Hin, for the sale of the Sale Properties pursuant to the terms of the Properties SPAs; and</p>	<p>This condition is reasonable as the relevant approvals are required to be in compliance with Paragraph 10.08 of the Listing Requirements. The Listing Requirements also requires the Interested Parties to abstain from board deliberation and voting on the relevant resolutions in respect of the Proposed Disposal of Properties.</p>



	Salient terms	SCA Comments
	(b) PP Chin Hin shall have obtained the developer's written consent for the sale and assignment of the Kuchai Lama Properties to Midas.	This condition is reasonable as it ensured that consent for the transfer of the Kuchai Lama Properties are obtained before completion.
(3)	<p>Manner of payment</p> <p>(a) Upon the execution of the Properties SPAs, Midas shall pay a 10% deposit as part payment towards the Properties Disposal Consideration ("Properties Deposit").</p> <p>(b) The 90% of the Properties Disposal Consideration ("Balance Properties Disposal Consideration") shall be paid by Midas to PP Chin Hin's solicitors as stakeholders within the completion period. The completion period is defined as being 3 months from the fulfilment of the conditions precedent by PP Chin Hin as stated in Section 2 above.</p> <p>(c) In the event Midas is unable to pay the Balance Properties Disposal Consideration within the completion period, PP Chin Hin automatically grants Midas an extension of 1 month to pay the Balance Properties Disposal Consideration provided that Midas shall pay PP Chin Hin interest at 8% per annum on the outstanding Balance Properties Disposal Consideration or any part thereof calculated from the day following the expiry of the completion period until the date of full settlement.</p> <p>(d) PP Chin Hin hereby expressly agrees that in the event PP Chin Hin and/or PP Chin Hin's solicitors and/or the existing chargee or the existing assignee of the Properties takes more time than as prescribed under the Properties SPAs to perform any obligations imposed, the completion period shall, accordingly, be extended free of interest by the aggregate number of days of delay by PP Chin Hin and/or PP Chin Hin's solicitors and/or the existing chargee or the existing assignee in performing such obligations.</p>	<p>These terms are reasonable and serves to protect the interest of Chin Hin as it sets out the payment obligations of Midas in relation to the Proposed Disposal of Properties.</p> <p>This term is fair as it ensures that Midas does not need to incur late payment interests in the event the delay of completion was cause by PP Chin Hin and/or PP Chin Hin's solicitors and/or the existing chargee or the existing assignee in performing such obligations as prescribed under the Properties SPAs.</p>
(4)	<p>Default / Termination</p> <p>(a) If Midas fails to pay the Balance Properties Disposal Consideration or any part thereof, PP Chin Hin shall be entitled to terminate the Properties SPAs by a notice in writing to Midas whereupon the Properties Deposit shall be absolutely forfeited by PP Chin Hin and all other monies paid pursuant to the Properties SPAs shall be refunded free of interest by PP Chin Hin to Midas.</p> <p>(b) If PP Chin Hin shall default, neglect or refuse to complete the sale, Midas shall be entitled to either:</p> <p>(i) take such action to enforce the Properties SPAs by applying for a decree of specific performance and all costs and expenses that may be incurred by Midas in connection therewith shall be borne by PP Chin Hin; or</p>	<p>This term is reasonable, where in the event Midas defaults in its payment obligations pursuant to the Properties SPAs, PP Chin Hin can terminate the Properties SPAs.</p> <p>This term will safeguard Chin Hin's interest and are not detrimental to the non-interested shareholders' interest.</p> <p>These terms are reasonable, where in the event the PP Chin Hin defaults its obligation pursuant to the Properties SPAs, Midas can safeguard its interest by enforcing specific performance or terminating the Properties SPAs.</p>



Salient terms	SCA Comments
<p>(ii) to terminate the Properties SPAs by a notice in writing to PP Chin Hin whereupon the deposit and all monies paid shall be refunded free of interest by PP Chin Hin to Midas. In addition thereto, PP Chin Hin shall pay a sum equivalent to 10% of the Properties Disposal Consideration to Midas as agreed liquidated damages for PP Chin Hin's breach.</p>	

Premised on the above, we are of the view that the abovementioned salient terms of the Disposal Agreements are FAIR and REASONABLE and not detrimental to the non-interested shareholders of Chin Hin.

5.2.4 Salient terms of Tenancy Agreements and tenancy of the Nilai Properties

The salient terms of the Tenancy Agreements and tenancy of the Nilai Properties are as disclosed in Appendix II of the Circular and Sections 2.1.5 and 2.3, Part A of the Circular. Non-interested shareholders of the Company are advised to read Appendix II of the Circular and Sections 2.1.5 and 2.3, Part A of the Circular in the entirety.

Our comments on the salient terms of the Tenancy Agreements are as follows:

(i) Shop Offices Tenancy Agreements

Salient terms	SCA Comments
<p>(a) The tenancies shall commence on the day immediately after the completion of the respective Properties SPA.</p> <p>(b) The term of the tenancies shall be for 3 years ("First Term"). If the tenant wishes to renew the tenancies for a further term, the tenant shall, not later than 3 months before the date of expiry of the First Term, sends a notice in writing to purchaser/landlord requesting for a renewal of the tenancy for such further term ("Second Term"). The monthly rental for the Second Term shall be at the market rate at the time of renewal and to be mutually agreed by the landlord and the tenant; and</p> <p>(c) Midas and/or PP Chin Hin shall be entitled to terminate the Shop Offices Tenancy Agreements in the event of any breach of the terms of the Shop Offices Tenancy Agreements by either party therein.</p>	<p>These terms are reasonable and serves to protect the interests of Chin Hin as it ensures that on-going business operations of the Group is not disrupted as a result of the Proposed Disposals. In addition to the monthly rental for the Second Term being at market rate, it will also form part of the recurrent related party transactions to be approved by shareholders of Chin Hin on an annual basis.</p> <p>This term is reasonable as it gives the rights to the either party to terminate the Shop Offices Tenancy Agreements in the event that any of the terms was breached.</p>

Salient terms		SCA Comments								
<p>(d) The rent payable for the Shop Offices are as follows:</p> <table border="1"> <thead> <tr> <th>Details</th> <th>Rent per month (RM)</th> </tr> </thead> <tbody> <tr> <td>1. First and second floors of 4 units of shop offices which form part of the Sultan Abdul Hamid Units, bearing the postal address No, 71, 72, 73 and 74, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah</td> <td>8,000</td> </tr> <tr> <td>2. 3 units of 3-storey semi-detached factories which form the entire Bandar Baru Mergong Units, bearing the postal address No. 401, 400 and 399, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah</td> <td>36,000</td> </tr> <tr> <td>3. First and second floors of 5 units of shop offices which form part of the Kuchai Lama Units, bearing the postal address A-1-07, A-1-08, A-1-09, A-1-10 and A-1-12, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur</td> <td>9,480</td> </tr> </tbody> </table>		Details	Rent per month (RM)	1. First and second floors of 4 units of shop offices which form part of the Sultan Abdul Hamid Units, bearing the postal address No, 71, 72, 73 and 74, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah	8,000	2. 3 units of 3-storey semi-detached factories which form the entire Bandar Baru Mergong Units, bearing the postal address No. 401, 400 and 399, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	36,000	3. First and second floors of 5 units of shop offices which form part of the Kuchai Lama Units, bearing the postal address A-1-07, A-1-08, A-1-09, A-1-10 and A-1-12, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	9,480	<p>The rent payable for the Shop Offices are reasonable based on the comparable gross rental and capitalisation rate adopted in the Income Approach (Investment Method) method of valuation adopted by the Independent Valuer as set its Valuation Certificates dated 6 December 2019 and enclosed in Appendix V of the Circular. The rental rate of the Shop Offices is within or lower than prevailing monthly rental rates of comparable properties.</p>
Details	Rent per month (RM)									
1. First and second floors of 4 units of shop offices which form part of the Sultan Abdul Hamid Units, bearing the postal address No, 71, 72, 73 and 74, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah	8,000									
2. 3 units of 3-storey semi-detached factories which form the entire Bandar Baru Mergong Units, bearing the postal address No. 401, 400 and 399, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah	36,000									
3. First and second floors of 5 units of shop offices which form part of the Kuchai Lama Units, bearing the postal address A-1-07, A-1-08, A-1-09, A-1-10 and A-1-12, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	9,480									

(ii) Car Park Tenancy Agreements

Salient terms	SCA Comments
<p>(a) The car park tenancy shall commence the day immediately after the completion of the Properties SPA for Units A-01 and A-07 of the Kuchai Lama Units.</p> <p>(b) The term of the car park tenancy shall be for 3 years ("First Term"). If the tenant wishes to renew the car park tenancy for a further term, the tenant shall, not later than 3 months before the date of expiry of the First Term, send a notice in writing to the purchaser/landlord requesting for a renewal of the car park tenancy for such further term ("Second Term"). The monthly rental for the Second Term shall be at the market rate at the time of renewal and to be mutually agreed by the landlord and the tenant; and</p> <p>(c) Midas and/or PP Chin Hin shall be entitled to terminate the Car Park Tenancy Agreements in the event of any breach of the terms of the Car Park Tenancy Agreements by either party therein.</p>	<p>These terms are reasonable and serves to protect the interests of Chin Hin as it ensures that on-going business operations of the Group is not disrupted as a result of the Proposed Disposals. In addition to the monthly rental for the Second Term being at market rate, it will also form part of the recurrent related party transactions to be approved by shareholders of Chin Hin on an annual basis.</p> <p>This term is reasonable as it gives the rights to the either party to terminate the Car Park Tenancy Agreements in the event that any of the terms was breached.</p>

Salient terms		SCA Comments				
(d) The rent payable for the Car Parks are as follows: <table border="1" data-bbox="343 398 877 797"> <thead> <tr> <th>Details</th> <th>Rent per month (RM)</th> </tr> </thead> <tbody> <tr> <td>1. Units A-01 and A-07, Parking Lot No. G11 to G59, G62, G65, G66, G67, G68, G69, G70, G71, G86, G87, G88, G89, G97 to G105, G132 to G136, G169, G170, G171, G172, G173, G175, G176, G177, G178, G179, G180, G181, G182 & G183, all located at Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur</td> <td>13,350</td> </tr> </tbody> </table>		Details	Rent per month (RM)	1. Units A-01 and A-07, Parking Lot No. G11 to G59, G62, G65, G66, G67, G68, G69, G70, G71, G86, G87, G88, G89, G97 to G105, G132 to G136, G169, G170, G171, G172, G173, G175, G176, G177, G178, G179, G180, G181, G182 & G183, all located at Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	13,350	The rent payable for the 89 car park bays of RM150 per bay per month are reasonable as it is based on the current seasonal rental rate of the said development scheme and is not higher than prevailing monthly rental rates of car park bays within the same vicinity.
Details	Rent per month (RM)					
1. Units A-01 and A-07, Parking Lot No. G11 to G59, G62, G65, G66, G67, G68, G69, G70, G71, G86, G87, G88, G89, G97 to G105, G132 to G136, G169, G170, G171, G172, G173, G175, G176, G177, G178, G179, G180, G181, G182 & G183, all located at Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	13,350					

(iii) Tenancy of the Nilai Properties

As part of the terms of the Ace Logistic SSA, the lease and rental arrangements of the Nilai Lease Agreement and Nilai Tenancy Agreement will continue after the Proposed Disposal of Ace Logistic, subject to the following salient terms to be incorporated in the respective supplemental agreements to be executed between Metex Steel and Ace Logistic:

Salient terms	SCA Comments								
(a) Supplemental agreement to the Nilai Lease Agreement. To incorporate a term that the yearly rate of lease rental for the remaining tenure of the lease (that is approximately 45 years) shall be increased by 5% every 5 years. The said 5 year period shall be calculated commencing from the completion date of the Ace Logistic SSA.	This term is reasonable and serves to protect the interests of Chin Hin as it ensures that on-going business operations of the Group is not disrupted as a result of the Proposed Disposals and to ensure that the increment in yearly rate of lease rental is pre-determined upfront. Furthermore, it will also form part of the recurrent related party transactions to be approved by shareholders of Chin Hin on an annual basis.								
(b) Supplemental agreement to the Nilai Tenancy Agreement To incorporate the following terms: <table border="1" data-bbox="343 1624 941 2004"> <thead> <tr> <th>Term</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>Commencement date</td> <td>2 January 2017</td> </tr> <tr> <td>Tenure</td> <td>Up to 31 December 2020 with 3 years automatic extension, from 1 January 2021 until 31 December 2023</td> </tr> <tr> <td>Option to renew for further term</td> <td>Renewable at the request of the tenant i.e. Metex Steel for a further period of 2 years (from 1 January 2024 until 31 December 2025), with automatic extension of 3 years (from 1 January 2026 to 31 December 2028)</td> </tr> </tbody> </table>	Term	Details	Commencement date	2 January 2017	Tenure	Up to 31 December 2020 with 3 years automatic extension, from 1 January 2021 until 31 December 2023	Option to renew for further term	Renewable at the request of the tenant i.e. Metex Steel for a further period of 2 years (from 1 January 2024 until 31 December 2025), with automatic extension of 3 years (from 1 January 2026 to 31 December 2028)	These terms are reasonable and serves to protect the interests of Chin Hin as it ensures that on-going business operations of the Group is not disrupted as a result of the Proposed Disposals.
Term	Details								
Commencement date	2 January 2017								
Tenure	Up to 31 December 2020 with 3 years automatic extension, from 1 January 2021 until 31 December 2023								
Option to renew for further term	Renewable at the request of the tenant i.e. Metex Steel for a further period of 2 years (from 1 January 2024 until 31 December 2025), with automatic extension of 3 years (from 1 January 2026 to 31 December 2028)								



Salient terms		SCA Comments
Rental	<p>RM120,000 per month commencing from the completion date of the Ace Logistic SSA (approximately RM0.63 per square foot)</p> <p>Ace Logistic be allowed to increase the monthly rental rate for the tenancy period by 5% every 5 years. The said 5 year period shall be calculated commencing from the completion date of the Ace Logistic SSA</p>	<p>The proposed rental rate for the Nilai Properties is fair and reasonable as it is lower than the market rental rate of similar properties in the same vicinity of approximately RM1.00 per square foot per month as set out in the Valuation Report.</p> <p>In addition, the proposed rental increase is reasonable, and it will also form part of the recurrent related party transactions to be approved by shareholders of Chin Hin on an annual basis.</p>

Further, as part of the condition to the Properties SPA, Midas will enter into deed(s) of assignment with PP Chin Hin, for the assignment of all rights, interest and benefits of PP Chin Hin under the existing tenancy agreements between PP Chin Hin and its related companies namely Chin Hin, Metex Steel, Chin Hin Concrete KL Sdn Bhd and Starken AAC Sdn Bhd, in favour of Midas for Units A-1-01, A-2-01, A-2-07, A-2-08, A-2-09, A-2-10, A-1-4, A-2-4 and F-1-07 of the shop offices which form part of the Kuchai Lama Units, bearing the postal address Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur with a monthly rent payable of RM20,140, which is within the range of prevailing monthly rental rates of comparable properties.

Premised on the above, we are of the view that the abovementioned salient terms of the Tenancy Agreements and tenancy of the Nilai Properties are **FAIR and REASONABLE** and not detrimental to the non-interested shareholders of Chin Hin.

5.3 Risk factors relating to the Proposals

We take note of the risk factors as disclosed in Section 6, Part A of the Circular.

The Proposed Tenancy as well as the continuity of the Nilai Lease Agreement and Nilai Tenancy Agreement, will ensure that on-going business operations of the Group is not disrupted as the result of the Proposed Disposals.

As set out in the rationale for the Proposals, the Proposed Disposals is to enable the Group to unlock the value of its property assets at their market value to raise additional funds to enhance the Group's financial position.

We wish to highlight that although efforts and measures taken by Chin Hin to mitigate the risks associated with the Proposals, no assurance can be given that one or a combination of risk factors as stated in Section 6, Part A of the Circular will not occur and give rise to material and adverse impact on the business and operations of the Group, its financial performance, financial position or prospects thereon.

In evaluating the Proposals, non-interested shareholders of Chin Hin should carefully consider the said risk factors and their respective mitigating factors before voting on the resolutions pertaining to the Proposals at the forthcoming EGM of Chin Hin. Non-interested shareholders of Chin Hin should also note that the risk factors mentioned therein are not meant to be exhaustive.



5.4 Financial effects of the Proposals

The financial effects of the Proposals on the Group as disclosed in Section 7, Part A of the Circular are as follows:-

(i) **Issued share capital and substantial shareholders' shareholdings**

The Proposals will not have any effects on the issued share capital and substantial shareholders' shareholdings of Chin Hin.

(ii) **NA and gearing**

The Proposals will have a positive effect on the Group's NA and gearing considering the gain on disposals and repayment of borrowings from the proceeds of the Proposed Disposal.

(iii) **Earnings and EPS**

The Proposals will not result in any material loss of contribution to the Group as the Group will recognise an estimated one-off net gain subsequent to the Proposed Disposals and a recurrent net annual savings of RM0.15 million.

(iv) **Convertible securities**

The Group does not have any convertible securities.

Based on the above, we are of the opinion that the effects of the Proposals are FAIR and REASONABLE and not to the detriment of the non-interested shareholders of Chin Hin.

6 CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposals, and have set out our evaluation in Section 2 through Section 5 of this IAL. We summarised the potential advantages and disadvantages of the Proposals as follows:

Potential Advantages	Potential Disadvantages
The Proposed Disposals will enable the Group to sell of its property assets (majority non-core assets) at their market value to raise cash proceeds to improve its financial position. In addition, the Group will no longer be required to manage the Sale Properties, enabling it to fully focus on its core businesses.	The Group will experience the loss of rental income and incur annual rental expenditure on an incremental rate of 5% every 5 years as the result of the Proposals.
The Proposed Tenancy will ensure that the Group's on-going business operations will not be disrupted as the result of the Proposed Disposals.	The Proposed Disposals will reduce the availability of real estate collaterals, in order for Chin Hin to secure future bank loans, if and when required.

We have taken cognisance of the rationale, financial evaluation, effects and risk factors of the Proposals. Based on our evaluation and comments on the Proposals, we are of the opinion that the Proposals are **FAIR AND REASONABLE** and are **NOT DETRIMENTAL** to the non-interested shareholders of the Company.

Accordingly, we recommend that the non-interested shareholders to VOTE IN FAVOUR of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company.



Before arriving at the decision to vote on the resolutions pertaining to the Proposals it is pertinent that the non-interested shareholders of Chin Hin to consider the issues and implications raised in this IAL as well as other considerations as set out in Part A of the Circular carefully and the Directors' statement and recommendation (save for the Interested Parties) in respect to the Proposals as set out in Section 13, Part A of the Circular.

Yours faithfully,
For and on behalf of
STRATEGIC CAPITAL ADVISORY SDN. BHD.

Goh Chin Chai
Associate Director
Investment Representative
CMSRL/B0131/2009

Tan Hock Soon
Director
Investment Representative
CMSRL/A3126/2007

SALIENT TERMS OF DISPOSAL AGREEMENTS

1. ACE LOGISTIC SSA

1.1 Agreement for sale and purchase of the Sale Shares

- (a) Subject to fulfillment of the conditions precedent and the terms and conditions in the Ace Logistic SSA, Metex Steel shall sell, and PP CH Realty shall purchase the Sale Shares free from all liens, charges, pledges and encumbrances but with all rights attaching to them.
- (b) PP CH Realty will allow Metex Steel to continue to:
 - (i) lease part of the Nilai Properties (the rooftop where the solar panels of Metex Steel is situated) from Ace Logistic pursuant to the Nilai Lease Agreement; and
 - (ii) rent 2 units of semi-detached factory situated on the Nilai Properties pursuant to the Nilai Tenancy Agreement;

subject to the execution of supplemental agreements to the Nilai Lease Agreement and Nilai Tenancy Agreement between Metex Steel and Ace Logistic, incorporating the salient terms as set out in Section 2.1.5 of Part A of this Circular.
- (c) if requested by Metex Steel, PP CH Realty shall issue an acknowledgement in writing undertaking to observe and perform Ace Logistic's covenants as provided in the Nilai Tenancy Agreement (the tenancy of which has been duly renewed from 1 January 2019 to 31 December 2020) and not to do any act or thing in derogation thereof.
- (d) the "right of first refusal" to purchase the Nilai Properties at the market value at that particular point is given by PP CH Realty to Metex Steel in the event PP CH Realty decides to sell the Nilai Properties and /or Ace Logistic.

1.2 Conditions precedent

- (a) The Ace Logistic SSA shall be conditional upon the following conditions:
 - (i) Metex Steel obtaining the approval of its board of directors and shareholders of Chin Hin in relation to Ace Logistic SSA;
 - (ii) PP CH Realty obtaining the approval of its board of directors and shareholders for entering into Ace Logistic SSA;
 - (iii) Metex Steel and/or Ace Logistic shall have obtained a redemption statement from Hong Leong Bank Berhad in relation to the existing third party charge(s), together with an undertaking that it shall, upon receipt of the redemption sum:
 - (aa) execute and forward the discharge, relevant duplicate of the existing charge and the original document of title to the Nilai Properties ("**Discharge Documents**") to Metex Steel's solicitors; and
 - (bb) refund the redemption sum received in the event the Discharge Documents cannot be registered at the relevant land office or registry for any reason attributable to Hong Leong Bank Berhad.

1.3 Conditional period for compliance of the conditions precedent

- (a) The conditional period for the Ace Logistic SSA is 6 months from the date of the Ace Logistic SSA or such other extended date thereof as the parties thereto may mutually agree.
- (b) In the event the conditions precedent are not obtained or complied with within the conditional period or such extended period thereof as mutually agreed to in writing by the parties, the Ace Logistic SSA shall automatically lapse and deemed terminated and any deposits shall be forfeited by Metex Steel as agreed liquidated damages and the parties therein shall have no further claims against each other.

1.4 Manner of payment

- (a) Deposit

Upon the execution of the Ace Logistic SSA, PP CH Realty shall pay to Metex Steel the deposit of RM2,080,000 ("**Share Deposit Sum**").

- (b) Balance consideration

On or before the expiry of 3 months after the date of fulfillment of the last of the conditions precedent (or such other extended date as may be agreed upon between the parties) ("**Completion Date**"), the balance of the Share Disposal Consideration of RM18,720,000 shall be deposited with Metex Steel's solicitors as stakeholder.

PP CH Realty shall be entitled to an automatic extension of a further period of 3 months from the day following the Completion Date to pay the balance consideration with interest to be calculated on a daily basis at the rate of 8% per annum from the day following the Completion Date until full payment of the balance Share Disposal Consideration is received by Metex Steel and/or its solicitors.

1.5 Default

1.5.1 Default by Metex Steel

- (a) Notwithstanding anything to the contrary herein contained, in the event that Metex Steel shall commit a breach of any of the covenants, stipulations or undertakings on its part to be observed and performed as contained in the Ace Logistic SSA; or fail to complete the sale of the Sale Shares in accordance with terms thereof or if any of the warranties or covenants of Metex Steel contained in the Ace Logistic SSA shall be found to be false or incorrect, misleading or misrepresented and Metex Steel shall fail to remedy the breach in accordance to the terms thereof, without any prejudice to any other rights and remedies available to PP CH Realty, PP CH Realty may terminate the Ace Logistic SSA **OR** commence proceedings against Metex Steel for specific performance of the Ace Logistic SSA, whereby all the costs and expenses incurred by PP CH Realty based on a solicitor-client basis shall be borne by Metex Steel absolutely.
- (b) If PP CH Realty elects to terminate the Ace Logistic SSA, Metex Steel shall, within 14 days of termination, refund to PP CH Realty whatever sums so far received by Metex Steel pursuant to the Ace Logistic SSA together with a further sum equivalent to the Share Deposit Sum as agreed liquidated damages for the breach of the terms and conditions of the Ace Logistic SSA, failing which Metex Steel shall pay to PP CH Realty late payment interest at the rate of 8% per annum to be calculated on a daily basis from the expiry of the said 14 days' period to the date of actual refund. Thereafter,

the Ace Logistic SSA shall terminate and be rendered null and void and neither party shall have any further claims against the other.

1.5.2 Default by PP CH Realty

- (a) Notwithstanding anything to the contrary herein contained, in the event that PP CH Realty shall fail to complete the purchase of the Sale Shares and settlement of the debts owing by Ace Logistic to Chin Hin Group in accordance with the provisions herein contained, Metex Steel may elect to terminate the Ace Logistic SSA **OR** commence proceedings against PP CH Realty for specific performance of the Ace Logistic SSA, whereby all the costs and expenses incurred by Metex Steel based on a solicitor-client basis shall be borne by PP CH Realty absolutely.
- (b) If Metex Steel elects to terminate the Ace Logistic SSA, then it is hereby agreed between Metex Steel and PP CH Realty that the Share Deposit Sum paid by PP CH Realty shall be forfeited absolutely to Metex Steel by way of agreed liquidated damages and thereafter Metex Steel shall refund all other monies (if any) paid by PP CH Realty to Metex Steel pursuant to the Ace Logistic SSA within 14 days of termination, failing which Metex Steel shall pay to PP CH Realty late payment interest on the other monies (if any) at the rate of 8% per annum to be calculated on a daily basis from the expiry of the said 14 days' period to the date of actual refund. Thereafter, the Ace Logistic SSA shall terminate and be rendered null and void and neither party shall have any further claims against the other.

1.6 Termination

Notwithstanding anything to the contrary herein contained:

- (a) if at any time prior to the Completion Date, a petition for winding-up of Ace Logistis is filed by any person whatsoever; or
- (b) if prior to the Completion Date, any person or persons should make any claim, take or file any action, suit, writ, proceedings or injunction in respect of the transaction herein; or
- (c) if Metex Steel should be wound-up or such proceedings of a like nature should be commenced against Metex Steel prior to the Completion Date and the same is not resolved and remedied by Metex Steel within 14 days upon it being notified of any of the events whichever may be applicable,

then PP CH Realty shall be at liberty in any of the aforesaid events to terminate the Ace Logistic SSA by notice in writing to Metex Steel to that effect, and Metex Steel shall refund to PP CH Realty all monies paid by PP CH Realty to Metex Steel under the Ace Logistic SSA. Upon the receipt of the said notice and the refund as aforesaid, the Ace Logistic SSA shall be deemed null and void and be of no effect whatsoever.

2. Properties SPAs

2.1 Agreement for sale and purchase of the Sale Properties

- (a) Midas has on 8 November 2019 entered into the Properties SPAs for the sale and purchase of the Kuchai Lama Units, Shah Alam Units, Mergong Units, Sultan Abdul Hamid Units, Simpang Kuala Unit, Gunung Perak Unit and Bandar Baru Mergong Units respectively.
- (b) PP Chin Hin agrees to sell and Midas agrees to purchase the Sale Properties on an "as is where is" basis subject to the existing tenancies, free from all encumbrances for the Properties Disposal Consideration.

2.2 Conditions precedent

The Properties SPAs are conditional upon the following conditions being fulfilled within the conditional period, being 6 months from the date of the Properties SPAs:

- (a) PP Chin Hin shall have obtained the approval of the shareholders of Chin Hin, for the sale of the Sale Properties pursuant to the terms of the Properties SPAs; and
- (b) PP Chin Hin shall have obtained the developer's written consent for the sale and assignment of the Kuchai Lama Properties to Midas.

2.3 Manner of payment

- (a) Upon the execution of the Properties SPAs, Midas shall pay a 10% deposit as part payment towards the Properties Disposal Consideration ("**Properties Deposit**").
- (b) The 90% of the Properties Disposal Consideration ("**Balance Properties Disposal Consideration**") shall be paid by Midas to PP Chin Hin's solicitors as stakeholders within the completion period. The completion period is defined as being 3 months from the fulfilment of the conditions precedent by PP Chin Hin as stated in Section 2.2 above.
- (c) In the event Midas is unable to pay the Balance Properties Disposal Consideration within the completion period, PP Chin Hin automatically grants Midas an extension of 1 month to pay the Balance Properties Disposal Consideration provided that Midas shall pay PP Chin Hin interest at 8% per annum on the outstanding Balance Properties Disposal Consideration or any part thereof calculated from the day following the expiry of the completion period until the date of full settlement.
- (d) PP Chin Hin hereby expressly agrees that in the event PP Chin Hin and/or PP Chin Hin's solicitors and/or the existing chargee or the existing assignee of the Properties takes more time than as prescribed under the Properties SPAs to perform any obligations imposed, the completion period shall, accordingly, be extended free of interest by the aggregate number of days of delay by PP Chin Hin and/or PP Chin Hin's solicitors and/or the existing chargee or the existing assignee in performing such obligations.

2.4 Default / termination

- (a) If Midas fails to pay the Balance Properties Disposal Consideration or any part thereof, PP Chin Hin shall be entitled to terminate the Properties SPAs by a notice in writing to Midas whereupon the Properties Deposit shall be absolutely forfeited by PP Chin Hin and all other monies paid pursuant to the Properties SPAs shall be refunded free of interest by PP Chin Hin to Midas.
- (b) If PP Chin Hin shall default, neglect or refuse to complete the sale, Midas shall be entitled to either:
 - (i) take such action to enforce the Properties SPAs by applying for a decree of specific performance and all costs and expenses that may be incurred by Midas in connection therewith shall be borne by PP Chin Hin; or
 - (ii) to terminate the Properties SPAs by a notice in writing to PP Chin Hin whereupon the deposit and all monies paid shall be refunded free of interest by PP Chin Hin to Midas. In addition thereto, PP Chin Hin shall pay a sum equivalent to 10% of the Properties Disposal Consideration to Midas as agreed liquidated damages for PP Chin Hin's breach.

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SALIENT TERMS OF TENANCY AGREEMENTS

1. SHOP OFFICES TENANCY AGREEMENTS

Simultaneously with the execution of the Properties SPA, PP Chin Hin and Midas (as the purchaser/ landlord) shall execute 12 Tenancy Agreements wherein PP Chin Hin (as the vendor/ tenant) will take the tenancy of the said Shop Offices as defined herein based on the following terms:

- (a) The tenancies shall commence on the day immediately after the completion of the respective Properties SPA;
- (b) The term of the tenancies shall be for 3 years ("**First Term**"). If the tenant wishes to renew the tenancies for a further term, the tenant shall, not later than 3 months before the date of expiry of the First Term, send a notice in writing to purchaser/landlord requesting for a renewal of the tenancy for such further term ("**Second Term**"). The monthly rental for the Second Term shall be at the market rate at the time of renewal and to be mutually agreed by the landlord and the tenant; and
- (c) Midas and/or PP Chin Hin shall be entitled to terminate the Tenancy Agreements in the event of any breach of the terms of the Tenancy Agreements by either party therein.

2. CAR PARK TENANCY AGREEMENT

Simultaneously with the execution of the Properties SPA for Units A-01 and A-07, PP Chin Hin and Midas (as the purchaser/landlord) shall execute 2 separate Car Park Tenancy Agreements (87 units of car parks for Unit A-01 and 2 units of car parks for Unit A-07) wherein PP Chin Hin (as the vendor/tenant) will take the tenancy of the said total 89 units of car parks based on the following terms:

- (a) The car park tenancy shall commence the day immediately after the completion of the Properties SPA for Units A-01 and A-07 of the Kuchai Lama Units;
- (b) The term of the car park tenancy shall be for 3 years ("**First Term**"). If the tenant wishes to renew the car park tenancy for a further term, the tenant shall, not later than 3 months before the date of expiry of the First Term, send a notice in writing to the purchaser/landlord requesting for a renewal of the car park tenancy for such further term ("**Second Term**"). The monthly rental for the Second Term shall be at the market rate at the time of renewal and to be mutually agreed by the landlord and the tenant; and
- (c) Midas and/or PP Chin Hin shall be entitled to terminate the Car Park Tenancy Agreement in the event of any breach of the terms of the Car Park Tenancy Agreement by either party therein.

INFORMATION ON ACE LOGISTIC**1. HISTORICAL FINANCIAL INFORMATION****1.1 Summarised financial information**

The financial information of Ace Logistic based on its audited financial statements for FYE 31 December 2017 to 2019 is summarised as follows:

	Audited		
	FYE 31 December		
	2017	2018	2019
	RM'000		
Revenue	180	180	180
Profit before taxation ("PBT")	2,326	12	191
Profit /(loss) after taxation ("PAT" or "LAT")	2,219	(14)	130
Current assets	244	309	367
Current liabilities	5,316	5,302	5,304
Total borrowings	-	-	-
Issued share capital	11,000	11,000	11,000
Shareholders' funds/ NA	20,483	20,631	20,761
Net EPS / (loss per share) (Sen)	20.17	(0.13)	1.18
NA per share (RM)	1.86	1.88	1.89
PBT margin (%)	1,292.3	6.9	106.1
Current ratio (times)	0.05	0.06	0.07
Gearing ratio (times)	-	-	-

1.2 Commentary of past performances**Comparison between FYE 2017 and 2018**

Ace Logistic's revenue for FYE 2018 remained the same as FYE 2017. However, due to a fair value adjustment on its investment property recorded in FYE 2017, Ace Logistic's PBT reduced to RM0.01 million for FYE 2018 and consequently, the company incurred a LAT of RM0.01 million.

Comparison between FYE 2018 and 2019

Ace Logistic's revenue for FYE 2019 remained the same as FYE 2018. However, due to a fair value adjustment on its investment properties recorded in FYE 2019, Ace Logistic's PBT increased to RM0.19 million in FYE 2019.

1.3 Exceptional and extraordinary items, audit qualification and accounting policies

There were no exceptional or extraordinary items during FYE 31 December 2017 to 2019.

The audited financial statements of Ace Logistic for FYE 31 December 2017 to 2019 were also not subject to any audit qualifications.

During FYE 31 December 2017 to 2019, there were no accounting policies adopted by Ace Logistic which are peculiar to Ace Logistic due to the nature of its business or the industry it is involved in, which had effects on the determination of income or financial position of Ace Logistic or Chin Hin Group.

2. MATERIAL PROPERTIES

Details of material properties owned by Ace Logistic as at LPD are set out below:

2.1 Nilai Properties

Lot No	Lot 19033 to 19035 and 19055
Title No.	GRN 164787, 164789, 164790 and 164808
Mukim / District / State	Mukim Setul, District of Seremban, Negeri Sembilan
Postal address	No. 2, 2A and 6, Jalan Intan 1, Nilai Utama Enterprise Park, 71800 Nilai, Negeri Sembilan
Description of property	4 contiguous industrial lot built upon with industrial buildings and ancillary buildings
Tenure	Term in perpetuity (Freehold)
Age of building (approximate)	7 years
Land area (sq m)	32,931 (354,466 sq ft)
Gross floor area (sq m)	17,667 (190,167 sq ft)
Existing usage	Used as factory for manufacturing of wire mesh and metal roofing
Lettable area (sq m)	17,667 (190,167 sq ft)
Lettable area available (sq m)	Nil
Occupancy rate as at LPD (%)	100%
Annual rental (FYE 31 December 2018)	RM180,000
Date of investment	30 November 2009
Cost of investment	RM15.15 million
Valuer	CBRE WTW
Date of valuation	2 December 2019
Method of valuation	Cost and Income approach (Investment method)
Market value – 'as is' basis	RM24.00 million
Market value – extended factory completed according to approved building plan and issued with certificate of completion and compliance by relevant authorities	RM25.50 million
Audited NBV as at 31 December 2018	RM25.30 million

Registered owner	Ace Logistic
Encumbrances	Charged to Hong Leong Bank Berhad
Category of land use	Perusahaan / Perindustrian
Express condition	Tanah ini hendaklah digunakan untuk perusahaan sahaja
Restriction in interest	None
Other endorsements	None

2.2 Kepala Batas Properties

Lot No	Lot 2513 and Lot 2701	
Title No.	GM 1243 and GM 1393	
District / State	Town of Kepala Batas, District of Kubang Pasu, Kedah	
Postal address	No. 51, Jalan Wira 4/2 and No. 204, Jalan Wira 2, Taman Wira Mas, 06200, Kepala Batas, Kedah	
Description of property	2 units of single storey intermediate terrace house	
Tenure	Term in perpetuity (Freehold)	
Age of building (approximate)	6 years	
Land area (sq m)	111 (1,195 sq ft)	111 (1,195 sq ft)
Gross floor area (sq m)	111 (1,195 sq ft)	74 (796 sq ft)
Existing usage	Vacant	Vacant
Lettable area (sq m)	111	74
Lettable area available (sq m)	111	74
Occupancy rate (%)	Nil	Nil
Annual rental (based on existing tenancies)	Nil as the property was vacant	Nil as the property was vacant
Date of investment	26 April 2009	31 March 2009
Cost of investment	RM85,000	RM85,000
Valuer	CBRE WTW	
Date of valuation	2 December 2019	
Method of valuation	Comparison and Income approach (Investment method)	
Market value	RM175,000	RM170,000
Audited NBV as at 31 December 2018	RM170,000	RM165,000
Registered owner	Ace Logistic	
Encumbrances	Nil	Nil
Category of land use	Building	
Express condition	"Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai tapak satu bangunan kediaman (rumah teres kos sedehana 1 tingkat) sahaja"	
Restriction in interest	"Ditegah tuan tanah membuat sebarang perkiraan (dealings) di atas tanah yang hendak dimajukan sebagai tapak perumahan ini melainkan tuan tanah bina dan pelihara simpanan jalan itu dan taruh batu dan tar menurut taraf JKR serta perbuat parit-parit dengan sepuas hati Penguasa Tempatan serta mendapat sokongan daripada JKR atau ada jaminan daripada Penguasa Tempatan dan JKR bahawa jalan-jalan dan parit-parit itu dapat disempurnakan"	
Other endorsements	"Pengisytiharan Rezab Melayu"	



ACE LOGISTIC SDN. BHD.
[Registration No.: 200401004299 (642802-M)]
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2019

Registered office:
Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Principal place of business:
No. A-1-9 Pusat Perdagangan Kuchai
No. 2, Jalan 1/127
Off Jalan Kuchai Lama
58200 Kuala Lumpur

Registration No. 200401004299 (642802-M)

ACE LOGISTIC SDN. BHD.
(Incorporated in Malaysia)

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ACE LOGISTIC SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 December 2019.

Principal Activity

The principal activity of the Company is that of investment holding.

There has been no significant change in the nature of this activity during the financial year.

Financial Results

	RM
Net profit for the financial year	<u>207,040</u>

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

Dividends

There were no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

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Directors

The Directors in office during the financial year until the date of this report are:

Datuk Seri Chiau Beng Teik
Chiau Haw Choon
Datin Seri Wong Mee Leng

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations of those whose were Directors at financial year end according to Register of Directors' Shareholdings are follows:

	Number of ordinary shares			At 31.12.2019
	At 01.01.2019	Bought	Sold	
Interest in ultimate holding company (Chin Hin Group Berhad)				
Indirect Interest				
Datin Seri Wong Mee Leng *	185,432,800	28,000,000	-	213,432,800

*Deemed interests pursuant to Section 8 of the Companies Act, 2016 ("the Act") by virtue of her substantial shareholdings in Divine Inventions Sdn. Bhd.

Pursuant to Section 59(3) of the Company Act, 2016, the interests of Datuk Seri Chiau Beng Teik and Chiau Haw Choon are disclosed in the Directors' Report of the ultimate holding company, Chin Hin Group Berhad.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for Directors, officers or auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

- (a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company has been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading, or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due;
 - (ii) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors: (Cont'd)

- (i) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Immediate Holding Company

The immediate holding company is Metex Steel Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

Ultimate Holding Company

The ultimate holding company is Chin Hin Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

The details of the auditors' remuneration are set out in Note 15 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 MAY 2020



DATUK SERI CHIAU BENG TEIK



CHIAU HAW CHOON

KUALA LUMPUR

Registration No. 200401004299 (642802-M)

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ACE LOGISTIC SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 47 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 MAY 2020



DATUK SERI CHIAU BENG TEIK



CHIAU HAW CHOON

KUALA LUMPUR

Registration No. 200401004299 (642802-M)

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ACE LOGISTIC SDN. BHD.
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act, 2016


I, DATUK SERI CHIAU BENG TEIK, being the Director primarily responsible for the financial management of Ace Logistic Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 11 to 47 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 27 MAY 2020)



DATUK SERI CHIAU BENG TEIK

Before me,



COMMISSIONER FOR OATHS

Tingkat 20 Ambank Group Building
55, Jln. Raja Chulan, 50200 Kuala Lumpur

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
ACE LOGISTIC SDN. BHD.**

[Registration No.: 200401004299 (642802 -M)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ace Logistic Sdn. Bhd., which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
ACE LOGISTIC SDN. BHD. (CONT'D)**
[Registration No.: 200401004299 (642802 -M)]
(Incorporated in Malaysia)

Information other than the Financial Statements and Auditors' Report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
ACE LOGISTIC SDN. BHD. (CONT'D)**
[Registration No.: 200401004299 (642802 -M)]
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
ACE LOGISTIC SDN. BHD. (CONT'D)**

[Registration No.: 200401004299 (642802 -M)]
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



UHY
Firm Number: AF 1411
Chartered Accountants



TIO SHIN YOUNG
Approved Number: 03355/02/2022 J
Chartered Accountant

KUALA LUMPUR
27 MAY 2020

ACE LOGISTIC SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	442,993	509,054
Investment properties	5	25,500,000	25,300,000
		25,942,993	25,809,054
Current Assets			
Trade receivables	6	-	-
Other receivables	7	46,011	46,011
Tax recoverable		5,445	8,552
Cash and bank balances		315,938	254,295
		367,394	308,858
Total Assets		26,310,387	26,117,912
EQUITY			
Share capital	8	11,000,000	11,000,000
Reserve	9	161,606	161,606
Retained earnings		9,676,738	9,469,698
Total Equity		20,838,344	20,631,304
LIABILITIES			
Non-Current Liability			
Deferred tax liabilities	10	168,341	184,230
Current Liabilities			
Other payables	11	5,350	4,026
Amount due to immediate holding company	12	1,600,333	1,600,333
Amount due to a related company	13	3,698,019	3,698,019
		5,303,702	5,302,378
Total Liabilities		5,472,043	5,486,608
Total Equity and Liabilities		26,310,387	26,117,912

The accompanying notes form an integral part of the financial statements.

ACE LOGISTIC SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
Revenue	14	180,000	180,000
Fair value adjustment on investment properties		200,000	-
Administrative expenses		<u>(188,849)</u>	<u>(167,671)</u>
Profit before taxation	15	191,151	12,329
Taxation	16	<u>15,889</u>	<u>(25,957)</u>
Net profit/(loss) for the financial year		<u>207,040</u>	<u>(13,628)</u>
Other comprehensive income			
<i>Item that may not be reclassified subsequently to profit or loss</i>			
Revaluation of freehold buildings, net of tax		<u>-</u>	<u>161,606</u>
Total comprehensive income for the financial year		<u>207,040</u>	<u>147,978</u>

The accompanying notes form an integral part of the financial statements.

Registration No. 200401004299 (642802-M)

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ACE LOGISTIC SDN. BHD.

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<u>Non-Distributable</u>		<u>Distributable</u>	Total Equity RM
	Share Capital RM	Revaluation Reserve RM	Retained Earnings RM	
At 1 January 2019	11,000,000	161,606	9,469,698	20,631,304
Net profit for the financial year	-	-	207,040	207,040
At 31 December 2019	<u>11,000,000</u>	<u>161,606</u>	<u>9,676,738</u>	<u>20,838,344</u>
At 1 January 2018	11,000,000	-	9,483,326	20,483,326
Net loss for the financial year	-	-	(13,628)	(13,628)
Revaluation of freehold buildings, net of tax	-	161,606	-	161,606
At 31 December 2018	<u>11,000,000</u>	<u>161,606</u>	<u>9,469,698</u>	<u>20,631,304</u>

The accompanying notes form an integral part of the financial statements.

ACE LOGISTIC SDN. BHD.
(Incorporated In Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	RM	RM
Cash Flows From Operating Activities		
Profit before taxation	191,151	12,329
Adjustments for:		
Depreciation of property, plant and equipment	66,061	66,061
Fair value adjustment on investment properties	(200,000)	-
Operating profit before working capital changes	57,212	78,390
Changes in working capital:		
Other receivables	-	(17,038)
Other payables	1,324	1,526
Amount due to immediate holding company	-	(15,000)
	1,324	(30,512)
Cash generated from operations	58,536	47,878
Tax paid	(5,445)	(8,552)
Tax refund	8,552	15,104
	3,107	6,552
Net cash from operating activities	61,643	54,430
Net increase in cash and cash equivalents	61,643	54,430
Cash and cash equivalents at the beginning of the financial year	254,295	199,865
Cash and cash equivalents at the end of the financial year	315,938	254,295
Cash and cash equivalents at the end of the financial year comprise:		
Cash and bank balances	315,938	254,295

The accompanying notes form an integral part of the financial statements.

ACE LOGISTIC SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

1. Corporate Information

The Company is a private limited liability company, incorporated in Malaysia under the Companies Act, 2016 and domiciled in Malaysia.

The principal place of business of the Company is located at No. A-1-9, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

The registered office of the Company is located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activity of the Company is that of investment holding. There has been no significant change in the nature of this activity during the financial year.

The immediate holding company is Metex Steel Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The ultimate holding company is Chin Hin Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Company has adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayments Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments MFRS 128	Long-term interests in Associates and Joint Ventures
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers off Investment Property
Annual Improvements to MFRSs 2015 – 2017 Cycle:	

- Amendments to MFRS 3
- Amendments to MFRS 11
- Amendments to MFRS 112
- Amendments to MFRS 123

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Company, except for:

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Lease*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluation the Substance of Transactions Involving the Legal Form of a Lease*.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

MFRS 16 Leases (Cont'd)

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under MFRS 117 *Leases* are no longer required. MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirement in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As permitted by the transitional provision of MFRS 16, the Company has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amount of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117, immediately before that date.

There is no financial impact on the financial statements of the Company.

2. Basis of Preparation (Cont'd)**(a) Statement of compliance (Cont'd)****Standards issued but not yet effective**

The Company has not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Company:

	Effective dates for financial periods beginning on or after
Amendments to Reference to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Company intends to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates, and assumptions

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Company has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under finance lease), the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates, and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation 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 reporting period are set out below:

Useful lives of property, plant and equipment

The Company regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for plant and equipment is disclosed in Note 4 to the financial statements.

Revaluation of property, plant and equipment and investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2019 for investment properties and revalued land and buildings. For investment properties, a valuation methodology based on cost and income (investment) approach instead of sales comparison approach that was used in previous year. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. Income approach is adopted as a check method as the subject property is tenanted and income generating. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the properties are provided in Notes 4 and 5 to the financial statements.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

2. Basis of Preparation (Cont'd)

- (c) Significant accounting judgements, estimates, and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes (Cont'd)

The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. As at 31 December 2019, the Company has tax recoverable of RM5,445 (2018: RM8,552).

3. Significant Accounting Policies

The Company applies the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

- (a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(h)(i).

- (i) Recognition of measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

3. Significant Accounting Policies (Cont'd)

(a) Property, plant and equipment (Cont'd)

(i) Recognition of measurement (Cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
Office equipments	10%
Furniture and fittings	10%
Software	10%
Fire protection	10%
Crane	10%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. **Significant Accounting Policies (Cont'd)**

(b) Leases

Policy applicable after 1 January 2019

(a) As lessee

The Company recognises a ROU asset and a lease liability at the lease commencement date. The ROU 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 cost 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 asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(h)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those property, plant and equipment.

The ROU assets are subject to impairment.

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

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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 Company changes its assessment of whether it will exercise an extension or termination option.

3. Significant Accounting Policies (Cont'd)

(b) Leases (Cont'd)

Policy applicable after 1 January 2019 (Cont'd)

(a) As lessee (Cont'd)

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 and do not contain a purchase option.

(b) As lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Company applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Company uses the interest rate implicit in the lease to measure the net investment in the lease.

The Company recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant Accounting Policies (Cont'd)

(b) Leases (Cont'd)

Policy applicable before 1 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

3. **Significant Accounting Policies (Cont'd)**

(b) Leases (Cont'd)

Policy applicable before 1 January 2019 (Cont'd)

As lessee (Cont'd)

(ii) Operating lease (Cont'd)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(c) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction cost. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3. Significant Accounting Policies (Cont'd)

(c) Investment properties (Cont'd)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(d) Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Company determine the classification of its financial assets at initial recognition, and the categories include trade and other receivables.

3. Significant Accounting Policies (Cont'd)

(d) Financial assets (Cont'd)

(i) Financial assets at amortised cost

The Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised costs are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(e) Financial liabilities

Financial liabilities are recognised when, and only when, the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. Significant Accounting Policies (Cont'd)

(e) Financial liabilities (Cont'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amount is recognised in profit or loss.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank balances which is subject to an insignificant risk of changes in value.

(h) Impairment of assets

(i) Non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

3. Significant Accounting Policies (Cont'd)

(h) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of assets in the cash-generating unit.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

For trade receivables, other receivables, contract assets and inter-company balances, the Company apply a simplified approach in calculating ECLs. Therefore, the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(i) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

3. Significant Accounting Policies (Cont'd)

(j) Provisions

Provisions are recognised when there is a present legal or constructive obligation 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 Company 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 relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(k) Revenue

Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessee are recognised as a reduction of rental income over the lease term on a straight-line basis.

(l) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(l) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. **Property, Plant and Equipment**

	At					At cost			Total RM
	Freehold Buildings RM	Office Equipments and Fittings RM	Furniture RM	Software RM	Fire Protection RM	Crane RM			
2019									
At cost/At valuation									
At 1 January/At 31 December	335,000	36,331	10,404	4,228	154,485	460,000		1,000,448	
Accumulated depreciation									
At 1 January	-	30,651	10,404	4,227	110,812	335,300		491,394	
Charge for the financial year	3,192	1,420	-	-	15,449	46,000		66,061	
At 31 December	3,192	32,071	10,404	4,227	126,261	381,300		557,455	
Carrying amount									
At 31 December	331,808	4,260	-	1	28,224	78,700		442,993	

4. **Property, Plant and Equipment (Cont'd)**

	At		At cost					Total RM
	Valuation RM	Freehold Buildings RM	Office Equipments and Fittings RM	Furniture RM	Software RM	Fire Protection RM	Crane RM	
2018								
At cost/At valuation								
At 1 January	159,600	175,400	36,331	10,404	4,228	154,485	460,000	825,048
Revaluation surplus			-	-	-	-	-	175,400
At 31 December	335,000		36,331	10,404	4,228	154,485	460,000	1,000,448
Accumulated depreciation								
At 1 January	34,049		29,230	10,404	4,227	95,363	289,300	462,573
Charge for the financial year	3,191		1,421	-	-	15,449	46,000	66,061
Elimination of accumulated depreciation on revaluation	(37,240)		-	-	-	-	-	(37,240)
At 31 December	-		30,651	10,404	4,227	110,812	335,300	491,394
Carrying amount								
At 31 December	335,000		5,680	-	1	43,673	124,700	509,054

4. Property, Plant and Equipment (Cont'd)

Revaluation of freehold buildings

In the previous financial year, the Company's freehold buildings had been revalued based on valuations performed by Messrs. CH Williams Talhar & Wong, an independent professional valuer. The valuation was determined by reference to recent market transaction on arm's length term.

Year of Valuation/ Description of properties	Valuation method	Fair value hierarchy	Valuation amount RM
2018			
Freehold buildings	Sales comparison method	Level 2	335,000

There were no transfer between levels during the current and previous financial years.

Had the freehold buildings been carried at historical cost less accumulated depreciation, its carrying amounts would have been RM 119,169 (2018: RM 122,360)

5. Investment Properties

	2019 RM	2018 RM
At fair value		
At 1 January	25,300,000	25,300,000
Changes in fair value	200,000	-
At 31 December	25,500,000	25,300,000

(i) Investment properties under leases

Investment properties comprise of a freehold land and building that are leased to a related company.

(ii) Fair value basis of investment properties

The investment properties are valued at fair value during the financial year ended 31 December 2019 based on market values determined by independent firms of professional valuers Messrs. CH Williams Talhar & Wong Sdn. Bhd. amounting to RM25,500,000. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the cost and income approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

5. Investment Properties (Cont'd)**(ii) Fair value basis of investment properties (Cont'd)**

There were no transfer between levels during current and previous financial year.

The increase in fair value of RM 200,000 (2018: Nil) has been recognised in the profit or loss during the financial year.

(iii) Income and expenses recognised in profit or loss

The following income and expenses are recognised in profit or loss in respect of investment properties:

	2019	2018
	RM	RM
Lease income	180,000	180,000
Direct operating expenses		
- Income generating investment properties	76,200	76,200
- Fire insurance	20,835	5,209
	<u> </u>	<u> </u>

6. Trade Receivables

	2019	2018
	RM	RM
Trade receivables	755,026	755,026
Less: Accumulated impairment losses	<u>(755,026)</u>	<u>(755,026)</u>
At 31 December	<u> -</u>	<u> -</u>

Trade receivables are non-interest bearing and are generally on 60 to 90 days (2018: 60 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

6. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses are as follows:

	2019	2018
	RM	RM
At 1 January/31 December	<u>755,026</u>	<u>755,026</u>

The loss allowance account in respect of trade receivables is used to record loss allowance. The aged analysis of the trade receivables ageing as at the end of the reporting period.

	Gross amount	Loss allowance	Net amount
	RM	RM	RM
2019/2018			
Individually impaired	<u>755,026</u>	<u>(755,026)</u>	<u>-</u>

The trade receivables of the Company that are individually assessed to be impaired amounting to RM755,026 (2018: RM755,026), related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

7. Other Receivables

	2019	2018
	RM	RM
Deposits	30,385	30,385
Prepayments	15,626	15,626
	<u>46,011</u>	<u>46,011</u>

8. Share Capital

	Number of Shares		Amount	
	2019	2018	2019	2018
	Units	Units	RM	RM
Ordinary shares				
Issued and fully paid				
At 1 January/				
31 December	11,000,000	11,000,000	11,000,000	11,000,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

9. Reserve
Revaluation reserve

The revaluation reserve represents increase in fair value of buildings, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

10. Deferred Tax Liabilities

	2019	2018
	RM	RM
At 1 January	184,230	107,239
Recognised in profit or loss (Note 16)	(15,889)	25,957
Recognised in equity	-	51,034
	168,341	184,230

The net deferred tax liabilities and assets shown on the statement of financial position after appropriate offsetting are as follows:

	2019	2018
	RM	RM
Deferred tax liabilities	818,699	779,042
Deferred tax assets	(650,358)	(594,812)
	168,341	184,230

10. Deferred Tax Liabilities (Cont'd)

The components of deferred tax liabilities and assets are as follows:

Deferred tax liabilities

	Accelerated capital allowances RM	Revaluation of assets RM	Total RM
At 1 January 2019	728,008	51,034	779,042
Recognised in profit or loss	70,691	(31,034)	39,657
At 31 December 2019	798,699	20,000	818,699

	Accelerated capital allowances RM	Revaluation of assets RM	Total RM
At 1 January 2018	653,144	-	653,144
Recognised in profit or loss	74,864	-	74,864
Recognised in equity	-	51,034	51,034
At 31 December 2018	728,008	51,034	779,042

Deferred tax assets

	Unabsorbed tax losses RM	Unutilised capital allowances RM	Total RM
At 1 January 2019	35,900	558,912	594,812
Recognised in profit or loss	-	55,546	55,546
At 31 December 2019	35,900	614,458	650,358

10. Deferred Tax Liabilities (Cont'd)

	Unabsorbed tax losses RM	Unutilised capital allowances RM	Total RM
At 1 January 2018	35,900	510,005	545,905
Recognised in profit or loss	-	48,907	48,907
At 31 December 2018	35,900	558,912	594,812

11. Other Payables

	2019 RM	2018 RM
Other payables	350	-
Accruals	5,000	4,026
	5,350	4,026

12. Amount Due to Immediate Holding Company

This represents unsecured, non-interest bearing and is repayable on demand.

13. Amount Due to a Related Company

This represents unsecured, non-interest bearing and is repayable on demand.

14. Revenue

This represents rental income received/receivable.

15. Profit before Taxation

Profit before taxation is determined after charging/(crediting) amongst other, the following items:

	2019	2018
	RM	RM
Auditors' remuneration		
- Current year	2,000	1,000
- Under provision in prior year	1,000	-
Depreciation of property, plant and equipment	66,061	66,061
Fair value adjustment on investment properties	<u>(200,000)</u>	<u>-</u>

16. Taxation

	2019	2018
	RM	RM
Tax expenses recognised in profit or loss		
Deferred tax (Note 10)		
- Origination and reversal of temporary differences	19,754	8,333
- (Over)/Under provision in prior year	<u>(35,643)</u>	<u>17,624</u>
	<u>(15,889)</u>	<u>25,957</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year.

16. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective income tax of the Company is as follows:

	2019	2018
	RM	RM
Profit before taxation	<u>191,151</u>	<u>12,329</u>
At Malaysian statutory tax rate of 24% (2018: 24%)	45,876	2,959
Deferred tax arising from fair value adjustment on investment property	(28,000)	-
Expenses not deductible for tax purposes	1,878	5,374
Under provision of deferred tax in prior year	<u>(35,643)</u>	<u>17,624</u>
Tax expenses for the financial year	<u>(15,889)</u>	<u>25,957</u>

The Company has unutilised capital allowances and unabsorbed tax losses amounting to RM2,560,242(2018: RM2,264,676) and RM149,582 (2018: RM149,582) respectively, available for set off against future taxable profits of the Company. The said amount is subject to the approval of tax authorities.

17. Related Party Disclosures**(a) Identifying related parties**

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

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

17. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances as disclosed elsewhere in the financial statements, the significant related party transactions of the Company are as follows:

	2019	2018
	RM	RM
Transactions with immediate holding company		
Lease income received/receivable	<u>180,000</u>	<u>180,000</u>

(c) Compensation of key management personnel

The Company does not have any key management personnel during the financial year.

18. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

18. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost RM
2019	
Financial Assets	
Other receivables	30,385
Cash and bank balances	315,938
	<u>346,323</u>
Financial Liabilities	
Accruals	5,350
Amount due to immediate holding company	1,600,333
Amount due to a related company	3,698,019
	<u>5,303,702</u>
2018	
Financial Assets	
Deposits	30,385
Cash and bank balances	254,295
	<u>284,680</u>
Financial Liabilities	
Accruals	4,026
Amount due to immediate holding company	1,600,333
Amount due to a related company	3,698,019
	<u>5,302,378</u>

18. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

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

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables from customers and deposits with banks.

The Company has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amount of the financial assets recorded on the statement of financial position at the end of the financial year represents the Company's maximum exposure to credit risk. No financial assets carry a significant exposure to credit risk.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Company finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit line available.

The Company's financial liabilities at the end of the reporting period are either repayable on demand or mature within 1 year.

18. Financial Instruments (Cont'd)

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

19. Capital Management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the financial year.

The Company is not subject to any externally imposed capital requirements during the financial year.

20. Subsequent Event

Effect of outbreak of coronavirus pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Company business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Company's financial performance and financial position.

21. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Director on 27 May 2020.

INFORMATION ON THE SALE PROPERTIES

1. KUCHAI LAMA UNITS

Lot No. / Title No.	Master title held under Lot 103676, Geran Mukim 9198
Mukim / District / State	Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Postal address	<ul style="list-style-type: none"> • Units A-0-1, A-1-1 and A-2-1; Units A-0-4, A-1-4 and A-2-4; Units A-0-7, A-1-07 and A-2-07; Units A-0-08, A-1-08 and A-2-08; Units A-0-09, A-1-09 and A-2-09; Units A-0-10, A-1-10 and A-2-10; Units A-0-12, A-1-12 and A-2-12; Units B-0-03, B-1-03 and B-2-03; • Units C-0-02 and C-1-02; Units C-0-03 and C-1-03; Units F-0-07 and F-1-07; • Units A-01 and A-07; and Parking Lot No. G11, G12, G13, G14, G15, G16, G17, G18, G19, G20, G21, G22, G23, G24, G25, G26, G27, G28, G29, G30, G31, G32, G33, G34, G35, G36, G37, G38, G39, G40, G41, G42, G43, G44, G45, G46, G47, G48, G49, G50, G51, G52, G53, G54, G55, G56, G57, G58, G59, G62, G65, G66, G67, G68, G69, G70, G71, G86, G87, G88, G89, G97, G98, G99, G100, G101, G102, G103, G104, G105, G132, G133, G134, G135, G136, G169, G170, G171, G172, G173, G175, G176, G177, G178, G179, G180, G181, G182 & G183;
Description of property	all located at Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur
Tenure	8 units of 3-storey shop/offices, 3 units of 2-storey shop/offices together with 89 car park bays
Age of building (approximate)	Term in perpetuity (Freehold)
Land area (sq m)	9 years
Gross floor area (sq m)	As it is stratified and the strata title has not been issued, there is no land area available
Existing usage	4,123 (44,382 sq ft)
Lettable area (sq m)	Partly occupied as office and partly occupied for retail purposes
Lettable area available (sq m)	4,123
Occupancy rate (%)	Nil
Annual rental (based on existing tenancies)	100%
Date of investment	RM853,800
Cost of investment	Between 2006 to 2011
Valuer	RM20.74 million
Date of valuation	CBRE WTW
	2 December 2019

Method of valuation	Comparison and Income approach (Investment method)
Market value	RM26.45 million
Audited NBV as at 31 December 2018	RM25.93 million
Registered owner	PP Chin Hin
Encumbrances	Charged to Maybank Islamic Berhad, AmBank (M) Berhad, HSBC Bank Malaysia Berhad, RHB Bank Berhad
Category of land use	Bangunan
Express condition	Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan kedai / pejabat sahaja
Restriction in interest	None

Further details of Kuchai Lama Units are set out below:

No.	Premise No.	Gross Floor Area	Lettable Area	(1) Annual Rental (FYE 31 December 2018)	Date / Cost of investment	Audited NBV as at 31 December 2018	Market Value	Existing Usage
		sq ft		RM	RM'000	RM'000	RM'000	
(a)	Units A-0-1, A-1-1 and A-2-1 together with 87 car park bays No. G11 to G59, G62, G67 to G71, G86 to G89, G97 to G105, G132 to G136, G169 to G173, G175 to G183	6,167	6,167	146,400	21 February 2006/ 3,926	5,076	5,400	Ground floor tenanted to third party, first and second floor used by the Group as office
(b)	Units A-0-4, A-1-4 and A-2-4	4,306	4,306	60,000	26 June 2008/ 1,800	2,350	2,350	Ground floor tenanted to related party, first and second floor used by the Group as office
(c)	Units A-0-07, A-1-07 and A-2-07 together with 2 car park bays No. G65 and G66	4,306	4,306	66,000	25 February 2011/ 2,200	2,350	2,400	Ground floor tenanted to third party, first and second floor used by the Group as office
(d)	Units A-0-08, A-1-08 and A-2-08	4,306	4,306	60,000	2 May 2008/ 1,770	2,350	2,350	Ground floor tenanted to related party, first and second floor used by the Group as office

No.	Premise No.	Gross Floor Area	Lettable Area	(1) Annual Rental (FYE 31 December 2018)	Date / Cost of investment	Audited NBV as at 31 December 2018	Market Value	Existing Usage
		sq ft	Area	RM	RM'000	RM'000	RM'000	
(e)	Units A-0-09, A-1-09 and A-2-09	4,306	4,306	60,000	2 May 2008/ 1,770	2,350	2,350	Ground floor tenanted to related party, first and second floor used by the Group as office
(f)	Units A-0-10, A-1-10 and A-2-10	4,306	4,306	60,000	19 November 2008/ 1,900	2,350	2,350	Ground floor tenanted to related party, first and second floor used by the Group as office
(g)	Units A-0-12, A-1-12 and A-2-12	4,273	4,273	94,800	22 May 2008/ 1,870	2,400	2,400	Ground floor tenanted to third party, first floor used by the Group as office and second floor tenanted to related party
(h)	Units B-0-03, B-1-03 and B-2-03	4,306	4,306	131,400	12 August 2009/ 1,850	2,350	2,350	Ground, first and second floors tenanted to third party
(i)	Units C-0-02 and C-1-02	2,702	2,702	69,600	2 May 2008/ 1,225	1,450	1,500	Ground and first floors tenanted to related party
(j)	C-0-03 and C-1-03	2,702	2,702	69,600	2 May 2008/ 1,225	1,450	1,500	Ground floor tenanted to third party and first floor tenanted to related party
(k)	Units F-0-07 and F-1-07	2,702	2,702	36,000	20 May 2008/ 1,200	1,450	1,500	Ground floor tenanted to third party and first floor used by the Group as office
	Total	44,382	44,382	853,800	20,736	25,926	26,450	

(Source: Management of Chin Hin and valuation reports dated 6 December 2019 prepared by CBRE / WTW)

Note:

(1) Based on existing tenancies.

2. SHAH ALAM UNITS

Lot No.	PT 35461
Title No.	HS(D) 283205
Mukim / District / State	Mukim Damansara, District of Petaling, Selangor
Postal address	No. 28, Jalan Kerawang U8/108, Perindustrian Tekno Jelutong, Seksyen U8, 40150 Shah Alam, Selangor
Description of property	3-storey semi-detached factory with goods hoist
Tenure	Term in perpetuity (Freehold)
Age of building (approximate)	4 years
Land area (sq m)	824 (8,872 sq ft)
Gross floor area (sq m)	684 (7,365 sq ft)
Existing usage	Tenanted to third party and used as warehouse
Lettable area (sq m)	684
Lettable area available (sq m)	Nil
Occupancy rate (%)	100%
Annual rental (based on existing tenancies)	RM168,000
Date of investment	24 December 2013
Cost of investment	RM4.40 million
Valuer	CBRE WTW
Date of valuation	2 December 2019
Method of valuation	Comparison and Income approach (Investment method)
Market value (RM'million)	RM4.55 million
Audited NBV as at 31 December 2018	RM4.55 million
Registered owner	PP Chin Hin
Encumbrances	Charged to Maybank Islamic Berhad
Category of land use	Perusahaan
Express condition	Industri
Restriction in interest	None

3. Mergong Units

Lot No.	Lot 8398, Lot 8397, Lot 8396, Lot 8395, Lot 8394 and Lot 8393, Section 51	Lot 8383, Lot 8378 and Lot 8377
Title No.	GM 33960, GM 33961, GM 33962, GM 33963, GM 33964 and GM 33965	GM 34043, GM 34048 and GM 34049
Section/ District / State	Section 51, Town of Alor Setar, District of Kota Setar, Kedah	
Postal address	No. 3, 5, 6, 7, 8 and 9, Taman Bandar Baru Mergong 05150 Alor Setar, Kedah	No. 20, 26 and 27, Taman Bandar Baru Mergong 05150 Alor Setar, Kedah
Description of property	6 adjoining units of 3-storey shop offices comprising 5 adjoining intermediate units and 1 end unit	3 units of 2-storey shop offices comprising 2 adjoining intermediate units and 1 corner unit
Tenure	Term in perpetuity (Freehold)	
Age of building (approximate)	10 years	10 years
Land area (sq m)	894 (9,624 sq ft)	607 (6,534 sq ft)
Gross floor area (sq m)	2,341 (25,200 sq ft)	892 (9,600 sq ft)
Existing usage	Partly occupied as office and for retail purposes and partly vacant	Partly occupied as office and for retail purposes and partly vacant
Lettable area (sq m)	2,341	892
Lettable area available (sq m)	910	178
Occupancy rate (%)	61%	80%
Annual rental (based on existing tenancies)	RM291,000	RM135,600
Date of investment	2007	2011
Cost of investment	RM3.00 million	RM2.05 million
Audited NBV as at 31 December 2018	RM5.75 million	RM2.42 million
Valuer	CBRE WTW	
Date of valuation	2 December 2019	
Method of valuation	Comparison and Income approach (Investment method)	
Market value (RM'million)	RM6.05 million	RM2.55 million
Registered owner	PP Chin Hin	
Encumbrances	Charged to Maybank Islamic Berhad	Charged to RHB Bank Berhad
Category of land use	Building	

Express condition	"Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai tapak perniagaan (Kedai / Pejabat) sahaja."
Restriction in interest	"Di tegah tuan tanah membuat sebarang perkiraan (dealings) di atas tanah yang hendak dimajukan sebagai tapak perniagaan itu melainkan tuan tanah bina dan peliharakan simpanan jalan itu dan taruh batu dan tar menurut taraf JKR serta mendapat sokongan daripada JKR bahawa jalan-jalan dan parit-parit itu dapat disempurnakan"

Further details of Mergong Units are set out below:

No.	Lot No.	Title No.	Premise No.	Land Area	Gross Floor Area sq m	Lettable Area	(1) Annual Rental RM	Date/ Cost of investment RM'000	Audited NBV as at 31 December 2018 RM'000	Market value RM'000	Existing Usage
(a)	Lot 8398	GM 33960	No. 3	149	390	390	46,800	19 November 2007/ 495	950	1,000	Ground and first floors tenanted to third party, second floor vacant
(b)	Lot 8397	GM 33961	No. 5	149	390	390	48,000	19 November 2007/ 495	950	1,000	Ground and first floors tenanted to third party, second floor vacant
(c)	Lot 8396	GM 33962	No. 6	149	390	390	48,000	19 November 2007/ 495	950	1,000	Ground and first floors tenanted to third party, second floor vacant
(d)	Lot 8395	GM 33963	No. 7	149	390	390	46,200	19 November 2007/ 495	950	1,000	Ground and first floors tenanted to third party, second floor vacant

No.	Lot No.	Title No.	Premise No.	Land Area	Gross Floor Area sq m	Lettable Area	(1) Annual Rental RM	Date/ Cost of investment RM'000	Audited NBV as at 31 December 2018 RM'000	Market value RM'000	Existing Usage
(e)	Lot 8394	GM 33964	No. 8	149	390	390	45,600	19 November 2007/ 495	950	1,000	Ground and first floors tenanted to third party, second floor vacant
(f)	Lot 8393	GM 33965	No. 9	149	390	390	34,800	19 November 2007/ 525	1,000	1,050	Ground floor tenanted to third party, first and second floors vacant
(g)	Lot 8383	GM 34043	No. 20	251	357	357	50,400	14 March 2011/ 850	1,200	1,250	Ground floor tenanted to third party and first floor vacant
(h)	Lot 8378	GM 34048	No. 26	178	268	268	42,000	19 April 2011/ 600	610	650	Ground and first floor tenanted to third party
(i)	Lot 8377	GM 34049	No. 27	178	268	268	43,200	19 April 2011/ 600	610	650	Ground and first floor tenanted to third party
	Total			1,501	3,233	3,233	405,000	5,050	8,170	8,600	

(Source: Management of Chin Hin and valuation reports dated 6 December 2019 prepared by CBRE / WTW)

Note:

(1) Based on existing tenancies.

4. SULTAN ABDUL HAMID UNITS

Lot No.	PT 484, PT 485, PT 486 and PT 488	PT 296, PT 306, PT 307, PT 308 and PT 309
Title No.	HS(D) 19491, HS(D) 19492, HS(D) 19493, HS(D) 19495	PN 3321, PN 3331, PN 3332, PN 3333 and PN 3334
Section/ District / State	Town of Alor Setar, District of Kota Setar, Kedah	Section 31, Town of Alor Setar, District of Kota Setar, Kedah
Postal address	No. 183, 184, 185 and 187, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah	No. 61, 71, 72, 73 and 74, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah
Description of property	4 units of 2-storey shop offices comprising 3 intermediate units and 1 end unit	5 units of 3-storey intermediate shop offices
Tenure	Leasehold 99 years expiring on 24 October 2106 (87 years remaining as at LPD)	Leasehold 99 years expiring on 20 May 2101 (82 years remaining as at LPD)
Age of building (approximate)	10 years	15 years
Land area (sq m)	557 (5,995 sq ft)	650 (6,997 sq ft)
Gross floor area (sq m)	1,105 (11,894 sq ft)	1,945 (20,936 sq ft)
Existing usage	Partly occupied as office and for retail purposes and partly vacant	Occupied as office and for retail purposes
Lettable area (sq m)	1,105	1,945
Lettable area available (sq m)	130	Nil
Occupancy rate (%)	88%	100%
Annual rental (based on existing tenancies)	RM142,800	RM182,400
Date of investment	2008	2002 and 2004
Cost of investment	RM1.42 million	RM2.07 million
Valuer	CBRE WTW	
Date of valuation	2 December 2019	
Method of valuation	Comparison and Income approach (Investment method)	
Market value (RM'million)	RM2.35 million	RM4.70 million
Audited NBV as at 31 December 2018	RM2.20 million	RM4.46 million
Registered owner	PP Chin Hin	
Encumbrances	Nil	Charged to AmBank (M) Berhad
Category of land use	Building	

Express condition	"Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai satu sahaja."	"Tanah yang dibenar ini hendaklah digunakan sebagai satu bangunan untuk perniagaan sahaja."
Restriction in interest	Nil	Nil

Further details of Sultan Abdul Hamid Units are set out below:

No.	Lot No.	Title No.	Premise No.	Land Area	Gross Floor Area sq m	Lettable Area	(1) Annual Rental RM	Date/ Cost of investment RM'000	Audited NBV as at 31 December 2018 RM'000	Market Value RM'000	Existing Usage
(a)	PT 484	HS(D) 19491	No. 183	167	325	325	48,000	31 December 2008/ 432	670	700	Ground and first floors tenanted to third party
(b)	PT 485	HS(D) 19492	No. 184	130	260	260	24,000	31 December 2008/ 330	510	550	Ground floor tenanted by third party and first floor vacant
(c)	PT 486	HS(D) 19493	No. 185	130	260	260	37,200	31 December 2008/ 330	510	550	Ground and first floors tenanted to third party
(d)	PT 488	HS(D) 19495	No. 187	130	260	260	33,600	31 December 2008/ 330	510	550	Ground and first floors tenanted to third party
(e)	Lot 296	PN 3321	No. 61	130	389	389	55,200	14 January 2004/ 450	860	900	Ground, first and second floor tenanted to third party

No.	Lot No.	Title No.	Premise No.	Land Area	Gross Floor Area sq m	Lettable Area	⁽¹⁾ Annual Rental RM	Date/ Cost of investment RM'000	Audited NBV as at 31 December 2018 RM'000	Market Value RM'000	Existing Usage
(f)	Lot 306	PN 3331	No. 71	130	389	389	33,600	18 August 2004/ 420	900	950	Ground floor tenanted to third party, first and second floor used by the Group as office
(g)	Lot 307	PN 3332	No. 72	130	389	389	31,200	19 March 2002/ 400	900	950	Ground floor tenanted to third party, first and second floor used by the Group as office
(h)	Lot 308	PN 3333	No. 73	130	389	389	31,200	19 March 2002/ 400	900	950	Ground floor tenanted to third party, first and second floor used by the Group as office
(i)	Lot 309	PN 3334	No. 74	130	389	389	31,200	19 March 2002/ 400	900	950	Ground floor tenanted to third party, first and second floor used by the Group as office
	Total			1,207	3,050	3,050	325,200	3,492	6,660	7,050	

(Source: Management of Chin Hin and valuation reports dated 6 December 2019 prepared by CBRE / WTW)

Note:

⁽¹⁾ Based on existing tenancies.

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5. SIMPANG KUALA UNIT

Lot No	Lot 101
Title No.	GRN 142670
Section/ District / State	Section 14, Town of Alor Setar, District of Kota Setar, Kedah
Postal address	No. 101, Pekan Simpang Kuala, 05400 Alor Setar, Kedah
Description of property	1 unit of intermediate 2-storey shop office
Tenure	Term in perpetuity (Freehold)
Age of building (approximate)	21 years
Land area (sq m)	130 (1,399 sq ft)
Gross floor area (sq m)	260 (2,800 sq ft)
Existing usage	Ground floor tenanted to third party and first floor vacant
Lettable area (sq m)	260
Lettable area available (sq m)	130
Occupancy rate (%)	50%
Annual rental (based on existing tenancies)	RM24,000
Date of investment	30 April 2005
Cost of investment	RM0.22 million
Valuer	CBRE WTW
Date of valuation	2 December 2019
Method of valuation	Comparison and Income approach (Investment method)
Market value (RM'million)	RM0.65 million
Audited NBV as at 31 December 2018	RM0.62 million
Registered owner	PP Chin Hin
Encumbrances	Charged to Maybank Islamic Berhad
Category of land use	Building
Express condition	"Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai tapak satu bangunan perniagaan (Kedai/Pejabat) sahaja."
Restriction in interest	"Ditegah tuan tanah membuat sebarang perikaraan (dealings) di atas tanah yang hendak dimajukan sebagai tapak perumahan itu melainkan tuan tanah bina dan peliharaan simpanan jalan itu dan taruh batu dan tar menurut taraf JKR serta perbuat parit-parit dengan sepuashati Penguasa Tempatan dan JKR atau ada jaminan daripada Penguasa Tempatan dan JKR bahawa jalan-jalan dan parit-parit itu dapat disempurnakan."

(Source: Management of Chin Hin and valuation reports dated 6 December 2019 prepared by CBRE / WTW)

6. GUNUNG PERAK UNIT

Lot No.	PT 13060 (resurveyed Lot No 745)
Title No.	HS(M) 5499
Section/ District / State	Town of Alor Setar, District of Kota Setar, Kedah
Postal address	No. 102, Fasa 6, Taman Gunung Perak, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah
Description of property	1 unit of intermediate 2-storey shop office
Tenure	Term in perpetuity (Freehold)
Age of building (approximate)	12 years
Land area (sq m)	130 (1,399 sq ft)
Gross floor area (sq m)	260 (2,800 sq ft)
Existing usage	Ground and first floor tenanted to third party
Lettable area (sq m)	260
Lettable area available (sq m)	Nil
Occupancy rate (%)	100
Annual rental (based on existing tenancies)	RM31,200
Date of investment	18 October 2005
Cost of investment	RM0.30 million
Valuer	CBRE WTW
Date of valuation	2 December 2019
Method of valuation	Comparison and Income approach (Investment method)
Market value (RM'million)	RM0.60 million
Audited NBV as at 31 December 2018	RM0.58 million
Registered owner	PP Chin Hin
Encumbrances	Charged to Maybank Islamic Berhad
Category of land use	Building
Express condition	"Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai tapak satu bangunan perniagaan (Tapak Kedai/Pejabat) sahaja."
Restriction in interest	"Di atas tanah yang hendak dimajukan sebagai tapak perumahan itu melainkan tuan tanah bina dan peliharakan simpanan jalan itu dan taruh batu dan tar menurut taraf JKR serta perbuat parit-parit dengan sepuas hati Penguasa Tempatan serta mendapat sokongan daripada JKR atau ada jaminan daripada Penguasa Tempatan dan JKR bahawa jalan-jalan dan parit-parit itu dapat disempurnakan."

(Source: Management of Chin Hin and valuation reports dated 6 December 2019 prepared by CBRE / WTW)

7. BANDAR BARU MERGONG UNITS

Lot No.	Lot 9942, Lot 9943 and Lot 9944
Title No.	GM 29604, GM 29605 and GM 29606
Section / District / State	Section 50, Town of Alor Setar, District of Kota Setar, Kedah
Postal address	No. 401, 400 and 399, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah
Description of property	3 units of 3-storey semi-detached standard factories
Tenure	Term in perpetuity (Freehold)
Age of building (approximate)	6 years
Land area (sq m)	3,822 (41,140 sq ft)
Gross floor area (sq m)	3,843 (41,370 sq ft)
Existing usage	2 units used as the Group's warehouse and 1 unit is vacant
Lettable area (sq m)	3,843
Lettable area available (sq m)	1,281
Occupancy rate (%)	67%
Annual rental (based on existing tenancies)	N/A ⁽¹⁾
Date of investment	2010
Cost of investment	RM2.54 million
Valuer	CBRE WTW
Date of valuation	2 December 2019
Method of valuation	Comparison and Income approach (Investment method)
Market value (RM'million)	RM7.75 million
Audited NBV as at 31 December 2018	RM7.45 million
Registered owner	PP Chin Hin
Encumbrances	Charged to HSBC Bank Malaysia Berhad
Category of land use	Building
Express condition	"Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai tapak untuk industri sahaja."
Restriction in interest	"Di tegah tuan tanah membuat sebarang perikaraan (dealings) di atas tanah yang hendak dimajukan sebagai tapak perumahan itu melainkan tuan tanah bina dan peliharakan simpanan jalan itu dan taruh batu dan tar menurut taraf JKR serta mendapat sokongan daripada JKR bahawa jalan-jalan dan parit-parit itu dapat disempurnakan."

Further details of Bandar Baru Mergong Units are set out below:

No.	Lot No.	Title No.	Premise No.	Land Area	Gross Floor Area sq m	Lettable Area	Annual Rental RM	Date/ Cost of investment RM'000	Market value RM'000	Audited NBV as at 31 December 2018 RM'000	Existing Usage
(a)	9942	GM 29604	No. 401	1,255	1,281	1,281	(1)N/A	16 July 2010/ 830	2,600	2,500	Used as the Group's warehouse
(b)	9943	GM 29605	No. 400	1,274	1,281	1,281	(1)N/A	16 July 2010/ 850	2,600	2,500	Used as the Group's warehouse
(c)	9944	GM 29606	No. 399	1,293	1,281	1,281	(1)N/A	12 July 2010/ 860	2,550	2,450	Vacant
	Total			3,822	3,843	3,843	(1)N/A		7,750	7,450	

(Source: Management of Chin Hin and valuation reports dated 6 December 2019 prepared by CBRE / WTW)

Note:

(1) Not applicable as the properties are presently owner occupied or vacant.

VALUATION CERTIFICATES*(Prepared for inclusion in the Circular)***Report and Valuation**

6 December 2019

PRIVATE & CONFIDENTIAL

CHIN HIN GROUP BERHAD

No. A-1-9, Pusat Perdagangan Kuchai
 No. 2, Jalan 1/127
 Off Jalan Kuchai Lama
 58200 Kuala Lumpur

Attention: Datuk Seri Chiau Beng Teik

Dear Sir

**CERTIFICATE OF VALUATION OF THIRTY EIGHT (38) PROPERTIES FOR THE PURPOSE OF
 SUBMISSION TO THE BURSA MALAYSIA SECURITIES BERHAD**

In accordance with the instructions of Chin Hin Group Berhad, we, C H Williams Talhar & Wong Sdn Bhd, have carried out a valuation on the above mentioned properties as at 2 December 2019 for the purpose of CHIN HIN GROUP BERHAD's ("CHIN HIN") submission to Bursa Malaysia Securities Berhad in relation to the proposed disposal of the entire equity interest in Ace Logistics Sdn Bhd by Metex Steel Sdn Bhd, a wholly-owned subsidiary of Chin Hin, to PP Chin Hin Realty Sdn Bhd, proposed disposal of various property assets held by PP Chin Hin Sdn Bhd, a wholly-owned subsidiary of Chin Hin, to Midas Signature Sdn Bhd and proposed tenancy of properties by PP Chin Hin Sdn Bhd from Midas Signature Sdn Bhd.

This Master Valuation Certificate is prepared for the inclusion in the circular in relation to the Proposed Transaction.

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

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

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

This Valuation Certificate should be read in conjunction with the full Reports and Valuations.

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

Our Ref : WTW/01/V/001906/19/LKC
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METHOD OF VALUATION

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

Direct Comparison - Eight (8) units of 3-storey stratified shop/office and (3) units of 2-storey stratified shop/office together with 89 car park bays

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

Indirect Comparison – Shopoffices, semi-detached factories and terrace houses

We have adopted the Indirect Comparison Approach of Valuation as the main approach. The Indirect Comparison Approach entails separate valuations of the land and buildings components to arrive at the market value of the subject property. The Indirect Comparison Approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape, position and other relevant characteristics to arrive at the market value. As a check we have adopted the Income Approach (Investment Method). This method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

Lot Nos. 19033 to 19035 (Inclusive) & 19055, Mukim of Setul, District of Seremban, Negeri Sembilan

The subject property is valued based on Cost Approach as our main approach. The Cost Approach of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

The land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in location, accessibility/visibility, shape/condition, land size, tenure, site improvement and other relevant characteristics.

The buildings are valued by reference to their depreciated replacement costs, i.e. the replacement cost new less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. The land and building values are then summated to arrive at the market value of the subject property.

As a check we have adopted the Income Approach (Investment Method). This method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

OPINION OF VALUE

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

No.	Property Details	Market Value
1	Lot No. PT 35461, Mukim of Damansara, District of Petaling, Selangor A three (3)-storey semi-detached factory with goods hoist (Our Ref : WTW/01/V/001906A/19/LKC)	RM4,550,000/-
2	Lot Nos. 19033 TO 19035 (INCLUSIVE) & 19055, Mukim of Setul, District of Seremban, Negeri Sembilan An industrial premise comprises of four (4) contiguous industrial lots built upon with industrial buildings and ancillary buildings (Our Ref : WTW/01/V/001906B/19/MHA)	<u>Basis 1</u> RM24,000,000/- <u>Basis 2</u> RM25,500,000/-
3	Eleven (11) Units of Stratified Shop/Office together with 89 Car Park Bays within Kuchai Business Park, Erected On Parent Lot No. 103676, Mukim of Petaling, District of Kuala Lumpur, Federal Territory Of Kuala Lumpur Eight (8) units of 3-storey stratified shop/office and (3) units of 2-storey stratified shop/office together with 89 car park bays. (Our Ref : WTW/01/V/001906C/19/TWS)	RM26,450,000/-

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OPINION OF VALUE (Cont'd)

No.	Property Details	Market Value
4	Lot Nos. 8398, 8397, 8396, 8395, 8394, & 8393, Section 51, All within Town of Alor Setar, District of Kota Setar, Kedah Six (6) adjoining units three (3)-storey shopoffices comprising of 5 adjoining intermediate units (Nos. 3,5,6,7 and 8) and 1 end unit (No. 9) (Our Ref : WTW/08/V/004743/19/PEH/ar)	RM6,050,000/-
5	Lot Nos. 9942, 9943 & 9944, Section 50, All within Town Of Alor Setar District of Kota Setar, Kedah Three (3) units of three (3)-storey semi-detached standard factories (Our Ref : WTW/08/V/004744/19/PEH/ar)	RM7,750,000/-
6	Lot Nos. 8383, 8378 & 8377, All within Town of Alor Setar, District of Kota Setar, Kedah Three (3) units of double (2)-storey shopoffices comprising 2 adjoining intermediate units (Nos. 26 and 27) and 1 corner unit (No. 20) (Our Ref : WTW/08/V/004745/19/PEH/ar)	RM2,550,000/-
7	Lot No. PT 13060 (Resurveyed Lot No. 745), Town of Alor Setar, District of Kota Setar, Kedah An intermediate unit of double-storey shopoffice (Our Ref : WTW/08/V/004746/19/PEH/mk)	RM600,000/-
8	Lot Nos. 296, 306, 307, 308 & 309, Section 31, All within Town of Alor Setar, District of Kota Setar, Kedah Five (5) units of three (3)-storey intermediate shopoffices (Our Ref : WTW/08/V/004747/19/PEH/mk)	RM4,700,000/-
9	Lot No. 101, Section 14, Town of Alor Setar, District of Kota Setar, Kedah An intermediate unit of double-storey shopoffice (Our Ref : WTW/08/V/004748/19/PEH/mk)	RM650,000/-
10	Lot Nos. PT 484, PT 485, PT 486 & PT 488, All within Town of Alor Setar, District of Kota Setar, Kedah Four units of double (2)-storey shopoffice comprising 3 intermediate units (Nos. 184, 185, and 187) and 1 end unit (No. 183) (Our Ref : WTW/08/V/004749/19/PEH/mk)	RM2,350,000/-
11	Lot Nos. 2513 & 2701, Town of Kepala Batas, District of Kubang Pasu, Kedah Two (2)-units of single-storey intermediate terraced house (Our Ref : WTW/08/V/004755/19/PEH/mk)	RM345,000/-
Grand Total		RM81,495,000/-

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


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

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CERTIFICATES OF VALUATION

1. Lot No. PT 35461, Mukim of Damansara, District of Petaling, Selangor
 (Our Ref : WTW/01/V/001906A/19/LKC)

PROPERTY IDENTIFICATION

The Subject Property : A three (3)-storey semi-detached factory with goods hoist

Address : No. 28, Jalan Kerawang U8/108, Perindustrian Tekno Jelutong, Seksyen U8, 40150 Shah Alam, Selangor

Title No. : HSD 283205

Lot No. : PT 35461, Mukim of Damansara, District of Petaling, Selangor

Provisional Land Area : 824.20 square metres (approximately 8,872 square feet)

Gross Floor Area : 684.23 square metres (approximately 7,365 square feet)

Tenure : Term in Perpetuity (Freehold)

Registered Owner : PP CHIN HIN SDN BHD

Category of Land Use : Perusahaan

Encumbrances : Charged to MAYBANK ISLAMIC BERHAD

GENERAL DESCRIPTION

Site

The site, an end lot is trapezoidal in shape. The land is generally flat in terrain and lies at the same level with the existing frontage metalled road, Jalan Kerawang U8/108.

The compound is generally enclosed with plastered brickwalls. A pair of sliding metal gates is installed at the main entrance.

Building

The subject building is constructed of reinforced concrete framework with plastered brickwalls, reinforced concrete floors and covered with metal deck roofing sheets.

At the time of our inspection, we noted that the front, side and rear portions on the ground floor of the subject property had been extended new covered area/roof to accommodate larger factory and store area. A single storey building has been erected at the front portion near the entrance of the subject property to accommodate new staff's rest room, kitchen as well as toilet.

We also noted that the renovations on additional and removal of internal partition / wall, floorings, doors and windows were done by the tenant. The renovations are not considered in our valuation as the tenant has to make good to the original condition upon the termination of the tenancy.

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GENERAL DESCRIPTION (Cont'd)

The subject property has been issued with a Certificate of Completion and Compliance (CCC) by Ar. Lim Chee Teck bearing reference no. LAM/S/No. 7917 on 25 May 2015. The age of the subject property is approximately 4 years old.

PLANNING PROVISION

The subject property is designated for industrial use as per the Express Condition in the document of title.

OCCUPATION

At the time of our inspection, the subject property was tenanted by Roxsil Silicone Sdn Bhd.

VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences in surrounding, accessibility/ visibility, size, position (intermediate / end / corner lot), tenure, shape, terrain and other relevant characteristics to arrive at the market value.

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Name	Bukit Jelutong	Temasya Industrial Park	Bukit Jelutong
Title No.	Geran 58853	HS(D) Kekal 102205	HS(D) Kekal 283204
Lot No.	Lot 64267	PT 16018	PT 35460
Mukim / District	Damansara / Petaling		
State	Selangor		
Address	No. 18, Jalan Astaka U8/83	No. 18, Jalan Kartunis U1/47	Along Jalan Kerawang U8/108
Type	Three (3)-storey intermediate semi-detached factory	Two (2)-storey intermediate semi-detached factory	Three (3)-storey intermediate semi-detached factory
Land Area	1,575.00 square metres (Approximately 16,953 square feet)	892.00 square metres (Approximately 9,601 square feet)	948.00 square metres (Approximately 10,204 square feet)
Tenure	Term in perpetuity	Term in perpetuity	Term in perpetuity
Date	29/06/2018	13/02/2018	15/07/2015
Vendor	HIGHLANDS & LOWLANDS BERHAD	TEN TEN TELECOMMUNICATIONS SDN BHD	PP CHIN HIN SDN BHD
Purchaser	CHINGSAN DEVELOPMENT SDN BHD	MS NIAGA SDN BHD	ASHIANA INDUSTRIES (M) SDN BHD
Consideration	RM6,800,000/-	RM5,000,000/-	RM5,000,000/-
Land Value Analysis (RM psf)	RM302/-	RM443/-	RM401/-
Adjustments	Adjustments are made on location – general, size and position (intermediate / end / corner lot)		
Adjusted Land Value (RM psf)	RM385	RM410	RM431

Notes: "psf" denotes per square foot

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

From the above analysis, the adjusted land values range from RM385 per square foot to RM431 per square foot.

Having regard to the foregoing, we have adopted an average adjusted value of Comparable 1 and Comparable 2 which is at RM400 per square foot.

We have adopted Comparable 1 as it is the latest transaction and located within the same locality with the subject property and Comparable 2 due to its similarity in terms of size (Land Area).

Therefore, we have adopted a value of RM400 per square foot for the land in our valuation.

Based on the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd, the building cost for industrial properties in Kuala Lumpur is as follows:-

Industrial Building	RM per square foot
Light duty flatted factories	RM137 – RM157
Single storey conventional factory of structural steelwork	RM124 – RM 167

Based on reference made to the estimated construction cost inclusive of profits and financial elements from our research as well as the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 as a guide, the building value adopted for the subject building is RM150 per square foot.

Depreciation

Appropriate adjustments are then made for depreciation after taking into account the obsolescence of the physical, functional and economical use of the building.

In arriving to the depreciation rate of the subject building, we have taken into consideration the 50 years economical useful life span, building age as at the date of valuation, obsolescence of the physical and functional use of the building.

Based on the enquiries made to Majlis Bandaraya Shah Alam (MBSA) and information made available to us by the client, the building age is estimated about 4 years. Hence, we have adopted a rounded depreciation rate of 10% for the building.

The summary of the market value of the subject property based on Comparison Approach is summarised as follows:-

	Market Value
Land Value	RM3,548,644/-
Building Value	RM994,275/-
Total	RM4,542,919/-
Say	RM4,550,000/-

Hence, the market value of the subject property derived from Comparison Approach is RM4,550,000/-.

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Income Approach (Investment Method)

Description	Parameters	Remarks
Average Gross Rental - Term	RM1.90 psf	We have adopted current passing rent.
Average Gross Rental - Reversionary	RM2.25 psf	Considered the asking rentals of similar three (3)-storey semi-detached factories within the vicinity. The adjusted rental values range from RM1.89 per square foot to RM2.38 per square foot.
Outgoings	RM0.25 psf	Considered the current outgoings of the subject property.
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate - Term	3.50%	Based on the recent transaction of the semi-detached factories within the vicinity, the net yield ranges from 3.26% to 4.01%. Taking into consideration the location, building specification and building age of the subject property, we have adopted the net yield (term) at 3.50%, net yield (reversionary) at 4.00% and discount rate at 4.00%.
Capitalisation Rate - Reversionary	4.00%	
Discount Rate	4.00%	

The market value derived from Income Approach (Investment Method) is **RM4,150,000/-**.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM4,550,000/-
Income Approach (Investment Method)	-	RM4,150,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are plenty of transactions available within the vicinity.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances at **RM4,550,000/- (Ringgit Malaysia: Four Million Five Hundred And Fifty Thousand Only)**.

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2. Lot Nos. 19033 TO 19035 (INCLUSIVE) & 19055, Mukim of Setul, District of Seremban, Negeri Sembilan
 (Our Ref : WTW/01/V/001906B/19/MHA)

PROPERTY IDENTIFICATION

The Subject Property : An industrial premise comprises of four (4) contiguous industrial lots built upon with industrial buildings and ancillary buildings

Address : Nos. 2, 2A & 6, Jalan Intan 1, Nilai Utama Enterprise Park, 71800 Nilai, Negeri Sembilan

Lot Nos., Title Nos. and Land Area	Title Nos.	Lot Nos.	Surveyed Land Area (square metres)
	GRN 164787	Lot 19033	4,895
	GRN 164789	Lot 19034	9,291
	GRN 164790	Lot 19035	10,595
	GRN 164808	Lot 19055	8,150
	Total		32,931 square metres (approx. 354,466 square feet)

All within Mukim of Setul, District of Seremban, Negeri Sembilan

Tenure : Term in Perpetuity (Freehold)

Registered Owner : ACE LOGISTIC SDN. BHD.

Beneficial Owner of Subject Site : Kerjaya Prospek Property Sdn Bhd vide Sale and Purchase Agreement dated 24 March 2015

Category of Land Use : Building

Encumbrances : Charged to HONG LEONG BANK BERHAD

TERM OF REFERENCE

The valuation is conducted based on the following **BASIS:-**

BASIS 1:

"AS IS" BASIS.

BASIS 2:

THE EXTENDED OPEN-SIDED SINGLE STOREY FACTORY (BRC FACTORY) HAS BEEN COMPLETED ACCORDING TO APPROVED BUILDING PLAN AND ISSUED WITH CERTIFICATE OF COMPLETION AND COMPLIANCE (CCC) BY THE RELEVANT AUTHORITIES.

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

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GENERAL DESCRIPTION

Site

The combined site is fairly regular in shape. The land is generally flat in terrain and lies slightly higher than the level of existing frontage metalled road, Jalan Intan 1.

Building

Based on our site inspection and sets of the approved building plan by Majlis Perbandaran Nilai (MPN), the subject property was constructed with the a single storey office building, single storey warehouse, open-sided single storey factory (BRC Factory) and other ancillary buildings. The total gross floor area of the subject property is 17,667.12 square metres (approximately 190,167 square feet).

The subject property has been issued with two (2) Certificate of Completion and Compliance (CCC) by Ar. Lim Chee Tech of John Lim Architect on 21st May 2012 and 2nd May 2013.

Based on our site inspection and Approved Building Plans by Majlis Perbandaran Nilai dated 20 March 2014, we noted that the rear portion of the open-sided single storey factory (BRC Factory) adjoining to the existing main building of the factory had been approved for extension by the town council.

The extended portion is to accommodate a larger factory area and part of the extended portion had been utilized as meeting room, office area and gallery. The main building was completed in year 2013 and issued with Certificate of Completion and Compliance (CCC) whilst the extension was completed in year 2014 and yet to be issued with Certificate of Completion and Compliance (CCC).

During our site inspection, we noted that the retaining wall and floor slab which were located at the eastern portion of the extended open-sided single store factory (BRC factory) were in poor condition.

We were given to understand by the architect that the issuance of the Certificate of Completion and Compliance (CCC) is still pending due to the rectification work of the retaining wall and floor slab have yet to be done. The age of the subject property is approximately 7 years old.

PLANNING PROVISION

The subject property is designated for industrial use as per the Express Condition in the document of title.

OCCUPATION

At the time of our inspection, the subject property was tenanted to Metex Steel Sdn Bhd. We were given to understand that the tenant; Metex Steel Sdn Bhd is related to the registered owner.

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VALUE CONSIDERATION

a) Cost Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences in surrounding, accessibility/ visibility, size, position (intermediate / end / corner lot), tenure, shape, terrain and other relevant characteristics to arrive at the market value.

Land Value

Transactions of industrial lands located within the vicinity are as follows:-

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Title No.	Geran 164807	Geran 136247	Geran 207957
Lot No.	Lot 19052	Lot 16681	Lot 16033
Mukim	Setul		Bandar Nilai Utama
District / State	Seremban / Negeri Sembilan		
Locality	Nilai Utama Enterprise Park	Kawasan Perusahaan Nilai III	Niloi Utama
Land Area	9,144 square metres (Approximately 98,425 square feet/ 2.26 acres)	5,233 square metres (Approximately 56,327 square feet/ 1.29 acres)	11,210 square metres (Approximately 120,663 square feet/ 2.77 acres)
Tenure	Term in Perpetuity (Freehold)		
Date	07/05/2019	23/08/2018	21/02/2018
Consideration	RM6,538,488/-	RM3,942,890/-	RM8,000,000/-
Vendor	BRIGHT SUN ENGINEERING SDN BHD	WEISON AUTO MARKETING SDN BHD	ARYZTA FOOD SOLUTIONS SDN BHD
Purchaser	HAMKA CONSTRUCTION SDN BHD	DARCO WATER SYSTEM SDN BHD	TERRA COOLING INDUSTRIES SDN BHD
Analysis (RM psf)	RM66.00/-	RM70.00/-	RM66.00/-
Adjustments	Adjustments are made on location - general, location - accessibility, land size and site improvements		
Adjusted Land Value (RM psf)	RM48.16/-	RM40.25/-	RM48.07/-

Notes: "psf" denotes per square foot

From the above analysis, the adjusted land values range from RM40.25 per square foot to RM48.16 per square foot.

Having regard to the foregoing, we have adopted Comparable 1 due to its recent transaction and situated immediate opposite of subject property.

We have adopted a rounded value of RM48.00 per square foot for the land in our valuation.

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

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VALUE CONSIDERATION (Cont'd)

a) Cost Approach

Building Value

There is no published building cost for industrial properties for Negeri Sembilan, therefore we have made reference to the building cost for Kuala Lumpur stated in the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd.

Having regard to the foregoing, the building values adopted for the subject buildings range from RM40 per square foot to RM80 per square foot.

Depreciation

Appropriate adjustments are then made for depreciation after taking into account the obsolescence of the physical, functional and economical use of the building.

In arriving to the depreciation rate of the subject buildings, we have taken into considerations the 50 years economical useful life span, building age as at the date of the valuation, obsolescence of the physical and functional use of the buildings.

Based on the date of the Certificate of Completion and Compliance (CCC), the building age is estimated about 7 years. Hence, we have adopted a rounded depreciation rate of 15%.

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

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VALUE CONSIDERATION (Cont'd)

a) Cost Approach

Basis 1: "As is" basis

To arrive at the "As Is" basis of valuation, we have deducted the rectification cost of the poor condition retaining wall and slab. The cost adopted is based on the quotation prepared by New CRIB Sdn. Bhd. dated 28 November 2019 which is approximately RM1,020,000/-.

We have also considered the cost in relation to the application of CCC, profit and risk element as well as the period to complete the rectification process including to obtain all relevant approvals.

The summary of the market value of the subject property based on Cost Approach is summarised as follows:-

Basis of Valuation	Basis 1	Basis 2
Land Value	RM17,014,368/-	RM17,014,368/-
Building Value	RM7,008,847/-	RM8,464,629/-
Market Value	RM24,023,215/-	RM25,478,997/-
Say	RM24,000,000/-	RM25,500,000/-

Hence, the market value of the subject property derived from Cost Approach are as follows:

Basis of Valuation	Market Value
Basis 1	RM24,000,000/-
Basis 2	RM25,500,000/-

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

The parameters adopted in the Income Approach (Investment Method) for industrial premises are as follows:-

Description	Parameters	Remarks
Market Rental (Industrial Premises)	RM1.00 psf	We have considered the rentals of similar industrial buildings within the larger vicinity with adjustment on location, size (gross floor area), gross/ net rental and other pertinent consideration to arrive at the prevailing market rental. The adjusted rental values range from RM0.97 per square foot to RM1.06 per square foot.
Monthly Outgoings	RM0.10 psf	Considered the actual outgoings and estimated capital expenditure (CAPEX).
Void	10.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate - Term	7.00%	Based on the transactions of industrial buildings available within Seremban and Klang Valley ranging from 6.73% to 7.59%.
Capitalisation Rate - Reversionary	7.50%	

The market value of the subject property derived from the Income Approach (Investment Method) is RM24,300,000/-.

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RECONCILIATION OF VALUE

The market value for the subject property derived from both Cost Approach and Income Approach (Investment Method) and are shown as follows:-

Cost Approach		
(Basis 1)	-	RM24,000,000/-
(Basis 2)	-	RM25,500,000/-
Income Approach		
(Investment Method)	-	RM24,300,000/-

We have adopted the market value derived from Cost Approach as a fair representation of the market value of the subject property in view that there are plenty of transactions available within the immediate vicinity and the existing rental entered between the related parties, Ace Logistic Sdn Bhd and Metex Steel Sdn Bhd does not reflect the market rental.

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property **BASED ON THE BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE** free from all encumbrances as follows:

Basis of Valuation	Market Value
Basis 1	RM24,000,000/- (Ringgit Malaysia : Twenty Four Million Only)
Basis 2	RM25,500,000/- (Ringgit Malaysia : Twenty Five Million And Five Hundred Thousand Only)

The valuation is conducted based on the following **BASIS:-**

BASIS 1:

“AS IS” BASIS.

BASIS 2:

THE EXTENDED OPEN-SIDED SINGLE STOREY FACTORY (BRC FACTORY) HAS BEEN COMPLETED ACCORDING TO APPROVED BUILDING PLAN AND ISSUED WITH CERTIFICATE OF COMPLETION AND COMPLIANCE (CCC) BY THE RELEVANT AUTHORITIES.

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

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

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3. Eleven (11) Units of Stratified Shop/Office together with 89 Car Park Bays within Kuchai Business Park, Erected On Parent Lot No. 103676, Mukim of Petaling, District of Kuala Lumpur, Federal Territory Of Kuala Lumpur
(Our Ref : WTW/01/V/001906C/19/TWS)

PROPERTY IDENTIFICATION

- The Subject Property : Eight (8) units of 3-storey stratified shop/office and (3) units of 2-storey stratified shop/office together with 89 car park bays.
- Address : Unit No. A-0-1, A-1-1 & A-2-1, Unit No. A-0-4, A-1-4 & A-2-4, Unit No. A-0-7, A-1-7 & A-2-7, Unit No. A-0-8, A-1-8 & A-2-8, Unit No. A-0-9, A-1-9 & A-2-9, Unit No. A-0-10, A-1-10 & A-2-10, Unit No. A-0-12, A-1-12 & A-2-12, Unit No. B-0-3, B-1-3 & B-2-3, Unit No. C-0-2 & C-1-2, Unit No. C-0-3 & C-1-3, Unit No. F-0-7 & F-1-7, within Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur
- Developer's Parcel No, Unit No, Floor Area, Accessory Parcel & Sale and Purchase Agreement : Please refer to **Appendix A**
- Strata Title No. : Strata title has not been issued yet
- Parent Title No. : Geran Mukim 9198
- Parent Lot No. : Lot No. 103676, Mukim of Petaling, District of Kuala Lumpur, Federal Territory of Kuala Lumpur
- Tenure : Term in Perpetuity (Freehold)
- Beneficial Owners as per Sale and Purchase Agreement : Parcel Nos. A-01, A-04, A-08, A-09, A-10, A-12, C-02, C-03 & F-07
PERNIAGAAN & PENGANGKUTAN CHIN HIN SDN BHD*

Parcel Nos. A-07 & B-03
PP CHIN HIN SDN BHD
- Category of Land Use : Building
- Encumbrances : Nil

Note: PERNIAGAAN & PENGANGKUTAN CHIN HIN SDN BHD is now known as PP CHIN HIN SDN BHD.

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

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GENERAL DESCRIPTION

Building

The subject buildings are constructed of reinforced concrete framework with brickwalls and pitched structure roof.

Vertical access between floors is by means of reinforced concrete staircase located within each block. At the time of our inspection, we noted that the staircase for ground floor of Unit No. A-0-8 had been demolished to accommodate a larger store area.

The subject property has been issued with a Certificate of Fitness and Occupation (CFO) by Dewan Bandaraya Kuala Lumpur bearing Reference No. 30946 dated 6 July 2010. Based on the above CFO, the age of the subject property is approximately 9 years old.

Subject Units

Based on our enquiries with Dewan Bandaraya Kuala Lumpur (DBKL), we were given to understand that the renovation plans / as-built plans are required to be submitted to DBKL for approvals. As at the date of valuation, the tenant have yet to submit the renovation building plans / as-built plans to DBKL for approval.

We also noted that the renovations on additional and removal of internal partition / wall, floorings and doors were done by the tenant. The renovations are not considered in our valuation as the tenant has to make good to the original condition upon the termination of the tenancy.

PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of parent title.

OCCUPATION

At the time of our inspection, Unit No. A-0-1, A-0-7, A-0-12, B-0-3, B-1-3, B-2-3, C-0-3 and F-0-7 were tenanted to various tenants whilst the remaining units are occupied by related parties and owner.

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VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences in location, accessibility/visibility, size, tenure, shape, type of development, position (intermediate / end / corner lot), quantum allowance and other relevant characteristics to arrive at the market value.

i) 2-storey stratified shop/office

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Name	Kuchai Business Park		
Developer's Plot Number	G-02	D-09	G-11
Mukim	Petaling		
District	Kuala Lumpur		
State	Federal Territory of Kuala Lumpur		
Address	G-0-2 & G-1-2, Jalan 1/127	D-0-9 & D-1-9, Jalan 1/127	G-0-11 & G-1-11, Jalan 1/127
Floor Area	245.27 square metres (2,640 square feet)	245.27 square metres (2,640 square feet)	245.27 square metres (2,640 square feet)
Tenure	Term in Perpetuity (Freehold)		
Date	18/12/2017	27/12/2016	01/12/2016
Vendor	LIM CHEEU	LIOW CHIONG LIONG+1	SAMS SDN BHD
Purchaser	NAKA RESTAURANT SDN BHD	AGRICULTURE NUTRITION SDN BHD	AGRICULTURE NUTRITION SDN BHD
Consideration	RM1,600,000/-	RM1,350,000/-	RM1,400,000/-
Analysis (RM psf)	RM606 per sq ft	RM511 per sq ft	RM530 per sq ft
Adjustments	Adjustments are made on time factor and quantum allowance		
Adjusted Value (RM psf)	RM576 per sq ft	RM510 per sq ft	RM529 per sq ft

Notes: "psf" denotes per square foot

From the above analysis, the value ranges from RM510 per square foot to RM576 per square foot.

All of the comparables are identical to the subject property.

Having regard to the foregoing, we have adopted average adjusted value of Comparable 1 and Comparable 3 which is RM550 per square foot for the 2-storey stratified shop/office in our valuation.

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

ii) 3-storey stratified shop/office

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Name	Kuchai Business Park		
Developer's Plot Number	N-11	L-12	L-03
Mukim	Petaling		
District	Kuala Lumpur		
State	Federal Territory of Kuala Lumpur		
Address	N-0-11, N-1-11 & N-2-11, Jalan 1/127	L-0-12, L-1-12 & L-2-12, Jalan 1/127	L-0-3, L-1-3 & L-2-3, Jalan 1/127
Floor Area	418.00 square metres (4,499 square feet)	367.44 square metres (3,955 square feet)	367.44 square metres (3,955 square feet)
Tenure	Term in Perpetuity (Freehold)		
Date	14/09/2018	30/05/2017	05/10/2016
Vendor	SIERRA LINGGUL SDN BHD	HO HUEY CHUIN	PUBLIC BANK BERHAD
Purchaser	SEIKOU SYSTEC SDN BHD	PROFITRANGE SDN BHD	AGRICULTURE NUTRION SDN BHD
Consideration	RM1,800,000/-	RM1,958,000/-	RM1,900,000/-
Analysis (RM psf)	RM400 per sq ft	RM495 per sq ft	RM480 per sq ft
Adjustments	Adjustments are made on time factor, location – accessibility / visibility, position (intermediate / end / corner lot) and quantum allowance		
Adjusted Value (RM psf)	RM440 per sq ft	RM545 per sq ft	RM555 per sq ft

Notes: "psf" denotes per square foot

From the above analysis, the adjusted land values range from RM440 per square foot to RM555 per square foot.

All of the comparables are identical to the subject property.

Based on the stable market performance of Kuchai Lama locality, we have adopted the average adjusted value of Comparable 2 and Comparable 3 which is RM550 per square foot for the 3-storey stratified shop/office units in our valuation.

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

iii) Car Parking Bay

Transactions of car parking bay within a larger locality are as follows :-

Details	Comparable 1	Comparable 2
Source	Bursa Announcement dated 23 February 2017	Bursa Announcement dated 17 September 2015 and 18 March 2016*
Scheme	The Paradigm Petaling Jaya	Da:Men USJ
Mukim/Pekan	Bandor Petaling Jaya	Pekan Subang Jaya
District	Petaling	Petaling
State	Selangor	Selangor
Address	Jalan SS7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor	Persiaran Kewajipan, USJ 1, 47600 Subang Jaya, Selangor
Property Description	Car parking bay within mixed development	Car parking bay within mixed development
No. of car parking bays	865 bays	1,638 bays
Date	23/02/2017	17/09/2015 and 18/03/2016
Vendor	Jelas Puri Sdn Bhd	Equine Country Resort Sdn Bhd
Purchaser	Employees Provident Fund Board	AmTrustee Berhad, as Trustee of Pavilion REIT
Consideration	RM26,000,000/-	RM55,692,000/-
Analysis (RM per bay)	RM30,058 per bay	RM34,000 per bay
Adjustments	Adjustments are made on location and visibility/accessibility	
Adjusted Value (RM per bay)	RM25,549 per bay	RM28,900 per bay

*Note:

- I. Based on the first announcement dated 17 September 2015, AmTrustee Berhad, as Trustee of Pavilion REIT, had on 17 September 2015 entered into a conditional sale and purchase agreement with Equine Park Country Resort Sdn Bhd for acquisition of a five (5) storey shopping mall known as da:men USJ and two (2) levels of basement car park with 1,672 car parking bays for a total purchase consideration of RM488,000,000.00; however, if the number of car parking bays falls below 1,672, the Purchase Price will be reduced by RM34,000.00 for each car parking bay that is not made available to the Trustee.
- II. Vide the subsequent announcement dated 18 March 2016, the purchase consideration for the acquisition of above-mentioned property has been varied from RM488,000,000.00 to RM486,844,000.00 due to the number of car park bays being reduced from 1,672 to 1,638.

From the above analysis, the range of adjusted values is from RM25,549/- to RM28,900/- per car parking bay.

Having regard to the foregoing, we have adopted adjusted value of Comparable 1 as it is the latest transaction. The value adopted is rounded to RM25,000/- per bay.

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

The summary of the market value of the subject property based on Comparison Approach is summarised as follows:-

Developer's Parcel	Market Value
3-storey Stratified Shop/Office	
A-01*	RM 5,400,000/-
A-04	RM 2,350,000/-
A-07**	RM 2,400,000/-
A-08	RM 2,350,000/-
A-09	RM 2,350,000/-
A-10	RM 2,350,000/-
A-12	RM 2,400,000/-
B-03	RM 2,350,000/-
2-storey Stratified Shop/Office	
C-02	RM 1,500,000/-
C-03	RM 1,500,000/-
F-07	RM 1,500,000/-
TOTAL	RM 26,450,000/-

Notes: *with 87 bays of car park
**with 2 bays of car park

Hence, the total market value of the subject property derived from Comparison Approach is **RM26,450,000/-**.

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

The parameters adopted in the Income Approach (Investment Method) for the subject property are as follows:-

Description	Parameters	Remarks								
Average Gross Rental - Term	Ground Floor RM4.72 psf	We have adopted current passing rent for the units.								
	First Floor RM1.53 psf									
	Second Floor RM1.25 psf									
Range of Gross Rental - Reversionary	Ground Floor RM3.20 psf to RM4.10 psf	Considered the concluded rentals of similar shop/office buildings within the vicinity. The range of adjusted rental values are as follows:-								
	First Floor RM1.05 psf to RM1.35 psf									
	Second Floor RM1.00 psf to RM1.05 psf									
		<table border="1"> <thead> <tr> <th>Floor</th> <th>Rental (RM psf)</th> </tr> </thead> <tbody> <tr> <td>Ground</td> <td>3.83 to 4.83</td> </tr> <tr> <td>First</td> <td>1.26 to 1.92</td> </tr> <tr> <td>Second</td> <td>1.01 to 1.59</td> </tr> </tbody> </table>	Floor	Rental (RM psf)	Ground	3.83 to 4.83	First	1.26 to 1.92	Second	1.01 to 1.59
Floor	Rental (RM psf)									
Ground	3.83 to 4.83									
First	1.26 to 1.92									
Second	1.01 to 1.59									
Gross Monthly Rental of Car Parking Bay	RM150 per bay	Considered the current seasonal rental rate of the scheme								

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method)

Income Approach (Investment Method) (Cont'd)

Description	Parameters	Remarks
Term and Reversionary Outgoings	RM0.45 psf (shop office)	Considered the current outgoings of the subject property (Shop office).
	30% of annual rental receivable (Car Park Bays)	We have adopted 30% of annual rental receivable for outgoings of car park bays, as it is within the industry norm
Void	5.00% (Shop office)	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
	7.50% (Car Park Bays)	
Capitalisation Rate - Term	2.70%	Based on the recent transaction of the shop/offices within Kuchai Lama, the net yield ranges from 2.67% to 3.23%. Taking into consideration the location, building specification and building age of the subject property, we have adopted the net yield (term) at 2.70% and net yield (reversionary) at 3.20%.
Capitalisation Rate - Reversionary	3.20% (Shop office)	
	4.00% (Car Park Bays)	
Discount Rate	3.20%	We have adopted a lower yield of 2.70% in view of the high current passing rent.
		We have adopted a higher capitalisation rate of 4.00% for car park bays as compared to shop / office, to reflect the risk factors after taking into consideration the location and the total number of car park bays within the development.

Notes: "psf" denotes per square feet

The total market value derived from Income Approach (Investment Method) is **RM26,000,000/-**.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM26,450,000/-
Income Approach (Investment Method)	-	RM26,000,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are similar transactions available within the locality.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances at **RM26,450,000/- (Ringgit Malaysia : Twenty Six Million Four Hundred Fifty Thousand Only)**.

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4. Lot Nos. 8398, 8397, 8396, 8395, 8394, & 8393, Section 51, All Within Town Of Alor Setar, District Of Kota Setar, Kedah
(Our Ref : WTW/08/V/004743/19/PEH/ar)

PROPERTY IDENTIFICATION

The Subject Property : Six (6) adjoining units three (3)-storey shopoffices comprising of 5 adjoining intermediate units (Nos. 3,5,6,7 and 8) and 1 end unit (No. 9)

Address : Nos. 3, 5, 6, 7, 8 & 9, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah

Lot Nos., Title Nos. and Land Area :

Premises No.	Title No.	Lot No.	Land Area
3	GM 33960	8398	149 square metres
5	GM 33961	8397	149 square metres
6	GM 33962	8396	149 square metres
7	GM 33963	8395	149 square metres
8	GM 33964	8394	149 square metres
9	GM 33965	8393	149 square metres
Total			894 square metres (approx. 9,623 square feet)

All within Section 51, Town of Alor Setar, District of Kota Setar, Kedah

Tenure : Term in Perpetuity (Freehold)

Registered Owner : PP CHIN HIN SDN. BHD.

Category of Land Use : Building

Encumbrances : Charged to Maybank Islamic Berhad

GENERAL DESCRIPTION

Site

The subject lot No. 8393 is an end lot. Other subject lots are intermediate lots. The sites are generally flat in terrain and lie slightly above the existing frontage road.

Building

The subject buildings are constructed of reinforced concrete frameworks with plastered brick walls and supporting concrete flat roofs. Internal partitions within the building are generally of plastered brickwalls, gypsum boards and glass panels.

The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Bandaraya Alor Setar (MBAS) bearing reference no. B 0066 dated on 22 July 2010. The subject property was constructed in year 2007 based on a copy of Sale and Purchase Agreement dated 19 November 2007 which was furnished to us. Thus, the age of the subject property is approximately 10 years old.

The total gross floor area of the subject property is 2,341.20 square metres (approximately 25,200 square feet).

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PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of titles.

OCCUPATION

At the time of our inspection, the subject property was tenanted except for the first floor of Premises No. 9 and for the second floor of Premises Nos. 3, 5, 6, 7, 8 and 9 were vacant.

VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences for location-general (surrounding), location-accessibility and size to arrive at the market value.

i) Adjustments – For the subject three (3)-storey shopoffices intermediate and end units

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Scheme	Kompleks Perniagaan Mergong	Taman Gunung Hijau	Kompleks Perniagaan Utama Sultanah Sambungan
Title No.	HSM 21069	Geran Mukim 28137	Geran Mukim 22930
Lot No.	PT 9334	2127	8833
Town / District	Alor Setar / Kota Setar		Alor Merah / Kota Setar
State	Kedah	Kedah	Kedah
Address	13A, Susuran Jingga, Lebuhraya Sultanah Bahiyah	20, Lebuhraya Sultan Abdul Halim	17, Lebuhraya Sultanah Bahiyah
Land Area	1,378 square feet (128 square metres)	1,399 square feet (130 square metres)	1,539 square feet (143 square metres)
Type	3-storey shop office (Intermediate)		
Tenure	Term in Perpetuity		
Date	25/02/2019	28/12/2019	27/12/2018
Vendor	Eternal Development Sdn Bhd	S.T.Teamworks Sdn. Bhd.	Cheong Chooi Leng+1
Purchaser	Persatuan Pemulihan Kusta Malaysia	Mai Mang Lee	Wong Soo Yee
Consideration	RM1,200,000/-	RM1,000,000/-	RM1,000,000/-
Analysis Land Value	RM592 per square foot (RM6,375 per square metre)	RM480 per square foot (RM5,167 per square metre)	RM450 per square foot (RM4,844 per square metre)
Adjustments (Intermediate Units)	Adjustments are made for location-general (surrounding), location-accessibility and size (land area)		
Adjusted Land Value (Intermediate Units)	RM503 per square foot (RM5,414 per square metre)	RM456 per square foot (RM4,908 per square metre)	RM405 per square foot (RM4,359 per square metre)
Adjustments (End Units)	Adjustments are made for location-general (surrounding), location-accessibility, size (land area), and position (intermediate / end lot)		
Adjusted Land Value (End Units)	RM533 per square foot (RM5,737 per square metre)	RM480 per square foot (RM5,167 per square metre)	RM427 per square foot (RM4,596 per square metre)

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

i) Adjustments – For the subject three (3)-storey shopoffices intermediate and end units (Cont'd)

From the above analysis, the adjusted land values for the intermediate units of the subject property range from RM405 per square foot (RM4,359 per square metre) to RM503 per square foot (RM5,414 per square metre).

Having regard to the foregoing, we have adopted Comparable 2 as the best comparable for the intermediate units as its land area is quite close to the subject property. It is also one of the later transactions.

The adjusted land value of comparable 2 is RM456 per square foot (RM4,908 per square metre). The average adjusted land value for all 3 comparables is RM455 per square foot (RM4,898 per square metre).

The land value adopted for the intermediate unit is a round figure of RM455.00 per square foot (RM4,898 per square metre).

End Units of the subject property

From the above analysis, the adjusted land values for the end units of the subject property range from RM427 per square foot (RM4,596 per square metre) to RM533 per square foot (RM5,737 per square metre).

Having regard to the foregoing, we have adopted Comparable 2 as the best comparable for the end units as its land area is quite close to the subject property. It is also one of the later transactions.

The adjusted land value of comparable 2 is RM480 per square foot (RM5,167 per square metre). The average adjusted land value for all 3 comparables is RM480 per square foot (RM5,167 per square metre).

The land value adopted for the end unit is RM480.00 per square foot (RM5,167 per square metre).

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as referring to the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd as a guide.

As there are no information of building costs specific for Kota Setar district nor Kedah State, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah State where the subject property is located.

The building value adopted for the subject building is RM100 per square foot for intermediate lot and RM105 per square foot for end lot for the Main Floor Area (MFA). For the Ancillary Floor Area (AFA), the building value adopted is RM30 per square foot.

Depreciation

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The building economical life span is based on 50 years. The buildings are approximately 10 years old. Hence, we have adopted a depreciation rate of 25% for the building.

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

End Units of the subject property (Cont'd)

The market value of the subject property based on Comparison Approach is as follows:-

Subject Property	Type	Land Value	Building Value	Market Value
Lot No. 8398 (Premises No. 3)	Intermediate	RM700,000/-	RM300,000/-	RM1,000,000/-
Lot No. 8397 (Premises No. 5)	Intermediate	RM700,000/-	RM300,000/-	RM1,000,000/-
Lot No. 8396 (Premises No. 6)	Intermediate	RM700,000/-	RM300,000/-	RM1,000,000/-
Lot No. 8395 (Premises No. 7)	Intermediate	RM700,000/-	RM300,000/-	RM1,000,000/-
Lot No. 8394 (Premises No. 8)	Intermediate	RM700,000/-	RM300,000/-	RM1,000,000/-
Lot No. 8393 (Premises No. 9)	End	RM750,000/-	RM300,000/-	RM1,050,000/-
Total				RM6,050,000/-

Hence, the market value of the subject property derived from Comparison Approach is **RM6,050,000/-**.

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Income Approach (Investment Method)

Description	Parameters	Remarks								
Gross Rental - Term	RM2.22 per square foot per month for intermediate units RM2.35 per square foot per month for end unit (Ground Floor) RM0.73 per square foot per month for intermediate units RM0.80 per square foot per month for end unit (First Floor) RM0.66 per square foot per month (Second Floor)	We have adopted current passing rent.								
Gross Rental – Reversionary	RM2.25 per square foot per month for intermediate units RM2.48 per square foot per month for end unit (Ground Floor) RM0.83 per square foot per month for intermediate units RM0.91 per square foot per month for end unit (First Floor) RM0.55 per square foot per month for intermediate units RM0.61 per square foot per month for end unit (Second Floor)	Considered the concluded / realised and asking rentals of similar shopoffices within the vicinity to arrive at the estimated market rental of the subject property. The range of adjusted rental values are as follows:- <table border="1" style="width: 100%;"> <thead> <tr> <th>Floor</th> <th>Rental (RM psf)</th> </tr> </thead> <tbody> <tr> <td>Ground</td> <td>1.95 to 2.47</td> </tr> <tr> <td>First</td> <td>0.57 to 0.98</td> </tr> <tr> <td>Second</td> <td>0.37 to 0.56</td> </tr> </tbody> </table>	Floor	Rental (RM psf)	Ground	1.95 to 2.47	First	0.57 to 0.98	Second	0.37 to 0.56
Floor	Rental (RM psf)									
Ground	1.95 to 2.47									
First	0.57 to 0.98									
Second	0.37 to 0.56									
Outgoings	RM0.22 per square foot per month	Considered the current actual outgoings of the subject property as well as the estimated provision for repairs and maintenance and property management / administration fees.								

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method)

Description	Parameters	Remarks
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate -Term	4.50%	Based on the recent transactions and rental evidences of the shopoffices within Alor Setar town centre, the net yield ranges from 3.99% to 5.02%. The average of the yields is 4.39%, Say, 4.5%. Taking into consideration, the location, building specification and building age of the subject property, we have adopted the net yield term at 4.5%.
Capitalisation Rate - Reversionary	5.00%	Taking into consideration the uncertainty factor such as tenancies renewal, leasing of vacant spaces and upcoming supply, we have adopted a slightly higher yield at 5.00% to reflect the uncertainty and discount rate at 5.00%.
Discount Rate	5.00%	

The market value derived from Income Approach (Investment Method) is **RM5,260,000/-**.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM6,050,000/-
Income Approach (Investment Method)	-	RM5,260,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient of transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, free from all encumbrances at **RM6,050,000/- (Ringgit Malaysia : Six Million and Fifty Thousand Only)**.

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5. Lot Nos. 9942, 9943 & 9944, Section 50, All within Town Of Alor Setar, District of Kota Setar, Kedah
(Our Ref : WTW/08/V/004744/19/PEH/ar)

PROPERTY IDENTIFICATION

The Subject Property : Three (3) units of three (3)-storey semi-detached standard factories

Address : Nos. 401, 400 & 399, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah

Lot Nos., Title Nos. and Land Area :

Premises No.	Title No.	Lot No.	Land Area
401	GM 29604	9942	1,255 square metres
400	GM 29605	9943	1,274 square metres
399	GM 29606	9944	1,293 square metres
Total			3,822 square metres (approx. 41,140 square feet)

All within Section 50, Town of Alor Setar, District of Kota Setar, Kedah

Tenure : Term in Perpetuity (Freehold)

Registered Owner : PP CHIN HIN SDN. BHD.

Category of Land Use : Building

Encumbrances : Charged to HSBC Bank Malaysia Berhad

GENERAL DESCRIPTION

Site

The subject property are intermediate lots and rectangular in shape. The sites are generally flat in terrain and lie slightly above the existing frontage roads.

Building

The subject building comprises three single-storey factory/warehouse section annexed with 3-storey office section. At the time of inspection, we noted that the rear and side portions of the subject buildings have been extended and renovated to accommodate a larger area for the warehouse. Vide a letter from Majlis Bandaraya Alor Setar dated 3 July 2014, we noted that the said extension / renovations has been approved by Majlis Bandaraya Alor Setar.

The subject property has been issued with a Certificate of Completion and Compliance (CCC) by Lembaga Arkitek Malaysia (LAM) bearing reference no. LAM A/O 63 dated on 12 January 2014. The age of the subject property is approximately 6 years old.

The gross floor area for the office building is 459.88 square metres (approximately 4,950 square feet) whilst the warehouse is 821.26 square metres (approximately 8,840 square feet) for each unit. The total gross floor area of the subject property is 3,843.42 square metres (approximately 41,370 square feet) which is inclusive of the extensions.

PLANNING PROVISION

The subject property is designated for industrial use as per the Express Condition in the document of titles.

OCCUPATION

At the time of our inspection, the buildings were owner occupied except for Lot No. 9944 (Premises. 399), which was vacant.

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VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences for location-accessibility, size, and site improvement to arrive at the market value.

i. Adjustments – For the subject three (3)-storey semi-detached factory

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Valuation and Property Services Department (JPPH)			
Scheme	Taman Perindustrian 2010 (Star City) Taman Bandar Baru Mergong	Taman Perindustrian 2010 (Star City) Taman Bandar Baru Mergong	Industri Ringan Simpang 4	Taman Perindustrian 2010 (Star City) Taman Bandar Baru Mergong
Title No.	Geran Mukim 29616	Geran Mukim 29622	HSD 5384	Geran Mukim 29269
Lot No.	9955	9961	PT 13188	9882
Town	Alor Setar	Alor Setar	Simpang Empat	Alor Setar
District	Kota Setar	Kota Setar	Kota Setar	Kota Setar
State	Kedah	Kedah	Kedah	Kedah
Address	412, Jln Perusahaan 6	Plot 43(No 406), Jln Perusahaan 6	68, Jalan Alor Setar – Simpang Empat	Lot 9882, Jalan Perusahaan 9
Land Area	11,098 square foot (1,031 square metres)	11,410 square foot (1,060 square metres)	11,560 square foot (1,074 square metres)	10,484 square foot (974 square metres)
Type	1.5-storey semi-detached factory	1.5-storey semi-detached factory	1.5-storey semi-detached factory	1.5-storey semi-detached factory
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Date	30/05/2018	27/02/2018	19/10/2015	26/03/2015
Vendor	Ooi Chun Yong + 2	Huguan Sdn Bhd	Ng Weng Hooi	PP Chin Hin Realty Sdn Bhd
Purchaser	Ooi Luang Bee Sdn Bhd	Lew Kok Leong	Aspes Builders Sdn Bhd	Profit Nation Sdn Bhd
Consideration	RM 1,700,001/-	RM1,550,000/-	RM 1,100,000/-	RM1,900,000/-
Analysis Land Value	RM101 per square foot (RM1,087 per square metre)	RM85 per square foot (RM915 per square metre)	RM67 per square foot (RM721 per square metre)	RM126 per square foot (RM1,356 per square metre)
Adjustments	Adjustments are made for time, location-accessibility and size (land area).			
Adjusted Land Value	RM96 per square foot (RM1,033 per square metre)	RM81 per square foot (RM872 per square metre)	RM75 per square foot (RM807 per square metre)	RM121 per square foot (RM1,302 per square metre)

Notes: "psf" denotes per square foot

From the above analysis, the adjusted land values range from RM75 per square foot (RM807 per square metre) to RM121 per square foot (RM1,302 per square metre).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is located within the same scheme as of the subject property, with similar location-accessibility/visibility and with size (land area) close to the subject property. It is also one of the latest transactions among the comparables.

The adjusted land value of comparable 1 is RM96 per square foot (RM1,033 per square metre). The average adjusted land value for all 4 comparables is RM93 per square foot (RM1,001 per square metre).

The land value adopted is a round figure of RM95 per square foot (RM1,023 per square metre).

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VALUE CONSIDERATION

a) Comparison Approach (Cont'd)

i. Adjustments – For the subject three (3)-storey semi-detached factory (Cont'd)

The land value adopted is as follows:-

Description	Land Area	Land Value	Total Land Value
Premises No 401 3-storey semi-detached factory	13,509 square feet (1,255 square metres)	RM95 per square foot (RM1,023 per square metre)	RM1,283,355/- Say RM1,300,000/-
Premises No 400 3-storey semi-detached factory	13,713 square feet (1,274 square metres)	RM95 per square foot (RM1,023 per square metre)	RM1,302,735/- Say RM1,300,000/-
Premises No. 399 3-storey semi-detached factory	13,918 square feet (1,293 square metres)	RM95 per square foot (RM1,023 per square metre)	RM1,322,210/- Say RM1,300,000/-

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as referring to the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd as a guide.

As there are no information of building costs specific for Kota Setar district nor Kedah State, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah State where the subject property is located.

For Premises No.399, the building value adopted for the subject building is RM120 per square foot and RM105 per square foot for the Main Floor Area (MFA) of the 3-storey annexed office section and single-storey factory / warehouse section respectively. For the Ancillary Floor Area (AFA), the building value adopted is RM30 per square foot.

For Premises Nos. 400 and 401, a slightly higher building value of RM125 per square foot is adopted for the 3-storey annexed office section to reflect better finishes due to internal renovation done by the owner. The building value adopted for the single-storey factory / warehouse section is RM105 per square foot while for the Ancillary Floor Area (AFA) is RM30 per square foot which is of standard specification and similar to Premises No. 399.

Depreciation

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The building economical life span is based on 50 years. The buildings are approximate 6 years old. Hence, we have adopted a depreciation rate of 15% for the building.

The market value of the subject property based on Comparison Approach is as follows:-

Subject Property	Land Value	Building Value	Market Value
Lot No. 9942 (Premises No. 401)	RM1,300,000/-	RM1,300,000/-	RM2,600,000/-
Lot No. 9943 (Premises No. 400)	RM1,300,000/-	RM1,300,000/-	RM2,600,000/-
Lot No. 9944 (Premises No. 399)	RM1,300,000/-	RM1,250,000/-	RM2,550,000/-
Total			RM7,750,000/-

Hence, the market value of the subject property derived from Comparison Approach is **RM7,750,000/-**.

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Income Approach (Investment Method)

Description	Parameters	Remarks
Gross Rental – Reversionary	RM1.10 per square foot per month for premises No. 399 RM1.15 per square foot per month for Premises No. 400 & 401	Considered the concluded / realised and asking rentals of comparable factories within the vicinity to arrive at the estimated market rental of the subject property. The adjusted rental values range from RM1.11 per square foot to RM1.38 per square foot.
Outgoings	RM0.25 per square foot per month	Considered the current actual outgoings of the subject property as well as the estimated provision for repairs and maintenance and property management / administration fee
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate -Reversionary	5.50%	Based on the recent transactions and rental evidences of the semi-detached factory within Alor Setar town centre, the net yields range from 4.71% to 5.13%. The average of the yields is 4.93%, Say, 5.0%. Taking into consideration the uncertainty factor and the different type of property, we have adopted a slightly higher yield at 5.50% to reflect the uncertainty.

The market value derived from Income Approach (Investment Method) is **RM7,400,000/-**.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM7,750,000/-
Income Approach (Investment Method)	-	RM7,400,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient of transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, and free from all encumbrances at **RM7,750,000/- (Ringgit Malaysia : Seven Million Seven Hundred and Fifty Thousand Only)**.

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6. Lot Nos. 8383, 8378 & 8377, All within Town of Alor Setar, District of Kota Setar, Kedah
(Our Ref : WTW/08/V/004745/19/PEH/ar)

PROPERTY IDENTIFICATION

The Subject Property : Three (3) units of double (2)-storey shopoffices comprising 2 adjoining intermediate units (Nos. 26 and 27) and 1 corner unit (No. 20)

Address : Nos. 20, 26 & 27, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah

Lot Nos., Title Nos. and Land Area :

Unit No.	Title No.	Lot No.	Land Area (square metres)
20	GM 34043	8383	251
26	GM 34048	8378	178
27	GM 34049	8377	178
Total			607 square metres (approx. 6,534 square feet)

All within Town of Alor Setar, District of Kota Setar, Kedah

Tenure : Term in Perpetuity (Freehold)

Registered Owner : PP CHIN HIN SDN. BHD.

Category of Land Use : Building

Encumbrances : Charged to RHB Bank Berhad

GENERAL DESCRIPTION

Site

Lot Nos. 8378 and 8377 are intermediate lots while Lot No. 8383 is a corner lot. The sites are generally flat in terrain and lie slightly above the existing frontage roads.

Building

The subject buildings are constructed of reinforced concrete frameworks with plastered brick walls and concrete flat roofs. Internal partitions within the building are generally of plastered brickwalls, gypsum boards and glass panels.

The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Bandaraya Alor Setar (MBAS) bearing reference no. B 0066 dated on 22 July 2010. The age of the subject property is approximately 10 years old.

The total gross floor area of the subject property is 891.86 square metres (approximately 9,600 square feet).

PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of titles.

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OCCUPATION

At the time of our inspection, the subject buildings were tenanted except the first floor of premises No. 20 which was vacant.

VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences for location-general (surrounding), location-accessibility and size to arrive at the market value.

i. Adjustments – For the subject two (2)-storey shopoffices intermediate units.

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Scheme	Sri Tandop Industrial Park	Sri Tandop Industrial Park	Taman Kekwa
Title No.	Geran 206899	Geran 206907	HS(M) 16406
Lot No.	467	475	PT 15158
Town / District	Alor Setar / Kota Setar		
State	Kedah	Kedah	Kedah
Address	74, Off Jalan.Lencongan Barat	83, Off Jalan.Lencongan Barat	2, Jalan Kekwa 1
Land Area	1,604 square feet (149.00 square metres)	1,600 square feet (148.60 square metres)	1,335 square feet (124.00 square metres)
Type	2-storey shopoffice (Intermediate)	2-storey shopoffice (Intermediate)	2-storey shopoffice (Intermediate)
Tenure	Term in Perpetuity		
Date	03/10/2018	02/07/2018	05/04/2018
Vendor	Goi Meng Kim	Lim Peng Khawn + 1	Harmony Home Development Sdn Bhd
Purchaser	Goi Joo Keat + 1	Ct Stone Auto Ports Sdn Bhd	Choey Eng Kuang + 1
Consideration	RM650,000/-	RM630,000/-	RM600,000/-
Analysis Land Value	RM287 per square foot (RM3,089 per square metre)	RM276 per square foot (RM2,971 per square metre)	RM296 per square foot (RM3,186 per square metre)
Adjustments	Adjustments are made for location-general (surrounding), location-accessibility and size		
Adjusted Land Value	RM237 per square foot (RM2,551 per square metre)	RM227 per square foot (RM2,443 per square metre)	RM252 per square foot (RM2,713 per square metre)

Notes: "psf" denotes per square foot

From the above analysis, the adjusted land values range from RM227 per square foot (RM2,443 per square metre) to RM252 per square foot (RM2,713 per square metre).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable for the subject property due to its recent transaction and similarity in terms of size.

The adjusted land value of comparable 1 is RM237 per square foot (RM2,551 per square metre). The average adjusted land value for all 3 comparable is RM239 per square foot (RM2,573 per square metre).

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

i. Adjustments – For the subject two (2)-storey shopoffices intermediate units.

The land value adopted for the subject intermediate is as follows:-

Description	Land area (per unit)	Land Value	Land Value (per unit)	Total Land Values
2 units of two (2)-storey shopoffice – Intermediate units	1,916 square feet (178 square metres)	RM237 per square foot (RM2,551 per square metre)	RM454,092/- Say RM450,000/-	RM900,000

ii. Adjustment - For the subject two (2)-storey shopoffices corner unit

Details	Comparable 1	Comparable 2
Source	Valuation and Property Services Department (JPPH)	
Scheme	Taman Perindustrian 2010 (Star City) – Taman Bandar Baru Mergong	Lorong Merpati
Title No.	Geran Mukim 29288	HS(M) 16234
Lot No.	10113	No. Pejabat Tanah 2740
Town / District	Alor Setar / Kota Setar	
State	Kedah	
Address	A52, Jalan Tengku Abdul Rahman	946, Lorong Merpati
Land Area	359.00 square metres (3,864 square feet)	227.00 square metres (2,443 square feet)
Type	2-storey shopoffice (corner)	3-storey shopoffice (corner)
Tenure	Term in Perpetuity	
Date	17/09/2018	19/07/2018
Vendor	Lee Pei Pei +1	Akaz (Malaysia) Sdn Bhd
Purchaser	Ranu Skin Solutions Sdn Bhd	Wang Bu Liao Holding Sdn Bhd
Consideration	RM1,450,000/-	RM1,300,000/-
Analysis Land Value	RM308 per square foot (RM3,315 per square metre)	RM338 per square foot (RM3,638 per square metre)
Adjustments	Adjustments are made for location-general (surrounding) and size	
Adjusted Land Value	RM362 per square foot (RM3,897 per square metre)	RM372 per square foot (RM4,004 per square metre)

From the above analysis, the adjusted land values are RM362 per square foot (RM3,897 per square metre) and RM372 per square foot (RM4,004 per square metre).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is the latest transaction.

The adjusted land value of Comparable 1 is RM362 per square foot (RM3,897 per square metre). The average adjusted land value for both comparables is RM367 per square foot (RM3,950 per square metre).

The land value adopted is a round figure of RM365 per square foot (RM3,929 per square metres).

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

ii. Adjustment - For the subject two (2)-storey shopoffices corner unit (Cont'd)

The land value adopted for the corner unit is as follows:-

Description	Land Area	Land Value	Total Land Value
A two (2)-storey shopoffice - corner unit	2,702 square feet (251 square metres)	RM365 per square foot (RM3,929 per square metre)	RM986,230/- Say RM990,000/-

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd as a guide.

As there are no information of building costs specific for Kota Setar district nor Kedah state, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah state where the subject property is located.

The building value adopted for the subject building is RM100 per square foot for intermediate lot and RM105 per square foot for corner lot for the Main Floor Area (MFA). For the Ancillary Floor Area, the building value adopted is RM30 per square foot.

Depreciation

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The building economical life span is based on 50 years. The buildings are approximately 10 years old. Hence, we have adopted a depreciation rate of 25% for the building.

The market value of the subject property based on Comparison Approach is as follows:-

Subject Property	Type	Land Value	Building Value	Market Value
Lot No. 8383 (Premises No. 20)	Corner	RM990,000/-	RM260,000/-	RM1,250,000/-
Lot No. 8378 (Premises No. 26)	Intermediate	RM450,000/-	RM200,000/-	RM650,000/-
Lot No. 8377 (Premises No. 27)	Intermediate	RM450,000/-	RM200,000/-	RM650,000/-
Total				RM2,550,000/-

Hence, the market value of the subject property derived from Comparison Approach is **RM2,550,000/-**.

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Description	Parameters	Remarks						
Term Gross Rental	RM2.00 per square foot per month for the intermediate units RM2.52 per square foot per month for the corner unit (Ground Floor) RM0.71 per square foot per month (First Floor)	We have adopted current passing rent.						
Gross Rental - Reversionary	RM2.00 per square foot per month for the intermediate units RM2.40 per square foot per month for the corner unit (Ground Floor) RM0.70 per square foot per month for the intermediate units RM0.85 per square foot per month for the corner unit (First Floor)	Considered the realised and asking rentals of similar shopoffices within the vicinity to arrive at the estimated market rental of the subject property. The range of adjusted rental values are as follows:- <table border="1" data-bbox="821 981 1174 1070"> <thead> <tr> <th>Floor</th> <th>Rental (RM psf)</th> </tr> </thead> <tbody> <tr> <td>Ground</td> <td>1.78 to 2.23</td> </tr> <tr> <td>First</td> <td>0.51 to 0.89</td> </tr> </tbody> </table>	Floor	Rental (RM psf)	Ground	1.78 to 2.23	First	0.51 to 0.89
Floor	Rental (RM psf)							
Ground	1.78 to 2.23							
First	0.51 to 0.89							
Outgoings	RM0.15 per square foot per month	Considered the current actual outgoings of the subject property as well as estimated provision for repairs and maintenance and property management / administration fee						
Reversionary Monthly Outgoings	RM0.15 per square foot per month	Considered the actual outgoings.						
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.						
Capitalisation Rate - Term	4.50%	Based on the recent transactions and rental evidences of the shopoffices within Alor Setar town centre, the net yield ranges from 3.60% to 5.28%. The average of the yields is 4.37%, say 4.50%. Taking into consideration the location, building specification and building age of the subject property, we have adopted the net yield (term) at 4.50%.						
Capitalisation Rate - Reversionary	5.00%	Taking into consideration the uncertainty factor such as tenancies renewal, leasing of vacant spaces and upcoming supply, we have adopted a slightly higher yield at 5.00% to reflect the uncertainty and discount rate at 5.00%.						
Discount Rate	5.00%							

The market value derived from Income Approach (Investment Method) is **RM2,550,000/-**.

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RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM2,550,000/-
Income Approach (Investment Method)	-	RM2,550,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient of transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, and free from all encumbrances at **RM2,550,000/- (Ringgit Malaysia : Two Million Five Hundred and Fifty Thousand Only)**.

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**7. Lot No. PT 13060 (Resurveyed Lot No. 745), Town of Alor Setar, District of Kota Setar, Kedah
(Our Ref : WTW/08/V/004746/19/PEH/mk)**

PROPERTY IDENTIFICATION

The Subject Property : An intermediate unit of double-storey shopoffice

Address : No. 102 Fasa 6, Taman Gunung Perak, Lebuhraya Sultanah Bahiyah, 05400 Alor Setar, Kedah

Title No. : HSM 5499

Lot No. : PT 13060 (Resurveyed Lot No. 745), Town of Alor Setar, District of Kota Setar, Kedah

Land Area : 130 square metres (approximately 1,399 square feet)

Tenure : Term in Perpetuity (Freehold)

Registered Owner : PP CHIN HIN SDN. BHD.

Category of Land Use : Building

Encumbrances : Charged to Maybank Islamic Berhad

GENERAL DESCRIPTION

Site

The subject site, an intermediate lot is generally flat in terrain and lies slightly above the frontage road.

Building

The subject building is constructed of a reinforced concrete framework enclosed with plastered brick walls and supporting a pitch roof covered with corrugated asbestos sheets.

The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Bandaraya Alor Setar (MBAS) bearing reference no. A0340 4/12/07 dated on 04 December 2007. The age of the subject building is approximately 12 years.

The total gross floor area of the subject property is 260.13 square metres (approximately 2,800 square feet).

PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of title.

OCCUPATION

At the time of our inspection, the subject the subject property was tenanted to Ng Cheng Tat.

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VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences for location-general (surrounding), location-accessibility and size to arrive at the market value.

i. Adjustments – For the subject two (2)-storey shopoffice intermediate units

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Scheme	Sri Tandop Industrial Park	Sri Tandop Industrial Park	Taman Kekwa
Title No.	Geran 206899	Geran 206907	HS(M) 16406
Lot No.	467	475	PT 15158
Town / District	Alor Setar / Kota Setar		
State	Kedah	Kedah	Kedah
Address	74, Off Jalan.Lencongan Barat	83, Off Jalan.Lencongan Barat	2, Jalan Kekwa 1
Land Area	1,603.82 square feet (149.00 square metres)	1,599.52 square feet (148.60 square metres)	1,334.72 square feet (124.00 square metres)
Type	2-storey shopoffice (Intermediate)	2-storey shopoffice (End)	2-storey shopoffice (Intermediate)
Tenure	Term in Perpetuity		
Date	03/10/2018	02/07/2018	05/04/2018
Vendor	Goi Meng Kim	Lim Peng Khawn + 1	Harmony Home Development Sdn Bhd
Purchaser	Goi Joo Keat + 1	Ct Stone Auto Parts Sdn Bhd	Choey Eng Kuang +1
Consideration	RM650,000/-	RM630,000/-	RM600,000/-
Analysis Land Value	RM287 per square foot (RM3,089 per square metre)	RM276 per square foot (RM2,971 per square metre)	RM296 per square foot (RM3,186 per square metre)
Adjustments	Adjustments are made for location-general and size		
Adjusted Land Value for intermediate unit	RM287 per square foot (RM3,089 per square metre)	RM276 per square foot (RM2,971 per square metre)	RM296 per square foot (RM3,186 per square metre)

From the above analyses, the adjusted land values range from RM276 per square foot (RM2,971 per square metre) to RM296 per square foot (RM3,186 per square metre).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable for the subject property due to it being the most recent transaction among the comparables.

The adjusted land value of comparable 1 is RM287 per square foot (RM3,089 per square metre). The average adjusted land value for all 3 comparable is RM286 per square foot (RM3,079 per square metre).

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as referring to the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd as a guide.

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

i. Adjustments – For the subject two (2)-storey shopsoffice intermediate units (Cont'd)

As there are no information of building costs specific for Kota Setar district nor Kedah state, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah State where the subject property is located.

The building value adopted for the subject building is RM100 per square foot for the Main Floor Area (MFA). For the Ancillary Floor Area, the building value adopted is RM30 per square foot.

Depreciation

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The building economical life span is based on 50 years. The buildings are approximately 12 years old. Hence, we have adopted a depreciation rate of 25% for the building.

The market value of the subject property based on Comparison Approach is summarised as follows:-

Subject Property	Type	Land Value	Building Value	Market Value
Premises No. 102, Fasa 6, Taman Gunung Perak	Intermediate	RM400,000/-	RM200,000/-	RM600,000/-

Hence, the market value of the subject property derived from Comparison Approach is **RM600,000/-**.

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Description	Parameters	Remarks						
Gross Rental - Term	RM1.43 per square foot per month (Ground Floor) RM0.57 per square foot per month (First Floor)	We have adopted current passing rent.						
Gross Rental - Reversionary	RM1.80 per square foot per month (Ground Floor) RM0.65 per square foot per month (First Floor)	Considered the realised and asking rentals of similar shopoffices within the vicinity to arrive at the estimated market rental of the subject property. The range of adjusted rental values are as follows:- <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Floor</th> <th>Rental (RM psf)</th> </tr> </thead> <tbody> <tr> <td>Ground</td> <td>1.61 to 1.98</td> </tr> <tr> <td>First</td> <td>0.46 to 0.80</td> </tr> </tbody> </table>	Floor	Rental (RM psf)	Ground	1.61 to 1.98	First	0.46 to 0.80
Floor	Rental (RM psf)							
Ground	1.61 to 1.98							
First	0.46 to 0.80							
Outgoings	RM0.15 per square foot per month	Considered the current actual outgoings of the subject property as well as estimated provision for the repairs and maintenance and property management / administration fee.						
Reversionary Monthly Outgoings	RM0.10 per square foot	Considered the actual outgoings.						

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method) (Cont'd)

Description	Parameters	Remarks
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate - Term	4.50%	Based on the recent transaction and rental evidences market rental of the shop/office within Alor Setar town centre, the net yield ranges from 3.60% to 5.28%. The average of the yields is 4.37%, say 4.50%. Taking into consideration the location, building depreciation and building age of the subject property, we have adopted the net yield (term) at 4.50%.
Capitalisation Rate - Reversionary	5.00%	Taking into consideration the risk factor such as tenancy renewal, leasing of vacant spaces and upcoming supply, we have adopted a slightly higher yield at 5.0% and discount rate at 5.00%.
Discount Rate	5.00%	

The market value derived from Income Approach (Investment Method) is **RM620,000/-**.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM600,000/-
Income Approach (Investment Method)	-	RM620,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, free from all encumbrances at **RM600,000/- (Ringgit Malaysia : Six Hundred Thousand Only)**.

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8. Lot Nos. 296, 306, 307, 308 & 309, Section 31, All within Town of Alor Setar, District of Kota Setar, Kedah
 (Our Ref : WTW/08/V/004747/19/PEH/mk)

PROPERTY IDENTIFICATION

The Subject Property : Five (5) units of three (3)-storey intermediate shopoffices
 Address : No. 61, 71, 72, 73, & 74, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah

Title Nos., Lot Nos. and Land Area :

Unit No.	Title No.	Lot No.	Land Area (square metres)
61	PN 3321	296	130
71	PN 3331	306	130
72	PN 3332	307	130
73	PN 3333	308	130
74	PN 3334	309	130
Total			650 square metres (approx. 6,997 square feet)

All within Section 31, Town of Kepala Batas, District of Kubang Pasu, Kedah

Tenure : Leasehold 99 years expiring on 20 May 2101 (Unexpired term of approximately 82 years)
 Registered Owner : PP CHIN HIN SDN. BHD.
 Category of Land Use : Building
 Encumbrances : Charged to Ambank (M) Berhad

GENERAL DESCRIPTION

Site

The sites are generally flat in terrain and lie at about the same level as the existing frontage road.

Building

Each subject building is constructed of a reinforced concrete framework with plastered brick walls and supporting a concrete flat roof.

The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Bandaraya Alor Setar (MBAS) bearing reference no. A0093 on 26 October 2004. The age of the subject building is approximately 15 years.

The total gross floor area of the subject property is 1,943.50 square metres (approximately 20,920 square feet).

PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of titles.

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OCCUPATION

At the time of our inspection, the subject buildings were tenanted except for the first and second floors of Premises No. 71, 72, 73 and 74, on which were owner occupied.

VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences in location, accessibility, size, age, time and other relevant characteristics to arrive at the market value.

i. Adjustments – For the subject three (3)-storey shopoffices intermediate units

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Valuation and Property Services Department (JPPH)			
Scheme	Kompleks Perniagaan Mergong	Tmn Gunung Hijau	Kompleks Perniagaan Utama Sultanah Sambungan	Kompleks Perniagaan Sultan Abdul Hamid
Title No.	Hs(M) Kekal 21069	Geran Mukim 28137	Geran Mukim 22930	Hs(D) Pajakan 4088
Lot No.	PT 9334	2127	8833	PT 2494
Town / District	Alor Setar / Kota Setar			
State	Kedah			
Address	13A, Susuran Jingga, L/Raya Sultanah Bahiyah	20, Lebuhraya Sultan Abdul Halim	17, Lebuhraya Sultanah Bahiyah	101, Susuran Sultan Abd Hamid
Land Area	1,378 square feet (128 square metres)	1,399 square feet (130 square metres)	1,539 square feet (143 square metres)	1,399 square feet (130 square metres)
Type	3-storey shopoffice (Intermediate)	3-storey shopoffice (Intermediate)	3-storey shopoffice (Intermediate)	3-storey shopoffice (Intermediate)
Tenure	Term in Perpetuity			Leasehold (Expiring on 20/05/2101)
Date	25/02/2019	28/12/2018	27/12/2018	09/01/2018
Vendor	Eternal Development Sdn Bhd	S.T.Teamworks Sdn. Bhd.	Cheong Chooi Leng + 1	Ooi Song Hai
Purchaser	Persatuan Pemulihan Kusta Malaysia	Mai Mang Lee	Wong Soo Yee	Goh Boon Leong
Consideration	RM1,200,000/-	RM1,000,000/-	RM1,000,000/-	RM928,000/-
Analysis Land Value	RM592 per square foot (RM6,375 per square metre)	RM480 per square foot (RM5,169 per square metre)	RM450 per square foot (RM4,844 per square metre)	RM462 per square foot (RM4,973 per square metre)
Adjustments	Adjustments are made for location-general (surrounding), size (land area) and tenure			
Adjusted Land Value	RM474 per square foot (RM5,102 per square metre)	RM432 per square foot (RM4,650 per square metre)	RM382 per square foot (RM4,112 per square metre)	RM462 per square foot (RM4,973 per square metre)

From the above analysis, the adjusted land values range from RM382 per square foot (RM4,112 per square metre) to RM474 per square foot (RM5,102 per square metre).

Having regard to the foregoing, we have adopted Comparable 4 as the best comparable for the subject property as it is located within the same (location general) as the subject property. Its tenure is leasehold, which is similar to the subject property. Its size (land area) is also similar to the subject property.

The adjusted land value of comparable 4 is RM462 per square foot (RM4,973 per square metre). The average adjusted land value for all 4 comparables is RM438 per square foot (RM4,715 per square metre).

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

i. Adjustments – For the subject three (3)-storey shopoffices intermediate units (Cont'd)

The land value adopted is a round figure of RM 460 per square foot (RM4,952 per square metre).

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as referring to the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd as a guide.

As there are no information of building costs specific for Kota Setar district nor Kedah state, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah State where the subject property is located.

The building value adopted for the subject building is RM100 per square foot for the Main Floor Area (MFA). For the Ancillary Floor Area, the building value adopted is RM30 per square foot.

Depreciation

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The building economical life span is based on 50 years. The buildings are approximately 15 years old. Hence, we have adopted a depreciation rate of 30% for the building.

The market value of the subject property based on Comparison Approach is summarised as follows:-

Subject Property	Type	Land Value	Building Value	Market Value
Lot No. 296 (Premises No. 61)	Intermediate	RM650,000/-	RM250,000/-	RM900,000/-
Lot No. 306 (Premises No. 71)	Intermediate	RM650,000/-	RM300,000/-	RM950,000/-
Lot No. 307 (Premises No. 72)	Intermediate	RM650,000/-	RM300,000/-	RM950,000/-
Lot No. 308 (Premises No. 73)	Intermediate	RM650,000/-	RM300,000/-	RM950,000/-
Lot No. 309 (Premises No. 74)	Intermediate	RM650,000/-	RM300,000/-	RM950,000/-
Total				RM4,700,000/-

Hence, the market value of the subject property derived from Comparison Approach is **RM4,700,000/-**.

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Description	Parameters	Remarks								
Term Gross Rental	RM2.06 per square foot per month and RM2.22 per square foot per month (Ground Floor) RM0.81 per square foot per month (First Floor) RM0.66 per square foot per month (Second Floor)	We have adopted current passing rent.								
Reversionary Gross Rental	RM2.25 per square foot (Ground Floor) RM0.83 per square foot per month and RM0.96 per square foot per month (First Floor) RM0.55 per square foot per month and RM0.63 per square foot per month (Second Floor)	Considered the concluded / realised and asking rentals of similar shopoffices within the vicinity to arrive at the estimated market rental of the subject property. The range of adjusted rental values are as follows:- <table border="1" data-bbox="906 1003 1264 1124"> <thead> <tr> <th>Floor</th> <th>Rental (RM psf)</th> </tr> </thead> <tbody> <tr> <td>Ground</td> <td>1.95 to 2.47</td> </tr> <tr> <td>First</td> <td>0.57 to 0.98</td> </tr> <tr> <td>Second</td> <td>0.37 to 0.56</td> </tr> </tbody> </table>	Floor	Rental (RM psf)	Ground	1.95 to 2.47	First	0.57 to 0.98	Second	0.37 to 0.56
Floor	Rental (RM psf)									
Ground	1.95 to 2.47									
First	0.57 to 0.98									
Second	0.37 to 0.56									
Outgoings	RM0.15 per square foot per month	Considered the current actual outgoings of the subject property as well as estimated provision for repairs and maintenance and property management / administration fee.								
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.								
Capitalisation Rate – Term	5.00% (with dual rate / sinking fund of 3.00%)	Based on the recent transactions and rental evidences of the leasehold 3-storey shopoffices within Alor Setar town centre, the net yields with dual rate / sinking fund of 3.00% ranges from 4.91% to 5.14%. The average of the yields is 5.00%. Taking into consideration the location, building depreciation and building age of the subject property, we have adopted the net yield (term) at 5.00%.								
Capitalisation Rate - Reversionary	5.50%	Taking into consideration the uncertainty factor such as tenancies renewal, leasing of vacant spaces and upcoming supply, we have adopted a slightly higher yield at 5.50% to reflect the uncertainty and discount rate at 5.50%.								
Discount Rate	5.50%									

The market value derived from Income Approach (Investment Method) is **RM4,250,000/-**.

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RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM4,700,000/-
Income Approach (Investment Method)	-	RM4,250,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient of transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, free from all encumbrances at **RM4,700,000/- (Ringgit Malaysia : Four Million and Seven Hundred Thousand Only)**.

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9. Lot No. 101, Section 14, Town of Alor Setar, District of Kota Setar, Kedah
 (Our Ref : WTW/08/V/004748/19/PEH/mk)

PROPERTY IDENTIFICATION

The Subject Property : An intermediate unit of double-storey shopoffice

Address : No. 101, Pekan Simpang Kuala, 05400 Alor Setar, Kedah

Title No. : GRN 142670

Lot No. : 101, Section 14, Town of Alor Setar, District of Kota Setar, Kedah

Land Area : 130 square metres (approximately 1,399 square feet)

Tenure : Term in Perpetuity (Freehold)

Registered Owner : PP CHIN HIN SDN. BHD.

Category of Land Use : Building

Encumbrances : Charged to Maybank Islamic Berhad

GENERAL DESCRIPTION

Site

The site, an intermediate lot is rectangular in shape. It is generally flat in terrain and lies slightly above the existing frontage road.

Building

The subject building is constructed of a reinforced concrete framework enclosed with plastered brick walls and supporting pitched roof covered over with cement tiles

The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Bandaraya Alor Setar (MBAS) bearing reference no. 00268 dated on 06 October 1997. The age of the subject buildings approximately 21 years.

The total gross floor area of the subject property is 260.12 square metres (approximately 2,800 square feet).

PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of title.

OCCUPATION

At the time of our inspection, the ground floor of the subject property was tenanted to Cheng Yuan Jen and being used as a restaurant. The first floor was vacant.

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VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences in location, accessibility, size, age, time and other relevant characteristics to arrive at the market value.

i. Adjustments – For the subject two (2)-storey shopoffice intermediate unit

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Scheme	Sri Tandop Industrial Park	Sri Tandop Industrial Park	Taman Kekwa
Title No.	Geran 206899	Geran 206907	HS(M) 16406
Lot No.	467	475	PT 15158
Town / District	Alor Setar / Kota Setar		
State	Kedah	Kedah	Kedah
Address	74, Off Jalan Lencongan Barat	83, Off Jalan Lencongan Barat	2, Jalan Kekwa 1
Land Area	1,603.82 square feet (149.00 square metres)	1,599.52 square feet (148.60 square metres)	1,334.72 square feet (124.00 square metres)
Type	2-storey shopoffice	2-storey shopoffice	2-storey shopoffice
Tenure	Term in Perpetuity		
Date	03/10/2018	02/07/2018	05/04/2018
Vendor	Goi Meng Kim	Lim Peng Khawn + 1	Harmony Home Development Sdn Bhd
Purchaser	Goi Joo Keat + 1	CT Stone Auto Parts Sdn Bhd	Choey Eng Kuang
Consideration	RM650,000/-	RM630,000/-	RM600,000/-
Analysis Land Value	RM287 per square foot (RM3,089 per square metre)	RM276 per square foot (RM2,971 per square metre)	RM296 per square foot (RM3,186 per square metre)
Adjustments	Adjustments are made for location-general (surrounding), location-accessibility and size		
Adjusted Land Value	RM316 per square foot (RM3,402 per square metre)	RM303 per square foot (RM3,262 per square metre)	RM326 per square foot (RM3,509 per square metre)

From the above analyses, the adjusted land values range from RM303 per square foot (RM3,262 per square metre) to RM326 per square foot (RM3,509 per square metre).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable for the subject property due to it being the most recent transaction among the comparables.

The adjusted land value of comparable 1 is RM316 per square foot (RM3,402 per square metre). The average adjusted land value for all 3 comparables is RM315 per square foot (RM3,391 per square metre).

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as referring to the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd as a guide.

As there are no information of building costs specific for Kota Setar district nor Kedah state, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah State where the subject property is located.

The building value adopted for the subject building is RM100 per square foot for the Main Floor Area (MFA). For the Ancillary Floor Area, the building value adopted is RM30 per square foot.

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

i. Adjustments – For the subject two (2)-storey shopsoffice intermediate unit (Cont'd)

Depreciation

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The building economical life span is based on 50 years. The buildings are approximately 21 years old. Hence, we have adopted a depreciation rate of 25% for the building.

The market value of the subject property based on Comparison Approach is summarised as follows:-

Subject Property	Land Value	Building Value	Market Value
Premises No. 101, Pekan Simpang Kuala.	RM450,000/-	RM200,000/-	RM650,000/-

Hence, the market value of the subject property derived from Comparison Approach is **RM650,000/-**.

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Description	Parameters	Remarks						
Gross Rental - Term	RM1.61 per square foot per month (Ground Floor)	We have adopted current passing rent.						
Gross Rental - Reversionary	RM1.90 per square foot per month (Ground Floor) RM0.70 per square foot per month (First Floor)	Considered the realised and asking rentals of similar shopoffice within the vicinity to arrive at the estimated market rental of the subject property. The range of adjusted rental values are as follows:- <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Floor</th> <th>Rental (RM psf)</th> </tr> </thead> <tbody> <tr> <td>Ground</td> <td>1.69 to 2.10</td> </tr> <tr> <td>First</td> <td>0.51 to 0.89</td> </tr> </tbody> </table>	Floor	Rental (RM psf)	Ground	1.69 to 2.10	First	0.51 to 0.89
Floor	Rental (RM psf)							
Ground	1.69 to 2.10							
First	0.51 to 0.89							
Outgoings	RM0.15 per square foot	Considered the current actual outgoings of the subject property as well as expected provision for repairs and maintenance and property management / administration fee.						
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.						
Capitalisation Rate – Term	4.50%	Based on the recent transaction and rental evidences market rental of the shop/office within Alor Setar town centre, the net yield ranges from 3.60% to 5.28%. the average of the yields is 4.37%, say 4.50%. Taking into consideration the location, building depreciation and building age of the subject property, we have adopted the net yield (term) at 4.50%.						
Capitalisation Rate - Reversionary	5.00%	Taking into consideration the risk factor such as tenancy renewal, leasing of vacant spaces and upcoming supply, we have adopted a higher yield at 5.0% and discount rate at 5.00%.						
Discount Rate	5.00%							

The market value derived from Income Approach (Investment Method) is **RM660,000/-**.

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RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM650,000/-
Income Approach (Investment Method)	-	RM660,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, free from all encumbrances at **RM650,000/- (Ringgit Malaysia : Six Hundred and Fifty Thousand)**.

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10. Lot Nos. PT 484, PT 485, PT 486 & PT 488, All within Town of Alor Setar, District of Kota Setar, Kedah
(Our Ref : WTW/08/V/004749/19/PEH/mk)

PROPERTY IDENTIFICATION

The Subject Property : Four units of double (2)-storey shopoffice comprising 3 intermediate units (Nos. 184, 185, and 187) and 1 end unit (No. 183)

Address : Nos. 183, 184, 185 & 187, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah

Title Nos. and Lot Nos. :

Unit No.	Title No.	Lot No.	Land Area (square metres)
183	HSD 19491	PT 484	167
184	HSD 19492	PT 485	130
185	HSD 19493	PT 486	130
187	HSD 19495	PT 486	130
Total			557 square metres (approx. 5,995 square feet)

All within Town of Alor Setar, District of Kota Setar, Kedah

Tenure : Leasehold 99 years expiring on 24 October 2106 (Unexpired term of approximately 87 years)

Registered Owner : PP CHIN HIN SDN. BHD.

Category of Land Use : Building

Encumbrances : Nil

GENERAL DESCRIPTION

Site

Lot No. PT 484 is an end lot while PT 485, PT 486 and PT 488 are intermediate lots. They are rectangular in shape and the sites are generally flat in terrain and lie at about the same level as the existing frontage roads.

Building

The subject buildings are generally constructed of reinforced concrete frameworks with plastered brickwalls and aluminium framed pitched roof covered with corrugated metal sheets.

The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Bandaraya Alor Setar (MBAS) bearing reference no. B0105 dated on 03 February 2010. The age of the subject building is approximately 10 years.

The total gross floor area of the subject property is 1,105.45 square metres (approximately 11,899 square feet).

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PLANNING PROVISION

The subject property is designated for commercial use as per the Express Condition in the document of titles.

OCCUPATION

At the time of our inspection, the subject buildings were tenanted except the first floor of Premises No.184 which was vacant.

VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences in location, accessibility, size, position, time and other relevant characteristics to arrive at the market value.

i. Adjustments – For the subject two (2)-storey shopoffices intermediate and end units

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Valuation and Property Services Department (JPPH)			
Scheme	Sri Tandop Industrial Park	Sri Tandop Industrial Park	Tmn Kekwa	Kompleks Sukan Negeri
Title No.	Geran 206899	Geran 206907	HSM 16406	Pajakan Negeri 413
Lot No.	467	475	PT 15158	5648
Town	Alor Setar	Alor Setar	Alor Merah	Alor Setar
District	Kota Setar	Kota Setar	Kota Setar	Kota Setar
State	Kedah	Kedah	Kedah	Kedah
Address	74, Off Jalan Lencongan Barat	83, Off Jalan Lencongan Barat	2, Jalan Kekwa 1	9, Jalan Sungai Korok
Land Area	1,604 square feet (149.00 square metres)	1,599 square feet (148.60 square metres)	1,335 square feet (124.00 square metres)	1,399 square feet (130.00 square metres)
Type	2-storey shopoffice (Intermediate)	2-storey shopoffice (Intermediate)	2-storey shopoffice (Intermediate)	2-storey shopoffice (Intermediate)
Tenure	Term in Perpetuity			Leasehold Expiring on 27-Sep-2085 68 years remaining / unexpired
Date	03/10/2018	02/07/2018	05/04/2018	10/07/2017
Vendor	Goi Meng Kim	Lim Peng Khawn + 1	Harmony Home Development Sdn Bhd	Soo Siew Moay
Purchaser	Goi Joo Keat + 1	Ct Stone Auto Parts Sdn Bhd	Choey Eng Kuang + 1	Lee Moon Huan
Consideration	RM650,000/-	RM630,000/-	RM600,000/-	RM450,000/-
Analysis Land Value	RM287 per square foot (RM3,089 per square metre)	RM276 per square foot (RM2,971 per square metre)	RM296 per square foot (RM3,186 per square metre)	RM203 per square foot (RM2,185 per square metre)
Adjustments	Adjustments are made for location-general (surrounding), location-accessibility, size, and position (intermediate / end lot), time and tenure			
Adjusted Land Value (intermediate unit)	RM230 per square foot (RM2,476 per square metre)	RM220 per square foot (RM2,368 per square metre)	RM237 per square foot (RM2,551 per square metre)	RM252 per square foot (RM2,713 per square metre)
Adjusted Land Value (end unit)	RM244 per square foot (RM2,626 per square metre)	RM234 per square foot (RM2,519 per square metre)	RM252 per square foot (RM2,713 per square metre)	RM262 per square foot (RM2,820 per square metre)

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

i. Adjustments – For the subject two (2)-storey shopoffices intermediate and end units (Cont'd)

Intermediate Unit

From the above analysis, the adjusted land values range from RM220 per square foot (RM2,368 per square metre) to RM252 per square foot (RM2,713 per square metre).

Having regard to the foregoing, we have adopted Comparable 4 as the best comparable as it is located within similar surroundings as of the subject property and also due to similarity in terms of size (land area). Its tenure is leasehold, which is similar to the subject property.

The adjusted land value of comparable 4 is RM251 per square foot (RM2,702 per square metre). The average adjusted land value for all 4 comparables is RM235 per square foot (RM2,530 per square metre).

The land value adopted is a round figure of RM250.00 per square foot (RM2,691 per square metre).

End Unit

From the above analysis, the adjusted land values range from RM234 per square foot (RM2,519 per square metre) to RM262 per square foot (RM2,820 per square metre).

Having regard to the foregoing, we have adopted Comparable 4 as the best comparable as it is located within similar surroundings as of the subject property. Its tenure is leasehold, which is similar to the subject property.

The adjusted land value of comparable 4 is RM262 per square foot (RM2,820 per square metre). The average adjusted land value for all 4 comparable of intermediate units is RM248 per square foot (RM2,669 per square metre).

The land value adopted is a round figure of RM260 per square foot (RM2,799 per square metre).

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as referring to the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd as a guide.

As there are no information of building costs specific for Kota Setar district nor Kedah state, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah state where the subject property is located.

The building value adopted for the subject building is RM100 per square foot for intermediate lot and RM105 per square foot for end lot, for the Main Floor Area (MFA). For the Ancillary Floor Area (AFA), the building value adopted is RM30 per square foot.

Depreciation

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The building economical life span is based on 50 years. The buildings are approximately 10 years old. Hence, we have adopted a depreciation rate of 30% for the building.

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

The market value of the subject property based on Comparison Approach is summarised as follows:-

Subject Property	Type	Land Value	Building Value	Market Value
Lot. No PT485 (Premises No.184)	Intermediate	RM350,000/-	RM200,000/-	RM550,000
Lot. No PT486 (Premises No.185)	Intermediate	RM350,000/-	RM200,000/-	RM550,000
Lot. No PT488 (Premises No.187)	Intermediate	RM350,000/-	RM200,000/-	RM550,000
Lot. No PT484 (Premises No.183)	End Unit	RM460,000/-	RM240,000/-	RM700,000
Total				RM2,350,000

Hence, the total market value of the subject property derived from Comparison Approach is **RM2,350,000/-**.

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Description	Parameters	Remarks						
Gross Rental - Term	RM1.51 per square foot per month for the intermediate units RM1.78 per square foot per month for the end unit (Ground Floor) RM0.64 per square foot per month for the intermediate units RM0.79 per square foot per month for the end unit (First Floor)	We have adopted current passing rent.						
Gross Rental - Reversionary	RM2.00 per square foot per month for the intermediate units RM2.10 per square foot for the end unit (Ground Floor) RM0.69 per square foot per month for the intermediate units and RM0.73 per square foot per month for the end unit (First Floor)	Considered the concluded / realised and asking rentals of similar shopoffices within the vicinity to arrive at the estimated market rental of the subject property. The range of adjusted rental values are as follows:- <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Floor</th> <th>Rental (RM psf)</th> </tr> </thead> <tbody> <tr> <td>Ground</td> <td>1.78 to 2.23</td> </tr> <tr> <td>First</td> <td>0.51 to 0.89</td> </tr> </tbody> </table>	Floor	Rental (RM psf)	Ground	1.78 to 2.23	First	0.51 to 0.89
Floor	Rental (RM psf)							
Ground	1.78 to 2.23							
First	0.51 to 0.89							
Outgoings	RM0.15 per square foot per month	Considered the current actual outgoings of the subject property as well as estimated provision for repairs and maintenance and property management / administration fee.						

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

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method) (Cont'd)

Description	Parameters	Remarks
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate - Term	5.00% (with dual rate / sinking fund of 3.0%)	Based on the recent transactions and rental evidences of the leasehold 2-storey shopoffices within Alor Setar town centre, the net yield with dual rate / sinking fund of 3.00% ranges from 4.88% to 5.03%. The average of the yields is 4.97%, say 5.00%. Taking into consideration, the location, building specification and building age of the subject property, we have adopted the net yield term at 5.00%.
Capitalisation Rate - Reversionary	5.50%	Taking into consideration the uncertainty factor such as tenancies renewal, leasing of vacant spaces and upcoming supply, we have adopted a slightly higher yield at 5.50% to reflect the uncertainty and discount rate at 5.50%.
Discount Rate	5.50%	

The total market value derived from Income Approach (Investment Method) is **RM2,600,000/-**.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM2,350,000/-
Income Approach (Investment Method)	-	RM2,600,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient of transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, free from all encumbrances at **RM2,350,000/- (Ringgit Malaysia : Two Million Three Hundred And Fifty Thousand Only)**.

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11. Lot Nos. 2513 & 2701, Town of Kepala Batas, District of Kubang Pasu, Kedah
(Our Ref : WTW/08/V/004755/19/PEH/mk)

PROPERTY IDENTIFICATION

The Subject Property : Two (2)-units of single-storey intermediate terraced house
Address : No. 51, Jalan Wira 4/2 & No. 204, Jalan Wira 2, Taman Wira Mas, 06200 Kepala Batas, Kedah

Title Nos. and Lot Nos. :

Unit Nos.	Lot Nos.	Title No.	Land Area (square metres)
51	2513	GM 1243	111
204	2701	GM 1393	111
Total			222 square metres (approx. 2,390 square feet)

All within Town of Kepala Batas, District of Kubang Pasu, Kedah

Tenure : Term in perpetuity (Freehold)
Registered Owner : Chin Hin Building Materials Supply Sdn Bhd
Category of Land Use : Building
Encumbrances : Nil

GENERAL DESCRIPTION

Site

The site, an intermediate lot is rectangular in shape. The land is generally flat and lies at about the level of the existing frontage road.

The compound is generally enclosed with chain link fencing. The entrance is secured with a pair of swing metal gates

Building

The subject building is constructed of reinforced concrete framework enclosed with plastered brick walls and supporting pitch roof cover with cement tiles. The subject property has been issued with a Certificate of Fitness for Occupation (CFO) by Majlis Daerah Kubang Pasu (MDKP) bearing reference no. A00240 dated on 25 Feb 2014. The age of the subject property is approximately 6 years.

The total gross floor area of the subject property is 185.33 square metres (approximately 1,995 square feet).

PLANNING PROVISION

The subject property is designated for residential use as per the Express Condition in the document of titles.

OCCUPATION

At the time of our inspection, the subject properties, was owner occupied.

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

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VALUE CONSIDERATION

a) Comparison Approach

Under the Comparison Approach, the sale evidences have been analysed and adjusted for the differences in location, accessibility, size, Malay Reserve-Non Malay Reseve and other relevant characteristics to arrive at the market value.

i. Adjustments – For the subject single-storey terraced house intermediate units

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Scheme	Taman Wira Mas		
Title No.	Geran Mukim 1199	Geran Mukim 1193	Geran Mukim 1451
Lot No.	2592	2639	2535
Town / District	Bandar Kepala Batas / Kubang Pasu		
State	Kedah	Kedah	Kedah
Address	169, Jln Wira 3	163, Jln Kepala Batas-Titi Besi	73, Lrg Wira Mas 4/2
Land Area	1,195 Square Feet (111 Square Metres)	1,195 Square Feet (111 Square Metres)	1,194.79 Square Feet (111 Square Metres)
Type	Single-Storey Intermediate Terraced House	Single-Storey Intermediate Terraced House	Single-Storey Intermediate Terraced House
Tenure	Term In Perpetuity	Term In Perpetuity	Term In Perpetuity
Date	22/04/2019	20/06/2018	16/05/2018
Vendor	Mohd Sobri Bin Abd Hamid	Ku Zarina Binti Ku Saman	Badrul Hisham Bin Abdul Rahman
Purchaser	Ahmad Muslim Bin Ishak	Fadly Bin Abu Hasan	Norazira Binti Muhamad Ali
Consideration	RM173,000/-	RM180,000/-	RM170,000/-
Analysis Land Value	RM104 per square foot (RM1,119 per square metre)	RM110 per square foot (RM1,184 per square metre)	RM102 per square foot (RM1,098 per square metre)
Adjustments	Adjustments are made for, Malay Reserve – Non-Malay Owner		
Adjusted Land Value for intermediate unit	RM109 per square foot (RM1,173 per square metre)	RM115 per square foot (RM1,238 per square metre)	RM107 per square foot (RM1,152 per square metre)

From the above analyses, the adjusted land values range from RM107 per square foot (RM1,152 per square metre) to RM115 per square foot (RM1,238 per square metre).

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable for the subject property as it is located on the same scheme as the subject property as well as having the same size (land area). It is also the latest transaction among the comparables

The adjusted land value of comparable 1 is RM109 per square foot (RM1,173 per square metre). The average adjusted land value for all 3 comparables is RM110 per square foot (RM1,184 per square metre).

The building values are derived based on our analysis of estimated construction cost inclusive of profits and financial elements compiled during our previous valuation and from our research as well as referring to the JUBM and Arcadis Construction Cost Handbook Malaysia 2019 published by Arcadis (Malaysia) Sdn Bhd as a guide.

As there are no information of building costs specific for Kota Setar district nor Kedah state, we have referred to the building cost for Penang as a guide for the northern region states, including Kedah State where the subject property is located.

The building value adopted for the subject building is RM70 per square foot for the Main Floor Area (MFA). For the Ancillary Floor Area, the building value adopted is RM20 per square foot.

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VALUE CONSIDERATION (Cont'd)

a) Comparison Approach (Cont'd)

Depreciation

Appropriate adjustments are made for depreciation after taking into account the building age, obsolescence of the physical, functional and economical use of the building. The building economical life span is based on 50 years. The buildings are approximately 6 years old. Hence, we have adopted a depreciation rate of 20% for the building.

The market value of the subject property based on Comparison Approach is summarised as follows:-

Subject Property	Land Value	Building Value	Market Value
Lot No. 2513 (Premises No. 51, Jalan Wira 4/2)	RM130,000/-	RM45,000/-	RM175,000/-
Lot No. 2701 (Premises No. 204, Jalan Wira 2)	RM130,000/-	RM40,000/-	RM170,000/-
Total			RM345,000/-

Hence, the total market value of the subject property derived from Comparison Approach is **RM345,000/-**

b) Income Approach (Investment Method)

As a check, we have adopted the Income Approach (Investment Method) of Valuation.

Description	Parameters	Remarks
Reversionary Gross Rental - Reversionary	RM0.60 per square foot per month (for Premises No. 51) RM0.57 per square foot per month (for Premises No. 204)	Considered the concluded / realised and asking rentals of similar single-storey intermediate terraced house within the vicinity to arrive at the estimated market rental of the subject property. The adjusted rental values of range from RM0.59 per square foot to RM0.52 per square foot.
Outgoings	RM0.07 per square foot per month	Considered the current actual outgoings of the subject property as well as estimated provision for the repairs and maintenance and property management/administration fee.
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate - Reversionary	2.75%	Based on the recent transaction and rental evidences market rental of the single-storey intermediate terraced house within Kota Setar and Kubang pasu, the net yield ranges from 2.44% to 2.80%. The average of the yields is 2.67%, say 2.50%. Taking into consideration the location, building depreciation and building age of the subject property, we have adopted the net yield (term) at 2.75%.

The total market value derived from Income Approach (Investment Method) is **RM340,000/-**.

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RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach	-	RM345,000/-
Income Approach (Investment Method)	-	RM340,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that there are sufficient of transactions available within the vicinity for analysis and adjustments to reflect the market value.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property, free from all encumbrances at **RM345,000/- (Ringgit Malaysia : Three Hundred And Forty Five Thousand Only)**.

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

APPENDIX A

Details of the Subject Property

Developer's Parcel No.	Unit No.	Floor Area (Square Feet)	Accessory Parcel	Sale and Purchase Agreement
3-storey stratified shop/offices				
A-01*	A-0-1, A-1-1 & A-2-1	6,167	Car Park No. G.11 to G.54 (Inclusive) Car Park No. G.55 to G.59 (Inclusive) Car Park No. G.62 Car Park No. G.67 to G.71 (Inclusive) Car Park No. G.86 to G.89 (Inclusive) Car Park No. G.97 to G.105 (Inclusive) Car Park No. G.132 to G.136 (Inclusive) Car Park No. G.169 to G.173 (Inclusive) Car Park No. G.175 to G.183 (Inclusive)	21 February 2006
A-04	A-0-4, A-1-4 & A-2-4	4,306	-	26 June 2008
A-07**	A-0-7, A-1-7 & A-2-7	4,306	Car Park No. G.65 and G.66	25 February 2011
A-08	A-0-8, A-1-8 & A-2-8	4,306	-	2 May 2008
A-09	A-0-9, A-1-9 & A-2-9	4,306	-	2 May 2008
A-10	A-0-10, A-1-10 & A-2-10	4,306	-	19 November 2008
A-12	A-0-12, A-1-12 & A-2-12	4,273	-	22 May 2008
B-03	B-0-3, B-1-3 & B-2-3	4,306	-	12 August 2009
2-storey stratified shop/offices				
C-02	C-0-2 & C-1-2	2,702	-	2 May 2008
C-03	C-0-3 & C-1-3	2,702	-	2 May 2008
F-07	F-0-7 & F-1-7	2,702	-	20 May 2008

Notes:

*with 87 bays of car park

**with 2 bays of car park

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement misleading.

Information relating to PP CH Realty, Midas and Aera Property was provided by the management of each company. The responsibility of the Board is therefore restricted in ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

Consents

M&A Securities, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references in the form and context in which they appear in this Circular.

SCA, being the Independent Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its IAL and all references in the form and context in which they appear in this Circular.

CBRE | WTW, being the Independent Valuer for the Nilai Properties, Kepala Batas Properties, and Sale Properties has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its valuation certificates and all references in the form and context in which they appear in this Circular.

Declaration of conflict of interests

M&A Securities, SCA and CBRE | WTW are not aware of any situation which would likely to give rise to a possible conflict of interest in relation to their respective roles as the Adviser, Independent Adviser and Independent Valuer.

3. MATERIAL CONTRACTS

As at LPD, save for the Ace Logistic SSA and Properties SPAs, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding LPD relating to Ace Logistic or the Sale Properties.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, there are no material litigation, claims or arbitrations, proceedings pending or threatened, against Ace Logistic or the Sale Properties, or of any facts likely to give rise to any proceedings which may materially and adversely affect Ace Logistic or the Sale Properties.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at LPD, the Board is not aware of any material commitments contracted or known to be contracted by Chin Hin Group, that is likely to have an impact on Chin Hin Group's profits or NA upon becoming enforceable:

	<u>RM'000</u>
Approved and contracted for: Property, plant and equipment	5,496

6. CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Chin Hin Group, which upon becoming enforceable, may have a material impact in the ability of the Group to meet the obligations as and when they fall due:

	<u>RM'000</u>
Corporate guarantees given to licensed banks for credit facility granted to related companies under Chin Hin Group	560,941
Bank guarantees	4,043

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the date of EGM:

- (a) Constitution of the Company and Ace Logistic;
- (b) Ace Logistic SSA and Properties SPAs;
- (c) Valuation reports and valuation certificates issued by the Independent Valuer in relation to the Nilai Properties, Kepala Batas Properties and Sale Properties;
- (d) Audited consolidated financial statements of Chin Hin for FYE 31 December 2017 and 2018 and the unaudited consolidated financial statements of Chin Hin for 31 December 2019;
- (e) Audited financial statements of Ace Logistic for FYE 31 December 2018 and 31 December 2019; and
- (f) Letters of consent and declaration of conflict of interests referred to in Section 2 above.



CHIN HIN GROUP BERHAD
(Registration No.: 201401021421 (1097507-W))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Chin Hin Group Berhad ("**Chin Hin**" or "**Company**") will be held at Chin Hin Culture Centre, No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Wednesday, 15 July 2020 at 10.30 a.m. or immediately after the conclusion of the Company's Annual General Meeting, whichever is later or at any adjournment thereof, for the purpose of transacting the following resolutions:

(In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly visit Bursa Malaysia Securities Berhad ("**Bursa Securities**") and Company's website at www.chinhingroup.com for the latest updates on the status of the said meeting.)

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN ACE LOGISTIC SDN BHD ("ACE LOGISTIC") BY METEX STEEL SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF CHIN HIN, TO PP CHIN HIN REALTY SDN BHD FOR A CASH CONSIDERATION OF RM20,800,000 ("PROPOSED DISPOSAL OF ACE LOGISTIC")

"THAT subject to the approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to Metex Steel Sdn Bhd ("**Metex Steel**") to dispose 11,000,000 ordinary shares, representing the entire equity interest of Ace Logistic to PP Chin Hin Realty Sdn Bhd ("**PP CH Realty**") for a cash consideration of RM20,800,000, subject to and upon such terms and conditions as set out in the conditional share sale agreement dated 8 November 2019 entered into between Metex Steel and PP CH Realty for the Proposed Disposal of Ace Logistic;

AND THAT approval be and is hereby given to Metex Steel to continue with the lease agreement dated 21 January 2015 and tenancy agreement dated 2 January 2017, entered into with Ace Logistic, and to enter into supplemental agreements with Ace Logistic as disclosed in Section 2.1.5 of the Circular to Shareholders dated 29 May 2020;

AND THAT the Directors of the Company be and are authorised to do all acts, deeds and things and execute all documents as they may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Disposal of Ace Logistic with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Disposal of Ace Logistic".

ORDINARY RESOLUTION 2

PROPOSED DISPOSAL OF 11 UNITS OF SHOP OFFICES TOGETHER WITH 89 UNITS OF CAR PARKS LOCATED AT KUALA LUMPUR, 1 UNIT OF FACTORY LOCATED AT SHAH ALAM, SELANGOR AND 23 UNITS OF SHOP OFFICES LOCATED AT ALOR SETAR, KEDAH, BY PP CHIN HIN SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF CHIN HIN, TO MIDAS SIGNATURE SDN BHD, FOR A TOTAL CASH CONSIDERATION OF RM55,650,000 ("PROPOSED DISPOSAL OF PROPERTIES")

“THAT subject to the passing of Ordinary Resolution 3 and approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to PP Chin Hin Sdn Bhd (**“PP Chin Hin”**) to dispose to Midas Signature Sdn Bhd (**“Midas”**) all the properties as set out in Appendix IV of the Circular to Shareholders dated 29 May 2020 for a total cash consideration of RM55,650,000, subject to and upon such terms and conditions as set out in the conditional sale and purchase agreements, all dated 8 November 2019 entered into between PP Chin Hin and Midas for the Proposed Disposal of Properties;

AND THAT the Directors of the Company be and are authorised to do all acts, deeds and things and execute all documents as they may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Disposal of Properties with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Disposal of Properties”.

ORDINARY RESOLUTION 3

PROPOSED TENANCY OF PROPERTIES BY PP CHIN HIN FROM MIDAS (“PROPOSED TENANCY”)

“THAT subject to the passing of Ordinary Resolution 2 and approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to PP Chin Hin:

- (1) to enter into the respective tenancy agreements with Midas for the tenancies of the following properties:
 - (a) First and second floors of 4 units of 3-storey shop offices, bearing the postal address No. 71, 72, 73 and 74, Kompleks Perniagaan Sultan Abdul Hamid, 05050 Alor Setar, Kedah at a monthly rental of RM8,000;
 - (b) Ground, first and second floors of 3 units of 3-storey semi-detached standard factories, bearing the postal address No. 401, 400 and 399, Taman Bandar Baru Mergong, 05150 Alor Setar, Kedah at a monthly rental of RM36,000;
 - (c) First and second floors of 5 units of 3-storey stratified shop offices, bearing the postal address A-1-07, A-1-08, A-1-09, A-1-10 and A-1-12, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur at a monthly rental of RM9,480; and
 - (d) 89 units of car parks as represented by Units A-01 and A-07, Parking Lot No. G11 to G59, G62, G65, G66, G67, G68, G69, G70, G71, G86, G87, G88, G89, G97 to G105, G132 to G136, G169, G170, G171, G172, G173, G175, G176, G177, G178, G179, G180, G181, G182 & G183, all located at Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur at a monthly rental of RM13,350,

subject to the terms and conditions to be set out in the tenancy agreements to be entered into between PP Chin Hin and Midas after the completion of the Proposed Disposal of Properties, the proposed salient terms of which are as set out in Appendix II of the Circular to Shareholders dated 29 May 2020;

- (2) to enter into 7 respective deed of assignment for the assignment of all rights, interest and benefits of PP Chin Hin under the existing tenancy agreements between PP Chin Hin and its related companies namely Chin Hin Group Berhad, Metex Steel, Chin Hin Concrete (KL) Sdn Bhd and Starken AAC Sdn Bhd, in favour of Midas for the following properties:
 - (a) Units A-1-01, A-2-01, A-2-07, A-2-08, A-2-09, A-2-10, A-1-4, A-2-4 and F-1-07 of the shop offices, bearing the postal address Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur at monthly rental of RM20,140;

AND THAT the Directors of the Company be and are authorised to do all acts, deeds and things and execute all documents as they may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Tenancy with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Tenancy”.

**BY ORDER OF THE BOARD OF
CHIN HIN GROUP BERHAD**

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 201908002253)

THIEN LEE MEE (LS0009760 / SSM PC No. 201908002254)

Company Secretaries

Kuala Lumpur

29 May 2020

Notes:

1. A member entitled to attend and vote at the general meeting may appoint up to 2 proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company’s Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
6. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 8 July 2020 will be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his stead.
7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.

COVID-19 Outbreak Measure Notes

The health and safety of our members and staff who will attend the EGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the EGM:

- (a) Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the EGM in person.
- (b) Members are encouraged to appoint the Chairman of the Meeting (or any other person) to act as proxy to attend and vote at the EGM on their behalf by submitting the proxy form with predetermined voting instruction.
- (c) Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the EGM in person.
- (d) Members or proxies who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the EGM in person.
- (e) In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the EGM in person.
- (f) Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the EGM in person.
- (g) Members or proxies are advised to observe/maintain social distancing throughout the EGM.
- (h) NO door gift will be provided to the Members or proxies.
- (i) NO refreshment will be served at the Meeting venue.



CHIN HIN GROUP BERHAD (Registration No.: 201401021421 (1097507-W))

NUMBER OF ORDINARY SHARES HELD	CDS ACCOUNT NO.

FORM OF PROXY

I/We (Full Name in Block Letters).....

NRIC No. /Passport No. /Company No.

of

being a member / members of CHIN HIN GROUP BERHAD hereby appoint:

.....NRIC No. /Passport No.

of

And/or , NRIC No. /Passport No.

of

or failing *him/her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Extraordinary General Meeting of Chin Hin Group Berhad ("Chin Hin" or "the Company") to be held at Chin Hin Culture Centre, No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur, on Wednesday, 15 July 2020 at 10.30 a.m. or immediately after the conclusion of the Company's Annual General Meeting, whichever is later or at any adjournment thereof.

(In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly visit Bursa Malaysia Securities Berhad's ("Bursa Securities") and Company's website at www.chinhingroup.com for the latest updates on the status of the said meeting.)

No.	Resolutions	For	Against
1.	Proposed Disposal of Ace Logistic		
2.	Proposed Disposal of Properties		
3.	Proposed Tenancy		

(Please indicate with an "X" how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this day of 2020

Signature : _____
(if shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy

No. of Shares:

Percentage:%

Second Proxy

No. of Shares:

Percentage:%

Notes:

1. A member entitled to attend and vote at the general meeting may appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
6. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 8 July 2020 will be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his stead.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.



Fold this flap for sealing

COVID-19 Outbreak Measure Notes

The health and safety of our members and staff who will attend the EGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the EGM:

- (a) Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the EGM in person.
- (b) Members are encouraged to appoint the Chairman of the Meeting (or any other person) to act as proxy to attend and vote at the EGM on their behalf by submitting the proxy form with predetermined voting instruction.
- (c) Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the EGM in person.
- (d) Members or proxies who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the EGM in person.
- (e) In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the EGM in person.
- (f) Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the EGM in person.
- (g) Members or proxies are advised to observe/maintain social distancing throughout the EGM.
- (h) NO door gift will be provided to the Members or proxies.
- (i) NO refreshment will be served at the Meeting venue.

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AFFIX
STAMP

**THE SHARE REGISTRAR OF
CHIN HIN GROUP BERHAD**
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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