6. **Investment Properties (Cont'd)**

(a) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties.

	31.12.2021 RM	31.12.2020 RM	1.1.2020 RM
Group			
Rental income	21,000	80,500	84,000
Direct operating expenses:			
- income generating investment properties	(24,361)	(21,832)	(21,832)

(b) Investment properties pledged as securities to licensed banks

Investment properties of the Group amounting to RM2,200,000 (31.12.2020: RM2,200,000; 1.1.2020: RM2,300,000) have been pledged to secure banking facilities granted to the Group as disclosed in Note 17.

7. **Investment in Subsidiary Company**

		Company	
	31.12.2021 RM	**31.12.2020 RM (Restated)**	**1.1.2020 RM (Restated)**
In Malaysia			
At cost			
Unquoted shares	136,904	136,904	136,904
Less: Accumulated impairment losses	(136,904)	(136,904)	(136,904)
	-	-	-

There is no movement in the impairment losses of investment in subsidiary company during the financial year.

7. **Investment in Subsidiary Company (Cont'd)**

Details of the subsidiary company are as follows:

Name of company	Place of Business/ Country of Incorporation	Effective interest 31.12.2021 %	31.12.2020 %	Principal activities
Direct holding:				
5th Capital Sdn. Bhd.	Malaysia	100	100	Property investment

8. **Investment in Associate Companies**

	Group 31.12.2021 RM	31.12.2020 RM (Restated)	1.1.2020 RM (Restated)
At cost			
Unquoted shares in Malaysia	1,470,200	1,470,200	1,470,200
Share of post-acquisition reserves	225,324	938,424	2,498,347
Disposal	(23,738)	-	-
	1,671,786	2,408,624	3,968,547

	Company 31.12.2021 RM	31.12.2020 RM (Restated)	1.1.2020 RM (Restated)
At cost			
Unquoted shares in Malaysia	1,470,200	1,470,200	1,470,200
Disposal	(200)	-	-
	1,470,000	1,470,200	1,470,200

8. **Investment in Associate Companies (Cont'd)**

Details of the associate companies are as follows:

Name of company	Place of Business/ Country of Incorporation	Effective interest 31.12.2021 %	31.12.2020 %	Principal activities
Direct holding:				
Sqaure Base Sdn. Bhd.*	Malaysia	-	20	Property development
Weida Kayangan Sdn. Bhd.*	Malaysia	49	49	Building contractors

* Associate companies not audited by UHY

Disposal of associate company

On 26 October 2021, the Company had disposed 200 shares representing 20% of equity interest in Square Base Sdn. Bhd. ("SBSB") for a total consideration of RM200. Upon the completion of disposal, the Company's equity interest in SBSB has been fully disposed.

Summarised financial information of the Company's material associates is set out below. The summarised financial information represents the amounts in the MFRS financial statement of the associates and not the Company's share of those amounts.

(a) Summarised statements of financial position

	Weida Kayangan 31.12.2021 RM	31.12.2020 RM
Non-current assets	372,170	1,237,552
Current assets	9,767,358	12,212,578
Non-current liabilities	(11,900)	(87,028)
Current liabilities	(6,715,819)	(8,447,543)
Net assets	3,411,809	4,915,559

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8. **Investment in Associate Companies (Cont'd)**

(a) Summarised statements of financial position (Cont'd)

	Weida Kayangan	
	31.12.2021	**31.12.2020**
	RM	**RM**
Interest in associate companies	49%	49%
Group's share of net assets	1,671,786	2,408,624
Carrying value of Group's interest in associate company	1,671,786	2,408,624

(b) Summarised statements of profit or loss and other comprehensive income

	Weida Kayangan	
	31.12.2021	**31.12.2020**
	RM	**RM**
Loss for the financial year, representing total comprehensive loss for the financial year	(1,445,306)	(3,183,516)

9. **Investment in Joint Venture**

		Group	
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
At cost			
Unquoted shares in Malaysia	330,000	330,000	-
Share of post-acquisition reserve	1,260,226	240,475	-
	1,590,226	570,475	-

9. Investment in Joint Venture (Cont'd)

	Company		
	31.12.2021	31.12.2020	1.1.2020
	RM	RM	RM
At cost			
Unquoted shares in Malaysia	330,000	330,000	-

Details of the joint venture company are as follows:

Name of company	Place of Business /Country of Incorporation	Effective interest 2021 %	Effective interest 2020 %	Principal activities
Direct holding:				
R Synergy Sdn. Bhd.*	Malaysia	33	33	Property development and contractor

** Joint venture not audited by UHY*

10. Other Investments

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
		(Restated)		(Restated)
Club memberships				
At cost				
At 1 January/ 31 December	70,000	70,000	70,000	70,000

11. Trade Receivables

	Group and Company		
	31.12.2021	31.12.2020	1.1.2020
	RM	RM	RM
		(Restated)	(Restated)
Non-current			
Trade receivables			
- Retention sums	3,185,712	6,451,971	8,648,725
Current			
Trade receivables			
- Third parties	28,464,825	27,499,333	48,076,037
- Retention sums	111,044	3,249,877	1,003,755
- Joint venture	10,269,783	709,935	-
- Accrued billing	6,087,109	-	-
	44,932,761	31,459,145	49,079,792
Less: Accumulated impairment losses	(528,752)	(567,308)	(972,914)
	44,404,009	30,891,837	48,106,878
Total trade receivables	47,589,721	37,343,808	56,755,603

Trade receivables are non-interest bearing and are generally on 30 to 60 days (31.12.2020: 30 to 60 days; 1.1.2020: 30 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in the trade receivables is an amount of RM10,269,783 (31.12.2020: RM709,935; 1.1.2020: Nil) due from joint venture. The trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

Movements in the allowance for impairment losses are as follows:

	Credit impaired	Lifetime allowance	Total
	RM	RM	RM
	(Restated)	(Restated)	(Restated)
Group and Company			
31.12.2021			
At 1 January	7,668	559,640	567,308
Impairment losses reversed	-	(38,556)	(38,556)
At 31 December	7,668	521,084	528,752

11. **Trade Receivables (Cont'd)**

Movements in the allowance for impairment losses are as follows: (Cont'd)

	Credit impaired RM (Restated)	Lifetime allowance RM (Restated)	Total RM (Restated)
31.12.2020			
At 1 January	7,668	965,246	972,914
Impairment losses reversed	-	(405,606)	(405,606)
At 31 December	7,668	559,640	567,308

Impairment losses reversed during the financial year amounting to RM38,556 (31.12.2020: RM405,606) pertains to previously impaired receivables recovered during the financial year.

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group and Company			
31.12.2021			
Neither past due nor impaired	22,882,503	-	22,882,503
Past due not impaired:			
Less than 30 days	3,854,621	-	3,854,621
31 to 60 days	1,676,165	-	1,676,165
61 to 90 days	139,932	-	139,932
More than 91 days	19,557,584	(521,084)	19,036,500
	25,228,302	(521,084)	24,707,218
	48,110,805	(521,084)	47,589,721
Credit impaired:			
Individually impaired	7,668	(7,668)	-
	48,118,473	(528,752)	47,589,721

11. **Trade Receivables (Cont'd)**

	Gross amount RM (Restated)	Loss allowance RM (Restated)	Net amount RM (Restated)
Group and Company			
31.12.2020			
Neither past due nor impaired	3,696,869	-	3,696,869
Past due not impaired:			
Less than 30 days	5,911,173	-	5,911,173
31 to 60 days	1,856,510	-	1,856,510
More than 91 days	26,438,896	(559,640)	25,879,256
	34,206,579	(559,640)	33,646,939
	37,903,448	(559,640)	37,343,808
Credit impaired:			
Individually impaired	7,668	(7,668)	-
	37,911,116	(567,308)	37,343,808
1.1.2020			
Neither past due nor impaired	14,398,174	-	14,398,174
Past due not impaired:			
Less than 30 days	3,543,517	-	3,543,517
31 to 60 days	2,850,945	-	2,850,945
More than 91 days	36,928,213	(965,246)	35,962,967
	43,322,675	(965,246)	42,357,429
	57,720,849	(965,246)	56,755,603
Credit impaired:			
Individually impaired	7,668	(7,668)	-
	57,728,517	(972,914)	56,755,603

As at 31 December 2021, trade receivables of the Group and the Company amounting to RM24,707,218 (31.12.2020: RM33,646,939; 1.1.2020: RM42,357,429) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group and the Company that are individually assessed to be impaired amounting to RM7,668 (31.12.2020: RM7,668; 1.1.2020: RM7,668), relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

12. **Contract Assets/(Liabilities)**

	Group and Company		
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
		(Restated)	**(Restated)**
Current			
Contract assets			
Construction contracts	19,288,485	17,640,853	3,749,397
Contract liabilities			
Construction contracts	-	8,670,844	63,663
At 31 December:			
Contract assets	19,288,485	17,640,853	3,749,397
Contract liabilities	-	(8,670,844)	(63,663)
	19,288,485	8,970,009	3,685,734

The contract assets primarily relate to the Group's and the Company's rights to consideration for work performed but not yet billed at the reporting date for its construction activities. The amount due from contract customers will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the construction activities.

Construction contracts

	Group and Company		
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM'000	**RM'000**	**RM'000**
		(Restated)	**(Restated)**
Contract costs incurred to date	115,402,276	159,336,808	78,205,185
Attributable profits	1,364,808	5,150,112	2,345,155
	116,767,084	164,486,920	80,550,340
Less: Progress billings	(97,478,599)	(155,516,911)	(76,864,606)
	19,288,485	8,970,009	3,685,734
Presented as:			
- Contract assets	19,288,485	17,640,853	3,749,397
- Contract liabilities	-	(8,670,844)	(63,663)
	19,288,485	8,970,009	3,685,734

12. **Contract Assets/(Liabilities) (Cont'd)**

The costs incurred to date on construction contracts include the following costs during the financial year:

	Group and Company		
	31.12.2021 RM	31.12.2020 RM (Restated)	1.1.2020 RM (Restated)
Lease of equipments and machineries	1,089,918	2,368,005	4,515,173
Staff cost	3,220,388	3,720,256	3,868,479

Contract value yet to be recognised as revenue

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the reporting date:

	2022 RM	2023 RM	2024 RM	Total RM
Construction contracts	63,277,736	83,130,064	52,734,086	199,141,886

The Group and the Company expect to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12 - 36 months.

13. **Other Receivables**

	Group		
	31.12.2021 RM	31.12.2020 RM (Restated)	1.1.2020 RM (Restated)
Other receivables	18,698,937	17,249,962	16,325,744
Amount owing by associate companies	3,469,104	1,488,926	1,339,641
Amount owing by jointly venture	-	4,122	-
Less: Accumulated impairment losses	(3,256,322)	(2,833,154)	(286,607)
	18,911,719	15,909,856	17,378,778
Deposits	4,434,734	3,093,266	4,548,062
Prepayment	2,001,869	2,001,869	2,001,869
	25,348,322	21,004,991	23,928,709

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13. **Other Receivables (Cont'd)**

		Company	
	31.12.2021	31.12.2020	1.1.2020
	RM	RM	RM
		(Restated)	(Restated)
Other receivables	18,696,874	17,232,099	16,292,081
Amount owing by associate companies	3,469,104	1,488,926	1,339,641
Amount owing by jointly venture	-	4,122	-
Less: Accumulated impairment losses	(3,256,322)	(2,833,154)	(286,607)
	18,909,656	15,891,993	17,345,115
Deposits	4,425,673	3,084,205	4,539,001
Prepayment	2,001,869	2,001,869	2,001,869
	25,337,198	20,978,067	23,885,985

Movements in allowance for impairment losses of other receivables are as follow:

	Credit impaired RM (Restated)	Lifetime allowance RM (Restated)	Total RM (Restated)
Group and Company			
2021			
At 1 January	2,717,541	115,613	2,833,154
Impairment losses recognised	-	423,168	423,168
At 31 December	2,717,541	538,781	3,256,322
2020			
At 1 January	189,037	97,570	286,607
Impairment losses recognised	2,528,504	18,043	2,546,547
At 31 December	2,717,541	115,613	2,833,154

14. **Amount Due from Subsidiary Company**

Amount due from subsidiary company is non-interest bearing, unsecured and repayable on demand.

15. Fixed Deposits with Licensed Banks

Fixed deposits with licensed banks of the Group and the Company amounting to RM12,505,088 (31.12.2020: RM12,345,870; 1.1.2020: RM13,243,791) are pledged as security for bank facilities granted to the Group and the Company as disclosed in Note 17.

The effective interest rate of the deposits with licensed bank is 1.55% to 3.10% (31.12.2020: 1.30% to 3.35%; 1.1.2020: 2.30% to 3.35%) per annum.

16. Share Capital

	Number of shares		Amount	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	Unit	Unit	RM	RM
Ordinary shares with no par value				
Issued and fully paid				
At 1 January	10,000,000	5,000,000	10,000,000	5,000,000
Bonus shares issued during the financial year	-	5,000,000	-	5,000,000
At 31 December	10,000,000	10,000,000	10,000,000	10,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

17. Bank Borrowings

	Group and Company		
	31.12.2021	31.12.2020	1.1.2020
	RM	RM	RM
Secured			
Term loans	972,000	1,080,000	-
Trust Receipt	516,132	-	-
Bank overdrafts	4,860,718	5,999,983	5,499,983
	6,348,850	7,079,983	5,499,983

17. **Bank Borrowings (Cont'd)**

	Group and Company		
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
Analysed as:			
Non-current			
Term loans	774,000	864,000	-
Current			
Term loans	198,000	216,000	-
Trust Receipt	516,132	-	-
Bank overdrafts	4,860,718	5,999,983	5,499,983
	5,574,850	6,215,983	5,499,983
	6,348,850	7,079,983	5,499,983

The term loans, trust receipt and bank overdrafts are secured by the following:

(a) Legal charge over the properties of the Group and the Company as disclosed in Note 6;

(b) Pledge of the fixed deposits of the Group and the Company as disclosed in Note 15; and

(c) Joint and several guarantee of the directors.

Maturity of bank borrowings are as follows:

	Group and Company		
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
Within one year	5,574,850	6,215,983	5,499,983
Between one to two years	216,000	216,000	-
Between two to five years	558,000	648,000	-
	6,348,850	7,079,983	5,499,983

17. **Bank Borrowings (Cont'd)**

The average effective interest rate per annum are as follows:

	Group and Company		
	31.12.2021	31.12.2020	1.1.2020
	%	%	%
Term loans	3.44	3.44	-
Trust Receipt	6.42	-	-
Bank overdrafts	6.85	0.85 - 1.25	1.00 - 1.25

18. **Trade Payables**

	Group and Company		
	31.12.2021	31.12.2020	1.1.2020
	RM	RM	RM
		(Restated)	(Restated)
Non-current			
Retention sums	6,681,175	8,900,250	11,785,365
Current			
Trade payables	33,822,223	31,021,794	40,972,264
Retention sums	3,391,993	8,856,349	6,698,488
	37,214,216	39,878,143	47,670,752
Total trade payables	43,895,391	48,778,393	59,456,117

The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (31.12.2020: 30 to 90 days, 1.1.2020: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

19. **Lease Liabilities**

	Group and Company	
	31.12.2021	**31.12.2020**
	RM	**RM**
		(Restated)
At 1 January, as previously reported	1,211,165	-
Effect of adopting MFRS	-	1,704,073
At 1 January, as restated	1,211,165	1,704,073
Additions	296,000	114,700
Payments	(584,039)	(678,212)
Accretion of interest (Note 24)	52,289	70,604
At 31 December	975,415	1,211,165
Presented as:		
Non-current	454,245	713,564
Current	521,170	497,601
	975,415	1,211,165

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:

	Group and Company		
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
		(Restated)	**(Restated)**
Within one year	524,009	542,850	656,570
Later than one year and not later than two years	295,501	458,137	517,266
Later than two year and not later than five years	211,226	285,224	662,457
	1,030,736	1,286,211	1,836,293
Less: Future finance charges	(55,321)	(75,046)	(132,220)
Present value of lease liabilities	975,415	1,211,165	1,704,073

The Group and the Company lease buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

20. **Deferred Tax Liabilities**

	Group and Company	
	31.12.2021	**31.12.2020**
	RM	**RM**
At 1 January	11,151	72,714
Recognised in the profit or loss (Note 26)	-	(61,563)
At 31 December	11,151	11,151

The deferred tax liabilities represent tax effect of accelerated capital allowances on property, plant and equipment.

21. **Other Payables**

		Group	
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
Other payables	-	570,222	343,774
Accrued dividend	-	1,000,000	2,000,000
Accruals	562,305	1,025,355	1,900,943
Deposit received	-	21,000	21,000
Advance payment received from customers of projects	8,339,632	-	200,812
	8,901,937	2,616,577	4,466,529

		Company	
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
Other payables	-	570,222	343,774
Accrued dividend	-	1,000,000	2,000,000
Accruals	558,842	1,022,355	1,898,943
Advance payment received from customers of projects	8,339,632	-	200,812
	8,898,474	2,592,577	4,443,529

22. Amount Due to Related Companies

	Group and Company		
	31.12.2021	31.12.2020	1.1.2020
	RM	RM	RM
Trade related			
Non-interest bearing	272,381	-	-

The trade balances are repayable on normal trade terms of 90 days and are recognised at their fair values on initial recognition.

23. Revenue

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
		(Restated)		(Restated)
Revenue from contracts with customers:				
Trading sales	5,517,965	1,362,911	5,517,965	1,362,911
Precast beam	8,198,403	-	8,198,403	-
Construction contract revenue	57,108,916	92,876,861	57,108,916	92,876,861
	70,825,284	94,239,772	70,825,284	94,239,772
Revenue from other sources:				
Rental income	21,000	80,500	-	-
	70,846,284	94,320,272	70,825,284	94,239,772
Timing of revenue recognition:				
At a point in time	13,737,368	1,443,411	13,716,368	1,362,911
Over time	57,108,916	92,876,861	57,108,916	92,876,861
Total revenue from contracts with customers	70,846,284	94,320,272	70,825,284	94,239,772

24. Finance Costs

	Group and Company 2021 RM	Group and Company 2020 RM (Restated)
Interest expenses on:		
Bank charges	15,738	11,183
Bank overdraft	215,053	458,047
Bank guarantee and facilities fees	919,524	31,180
Lease liabilities	52,289	70,604
Letter of credit	-	9,079
Term loan interest	19,713	-
Unwinding of discount on trade payables	152,275	111,101
	1,374,592	691,194

25. Profit Before Tax

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

	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM (Restated)
Auditors' remuneration:				
- current year	50,000	39,500	48,000	37,500
- under provision in prior year	-	350	-	350
Depreciation of:				
- Property, plant and equipment	167,791	379,454	167,791	379,454
- Right-of-use assets	480,442	586,961	480,442	586,961
Loss on disposal of rights-of-use asset	26,535	-	26,535	-
Fair value loss on investment properties	-	120,000	-	20,000
Lease expenses relating to short term leases	11,000	11,000	11,000	11,000
Impairment loss on other receivables	423,168	2,546,547	423,168	2,546,547

25. **Profit Before Tax (Cont'd)**

Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
		(Restated)		**(Restated)**
Gain on disposal of property, plant and equipment	(1,888)	(143,351)	(1,888)	(143,351)
Gain on disposal of investment in associate company	(23,538)	-	-	-
Dividend income	-	-	-	(2,799,909)
Interest income	(236,962)	(494,263)	(236,962)	(494,263)
Net effect of unwinding of interest from discounting arising from receivables	(252,541)	(239,209)	(252,541)	(239,209)
Reversal of impairment on trade receivables	(38,556)	(405,606)	(38,556)	(405,606)

26. **Taxation**

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
		(Restated)		**(Restated)**
Tax expenses recognised in profit or loss:				
Current tax provision	2,920,151	2,591,163	2,425,043	2,085,775
Under/(Over) provision in prior years	17,798	(324,849)	17,798	(324,849)
	2,937,949	2,266,314	2,442,841	1,760,926
Deferred tax: (Note 20)				
Relating to origination and reversal of temporary differences	-	(61,563)	-	(61,563)
Tax expenses for the financial year	2,937,949	2,204,751	2,442,841	1,699,363

26. **Taxation (Cont'd)**

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of chargeable income of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the jurisdiction.

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and the Company are as follows:

	Group		Company	
	2021 RM	**2020 RM (Restated)**	**2021 RM**	**2020 RM (Restated)**
Profit before tax	9,959,030	7,679,774	9,192,315	8,560,808
At Malaysian statutory tax rate of 24% (2020: 24%)	2,390,167	1,843,146	2,206,156	2,054,594
Income not subject to tax	-	(673,905)	-	(673,905)
Expenses not deductible for tax purposes	1,025,115	1,846,501	218,887	642,853
Deferred tax assets not recognised	-	670	-	670
Under/(Over) provision of taxation in prior years	17,798	(324,849)	17,798	(324,849)
Effect of share of results of associates	(173,104)	(401,580)	-	-
Effect of share of results of joint venture	(322,027)	(85,232)	-	-
Tax expenses for the financial year	2,937,949	2,204,751	2,442,841	1,699,363

27. **Staff Costs**

	Group and Company	
	2021	**2020**
	RM	**RM**
Salaries, wages, allowances and bonus	5,126,729	5,817,705
Defined contribution plans	622,602	733,841
Social security contribution	50,643	54,666
Employment insurance system	4,594	4,631
	5,804,568	6,610,843
Less: Staff cost capitalised in construction contracts (Note 12)	(3,220,388)	(3,720,256)
	2,584,180	2,890,587

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Company during the financial year as below:

	Group and Company	
	2021	**2020**
	RM	**RM**
Executive Directors		
- Salaries and other emoluments	1,257,756	1,664,100
- Defined contributions plan	234,375	316,179
	1,492,131	1,980,279

28. **Dividend Paid**

	Group and Company	
	31.12.2021	**31.12.2020**
	RM	**RM**
Dividends recognised as distribution to ordinary shareholders of the Company:		
An interim single tier dividend of RM0.10 per ordinary share paid in respect of the financial year ended 31 December 2020 on 8 February 2021	-	1,000,000

29. **Reconciliation of Liabilities Arising from Financing Activities**

	At 1 January RM	Financing cash flows RM	Non-cash changes: New lease (Note 19) RM	Non-cash changes: Accretion of interest (Note 24) RM	At 31 December RM
Group					
31.12.2021					
Lease liabilities	1,211,165	(584,039)	296,000	52,289	975,415
Term loans	1,080,000	(108,000)	-	-	972,000
Trust receipt	-	516,132	-	-	516,132
Amount due to directors	770,294	(770,294)	-	-	-
	3,061,459	(946,201)	296,000	52,289	2,463,547
31.12.2020					
Lease liabilities	1,704,073	(678,212)	114,700	70,604	1,211,165
Term loans	-	1,080,000	-	-	1,080,000
Amount due to directors	770,294	-	-	-	770,294
	2,474,367	401,788	114,700	70,604	3,061,459

29. **Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

			Non-cash changes		
	At 1 January RM	Financing cash flows RM	New lease (Note 19) RM	Accretion of interest (Note 24) RM	At 31 December RM
Company					
31.12.2021					
Lease liabilities	1,211,165	(584,039)	296,000	52,289	975,415
Term loans	1,080,000	(108,000)	-	-	972,000
Trust receipt	-	516,132	-	-	516,132
	2,291,165	(175,907)	296,000	52,289	2,463,547
31.12.2020					
Lease liabilities	1,704,073	(678,212)	114,700	70,604	1,211,165
Term loans	-	1,080,000	-	-	1,080,000
	1,704,073	401,788	114,700	70,604	2,291,165

30. **Related Party Disclosures**

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or 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 Group or 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 Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

(b) Significant related party transactions

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

	Group and Company	
	2021	**2020**
	RM	**RM**
Transactions with related company:		
- Purchase	(272,381)	-
Transaction with associate companies:		
- Dividend received	-	2,799,909
- Recovery of expenses	136,274	369,973
Transation with joint venture:		
- Sale of building materials	8,198,403	1,362,911
- Recovery of expenses	2,967,069	25,841
Transaction with companies in which certain Directors of the Company have significant interests		
- Rental of premises	(180,000)	(180,000)

30. **Related Party Disclosures (Cont'd)**

(c) Compensation of key management personnel

Remuneration of Directors are as follows:

	2021 RM	2020 RM
Salaries and other emoluments	1,257,756	1,664,100
Defined contributions plan	234,375	316,179
	1,492,131	1,980,279

31. **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.

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

	At amortised cost		
	31.12.2021 RM	**31.12.2020 RM (Restated)**	**1.1.2020 RM (Restated)**
Group			
Financial Assets			
Other investments	70,000	70,000	70,000
Trade receivables	47,589,721	37,343,808	56,755,603
Other receivables	23,346,453	19,003,122	21,926,840
Contract assets	19,288,485	17,640,853	3,749,397
Fixed deposits with licensed banks	12,505,088	12,345,870	13,243,791
Cash and bank balances	5,795,349	24,343,476	13,085,609
	108,595,096	110,747,129	108,831,240

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

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

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	At amortised cost		
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
		(Restated)	**(Restated)**
Financial Liabilities			
Trade payables	43,895,391	48,778,393	59,456,117
Other payables	8,901,937	2,616,577	4,466,529
Contract liabilities	-	8,670,844	63,663
Amount due to related companies	272,381	-	-
Amount due to directors	-	770,294	770,294
Lease liabilities	975,415	1,211,165	1,704,073
Bank borrowings	6,348,850	7,079,983	5,499,983
	60,393,974	69,127,256	71,960,659
Company			
Financial Assets			
Other investments	70,000	70,000	70,000
Trade receivables	47,589,721	37,343,808	56,755,603
Other receivables	23,335,329	18,976,198	21,884,116
Contract assets	19,288,485	17,640,853	3,749,397
Amount due from subsidiary company	3,247,044	2,476,750	2,476,750
Fixed deposits with licensed banks	12,505,088	12,345,870	13,243,791
Cash and bank balances	5,665,093	24,176,021	12,974,556
	111,700,760	113,029,500	111,154,213

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

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

	At amortised cost		
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
		(Restated)	**(Restated)**
Company			
Financial Liabilities			
Trade payables	43,895,391	48,778,393	59,456,117
Other payables	8,898,474	2,592,577	4,443,529
Contract liabilities	-	8,670,844	63,663
Amount due to related companies	272,381	-	-
Lease liabilities	975,415	1,211,165	1,704,073
Bank borrowings	6,348,850	7,079,983	5,499,983
	60,390,511	68,332,962	71,167,365

(b) Net loss arising from financial statements

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Net loss on impairment of financial instruments				
- Financial assets at amortised cost	(384,612)	(2,140,941)	(384,612)	(2,140,941)

(c) Financial risk management objectives and policies

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

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

(c) Financial risk management objectives and policies (Cont'd)

The following sections provide details regarding the Group's and 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 Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks and financial institutions. There are no significant changes as compared to prior periods.

The Group and the Company have 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 and deposit with licensed banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities and supply of goods and services granted to certain subsidiary companies.

The Group's and the Company's maximum exposure in this respect is RM78,031,663 (31.12.2020: RM41,905,333; 1.1.2020: RM30,289,463), representing the outstanding banking facilities of the Company as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

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

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Credit risk concentration

At the reporting date, approximately 58% (31.12.2020: 57%; 1.1.2020: Nil) of the Group's and the Company's trade receivables were due from 3 (31.12.2020: 2; 1.1.2020: Nil) major customers which contribute from construction contracts.

(ii) Liquidity risk

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

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

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
31.12.2021					
Trade payables	37,214,216	2,948,682	3,732,493	43,895,391	43,895,391
Other payables	8,901,937	-	-	8,901,937	8,901,937
Amount due to related companies	272,381	-	-	272,381	272,381
Lease liabilities	524,009	295,501	211,226	1,030,736	975,415
Bank borrowings	5,602,517	239,150	583,509	6,425,176	6,348,850
Finance guarantee*	78,031,663	-	-	78,031,663	-
Total financial liabilities	130,546,723	3,483,333	4,527,228	138,557,284	60,393,974

Registration No. 199901001146 (476046-U)

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

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
31.12.2020					
Trade payables	39,878,143	3,245,491	5,654,759	48,778,393	48,778,393
Other payables	2,616,577	-	-	2,616,577	2,616,577
Contract liabilities	8,670,844	-	-	8,670,844	8,670,844
Lease liabilities	542,850	458,137	285,224	1,286,211	1,211,165
Bank borrowings	6,233,729	243,667	696,658	7,174,054	7,079,983
Amount due to directors	770,294	-	-	770,294	770,294
Finance guarantee*	41,905,333	-	-	41,905,333	-
Total financial liabilities	100,617,770	3,947,295	6,636,641	111,201,706	69,127,256

Registration No. 199901001146 (476046-U)

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

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
1.1.2020					
Trade payables	47,670,752	8,296,082	3,489,283	59,456,117	59,456,117
Other payables	4,466,529	-	-	4,466,529	4,466,529
Contract liabilities	63,663	-	-	63,663	63,663
Lease liabilities	656,570	517,266	662,457	1,836,293	1,704,073
Bank borrowings	5,499,983	-	-	5,499,983	5,499,983
Amount due to directors	770,294	-	-	770,294	770,294
Finance guarantee*	30,289,463	-	-	30,289,463	-
Total financial liabilities	89,417,254	8,813,348	4,151,740	102,382,342	71,960,659

Registration No. 199901001146 (476046-U)

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

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
31.12.2021					
Trade payables	37,214,216	2,948,682	3,732,493	43,895,391	43,895,391
Other payables	8,898,474	-	-	8,898,474	8,898,474
Amount due to related companies	272,381	-	-	272,381	272,381
Lease liabilities	524,009	295,501	211,226	1,030,736	975,415
Bank borrowings	5,602,517	239,150	583,509	6,425,176	6,348,850
Finance guarantee*	78,031,663	-	-	78,031,663	-
Total financial liabilities	130,543,260	3,483,333	4,527,228	138,553,821	60,390,511

Registration No. 199901001146 (476046-U)

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

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
31.12.2020					
Trade payables	39,878,143	3,245,491	5,654,759	48,778,393	48,778,393
Other payables	2,592,577	-	-	2,592,577	2,592,577
Contract liabilities	8,670,844	-	-	8,670,844	8,670,844
Lease liabilities	542,850	458,137	285,224	1,286,211	1,211,165
Bank borrowings	6,215,983	216,000	648,000	7,079,983	7,079,983
Finance guarantee*	41,905,333	-	-	41,905,333	-
Total financial liabilities	99,805,730	3,919,628	6,587,983	110,313,341	68,332,962

Registration No. 199901001146 (476046-U)

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

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
1.1.2020					
Trade payables	47,670,752	8,296,082	3,489,283	59,456,117	59,456,117
Other payables	4,443,529	-	-	4,443,529	4,443,529
Contract liabilities	63,663	-	-	63,663	63,663
Lease liabilities	656,570	517,266	662,457	1,836,293	1,704,073
Bank borrowings	5,499,983	-	-	5,499,983	5,499,983
Finance guarantee*	30,289,463	-	-	30,289,463	-
Total financial liabilities	88,623,960	8,813,348	4,151,740	101,589,048	71,167,365

* Being bank guarantee issued in favour of third parties granted in the ordinary course of its construction business of the Company and corporate guarantee for banking facilities of the joint venture which will only be encashed in the event of default by these companies.

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

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to its joint venture company and monitors on an ongoing basis the performance of the joint venture company. At end of the financial period, there was no indication that the joint venture company would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the joint venture company defaulting on their credit facilities is remote.

The maximum amount of the financial guarantees issued in the favour of third parties for the Company's construction contract and the banks for the joint venture company's borrowings is limited to the amount utilised by the joint venture company, amounting to RM 78,031,663 as at 31 December 2021 (31.12.2020: RM41,905,333; 1.1.2020: RM30,289,463). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the joint venture company would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the associate company defaulting on their credit facilities is remote.

(iii) Market risk

(a) Interest rate risk

The Group and the Company exposed to interest rate risk arises primarily from financing through interest bearing financial assets and financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

The Group and the Company manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

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

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

The Group and the Company manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Company does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	Group and Company		
	31.12.2021	**31.12.2020**	**1.1.2020**
	RM	**RM**	**RM**
Fixed rate instrument			
Financial assets			
Fixed deposits with licensed banks	12,505,088	12,345,870	13,243,791
Financial liabilities			
Lease liabilities	(975,415)	(1,211,165)	(1,704,073)
	11,529,673	11,134,705	11,539,718
Floating rate instruments			
Financial liabilities			
Bank borrowings	(6,348,850)	(7,079,983)	(5,499,983)

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

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	Group and Company		
	31.12.2021	**31.3.2021**	**1.1.2020**
	RM	**RM**	**RM**
Effect to profit or loss			
Interest rate increased by 0.5%	(31,744)	(35,400)	(27,500)
Interest rate decreased by 0.5%	31,744	35,400	27,500

(d) Fair values of financial instruments

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

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

(d) Fair values of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Carrying amount RM	Fair value RM
Group and Company		
31.12.2021		
Financial Liabilities		
Contingent liabilities	78,031,663	@
31.12.2020		
Financial Liabilities		
Contingent liabilities	41,905,333	@
1.1.2020		
Financial Liabilities		
Contingent liabilities	30,289,463	@

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

32. **Contingencies**

	Group and Company 31.12.2021 RM	Group and Company 31.12.2020 RM
Bank guarantees issued in favour of third parties granted in the ordinary course of its construction business of the Company	66,481,663	30,355,333
Corporate guarantees for credit facilities granted to a joint venture company	11,550,000	11,550,000
	78,031,663	41,905,333

33. **Capital Management**

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

		Group	
	2021	**2020**	**2019**
	RM	**RM**	**RM**
		(Restated)	**(Restated)**
Bank borrowings	6,348,850	7,079,983	5,499,983
Lease liabilities	975,415	1,211,165	1,704,073
	7,324,265	8,291,148	7,204,056
Less: Cash and cash equivalents	(5,795,349)	(24,343,476)	(13,085,609)
Net debts	1,528,916	(16,052,328)	(5,881,553)
Total equity	58,896,662	51,875,581	47,400,558
Debt-to-equity ratio	0.03	N/A	N/A

N/A – the gearing ratio may not provide a meaningful indicator of the risk of borrowing.

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

34. Significant Event

Effect of outbreak of coronavirus pandemic

The outbreak of the COVID-19 pandemic has caused travel restrictions and lockdown and prolonged economic downturn nationwide and worldwide since 2020. The Group and the Company are cognizant of the challenges posed by these developing events and are actively monitoring and taking appropriate and timely measures, also works closely with the local authorities to support their efforts in containing the spread of Covid-19 to minimise the impact of Covid-19 on their business operations. The COVID-19 mitigation measures that implemented by the Group and the Company include physical distancing at work, workplace segregation, staggered work hours and lunch breaks, flexible working arrangements including working from home, virtual meetings, temperature checks and regular workplace sanitisation.

At the reporting date, the Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2021.

The Directors and management of the Group and the Company are not aware of any uncertainties arising after the end of the financial year that would have a significant impact on the current financial statements, including the financial continuity and sustainability of the Group and the Company as going concern for the next twelve (12) months.

35. Subsequent Event

On 10 December 2021, the Company entered into a conditional Share Sale Agreement ("SSA") with and Liew Jor Ho, Chai Yan Min and Yap Seng Hee ("the Vendors") to acquire 1,500,000 ordinary shares in Makna Setia Sdn. Bhd. ("Makna Setia"), representing 60% equity interest in Makna Setia, for a purchase consideration of RM9,000,000 which will be satisfied fully via cash.

On 15 April 2022, KKSB has entered into a novation agreement with the Vendors and Chin Hin Construction Sdn. Bhd., a related company of the Company to novate the SSA and the Suplemental SSA with immediate effect.

36. Date of Authorisation for Issue

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2022.

The salient terms of the SSA 1 are as follows:

(i) Purchase Consideration 1

The Vendor 1 agrees to sell and BKG Development agrees to acquire the Sale Shares 1 free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto, and all liabilities, dividends, rights and distribution, declared paid or made in respect thereof at the Purchase Consideration 1.

The Purchase Consideration 1 shall be paid in the following manner:

(a) **Deposit:** Upon the execution of the SSA 1, BKG Development shall pay cash of:

(aa) RM37,500.00, equivalent to 3% of the Purchase Consideration 1 as real property gains tax retention sum to BKG Development's solicitors whom is authorised to submit and pay to the Director General of Inland Revenue; and

(bb) a balance sum of RM87,500.00 to BKG Development's solicitors whom is authorised to release the said sum to the Vendor 1 on the date when all the conditions precedent as set out in Section (iii) are fulfilled or waived ("**Unconditional Date**").

(b) **Balance Sum:** The balance sum of RM1,125,000.00 shall be satisfied within 30 days from the Unconditional date.

(ii) Adjustment to Purchase Consideration 1

The Vendor 1 and BKG Development agree that the unaudited NTA of Quaver as at 31 May 2022 shall not be less than RM1.25 million ("**Minimum NTA**"). In the event that the:

(a) actual NTA as at 31 May 2022 is discovered to be less than the Minimum NTA, BKG Development shall have the right to adjust the Purchase Consideration 1 in such proportion equivalent to the shortfall (quoted in percentage) between the actual NTA and the Minimum NTA; and

(b) actual NTA as at 31 May 2022 is discovered to be more than the Minimum NTA, the Purchase Consideration 1 shall prevail.

(iii) Condition Precedent

The SSA 1 shall be conditional upon the following being obtained, procured and/or fulfilled within the conditional period of 90 days from the date of the SSA 1 with an automatic extension with an additional 30 days and such further period as the parties may mutually agreed:

(a) satisfactory legal, financial and/or business due diligence findings on Quaver by BKG Development (including ascertainment of the actual NTA of Quaver as at 31 May 202 in accordance with Malaysian Financial Reporting Standards);

(b) consent and/or approval from the existing financier of the Quaver (if applicable);

(c) consent and/or approval from financiers to discharge all corporate guarantees the Quaver has provided (if applicable);

(d) approval of shareholders and/or directors of the parties being obtained for the implementation of the sale and purchase of the Sale Shares 1; and

(e) such other waivers, consents or approvals as may be required (or deemed necessary) by the parties hereto from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the transactions contemplated under the SSA 1 to the effect that if such waivers, consents, approvals are not obtained, the sale and purchase of the Sale Shares 1 herein will be rendered null and void by law.

(iv) Settlement Agreement

Prior to the completion date, Quaver shall execute a settlement agreement to settle all debts/sums owing by Quaver to its directors or related companies, if any ("**Settlement Agreement**"). Kindly refer to the proposed salient terms of the Settlement Agreement below for further details.

(v) Termination Event

If any of the following events occurs before the completion date, the non-defaulting party may (but is not obliged to) give notice in writing to the defaulting party, requiring the defaulting party to remedy the said default or breach:

(a) **Breach:** breach of any material or fundamental terms or conditions of the SSA 1 including but not limited to its warranties, covenants, obligations or any terms under the SSA 1 which is incapable of remedy and if capable of being remedied, such breach shall not have been remedied by the defaulting party within 14 business days after being given notice by the non-defaulting party or a failure to perform or observe any material or fundamental undertaking, obligation in the SSA 1; or

(b) **Receiver:** a receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertaking of the defaulting party; or

(c) **Arrangements:** the defaulting party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, the defaulting party's creditors or any class of them; or

(d) **Winding-Up:** an application, petition or order is made for the winding-up or dissolution of the defaulting party, or a resolution is passed or any steps taken to pass a resolution for the winding-up or dissolution of the defaulting party, otherwise than for the purpose of an amalgamation or reconstruction which has prior written consent of the non-defaulting party; or

(e) **Cessation of Business:** the defaulting party ceases or threatens to cease carrying on a substantial portion of the defaulting party's business other than in compliance with the defaulting party's obligations under the SSA 1; or

(f) **Events of Default:** the defaulting party commits any act or omits to do an act which results in the breach or non-fulfillment of any term or condition of any banking, finance or credit facility which has the effect of causing the events specified in sub-clauses (b), (c), (d) and (e) to occur; or

(g) **Misrepresentation:** any material representation, warranty or statement made under the SSA 1 is found to be incorrect; or

(h) **Nationalisation:** any agency of any state seizes, compulsorily acquires, expropriates or nationalises all or a material part of the assets or shares of the defaulting party; or

(i) **Government Action:** any governmental authority shall have taken any action in order to condemn, seize, appropriate or assume custody or control of the defaulting party; or all or any substantial part of the assets of the defaulting party or to curtail the defaulting party's authority in the overall conduct of the defaulting party's business or operations.

(vi) Termination

If the defaulting party fails to remedy the relevant default or breach within 14 business days or such extended period as may be allowed by the non-defaulting party after being given notice by the non-defaulting party, to rectify such breach, the non-defaulting party may elect to terminate the SSA 1 and claim damages or pursue its action as set out in this SSA 1.

(a) **BKG Development's default:** In the event of termination due to the default or breach of BKG Development, the Vendor 1 shall have the option of giving BKG Development a notice of termination and forfeiting the deposit absolutely as agreed liquidated damages and not by way of penalty and shall thereupon refund to BKG Development all other sum or sums paid by BKG Development, if any, towards the Purchase Consideration 1 free of interest.

Upon such refund being made the SSA 1 shall come to an end and become null and void and be of no further effect and neither party shall have any claim whatsoever against the other under or in respect of the SSA 1 (save for the return of any documents belonging to the Vendor 1) and the Vendor 1 shall have the right to resell the Sale Shares 1 to such person in such manner at such price and on such terms as the Vendor 1 may think fit and BKG Development shall have no right to any part of the purchase money thereby arising.

(b) **Vendor 1's default:** In the event of termination due to the default or breach of the Vendor 1, BKG Development shall have the option of giving the Vendor 1 a notice of termination, and the Vendor 1 shall within 14 business days from the date of receipt of the notice of termination from BKG Development refund to BKG Development the deposit and all other monies paid by BKG Development towards the Purchase Consideration 1, if any, free of interest together with a sum equivalent to the 10% of the Purchase Consideration 1 only as agreed liquidated damages and not by way of penalty, without prejudice to the rights of BKG Development against the Vendor 1 for damages in respect of such breach and/or default and thereafter the SSA 1 shall come to an end and become null and void and be of no further effect and neither party shall have any claim whatsoever against the other under or in respect of the SSA 1 (save for the return of any documents belonging to the Vendor 1). The parties agree that, in the event the sum contemplated under Section(i)(a)(aa) has been paid to the Director-General of Inland Revenue prior to the issuance of the notice of termination, the Vendor 1 or BKG Development's solicitors shall be required to return a sum equivalent to the said sum to BKG Development regardless of whether refund of the said sum from the Director-General of Inland Revenue had been received.

(vii) Nomination

The parties agree that in the event BKG Development nominates a third-party nominee as the transferee to the Sale Shares 1, the Vendor 1 consents to such nomination, provided always that all rights and obligations under the SSA 1 shall remain with BKG Development.

(viii) Costs & Expenses

Each party shall bear each party's own costs and expenses to the SSA 1 save that all stamp duties, registration fees payable for the registration of the Sale Shares 1 shall be borne by BKG Development.

The proposed salient terms of the Settlement Agreement are as follows:

(i) Mode of Payment

Quaver shall pay or cause to be paid to Vendor 1 an amount of RM23,084,921.29 ("**Settlement Amount**") in full by way of 12 monthly instalments of RM1,923,743.45 to be paid commencing from the completion date of the SSA 1 by way of telegraphic transfer or such other mode as the Vendor 1 may agree and direct in writing.

(ii) Late Payment Interest

Vendor 1 shall be entitled to charge interest at the rate of 8% per annum as late payment interest on the default from the day it becomes due until the day the same has been paid.

The salient terms of the SSA 2 are as follows:

(i) Purchase Consideration 2

The Vendor 2 agrees to sell and the Company agrees to acquire the Sale Shares 2 free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto, and all dividends, rights and distribution, declared paid or made in respect thereof at the Purchase Consideration 2.

The Purchase Consideration 2 shall be paid to the stakeholder, within 7 days from the date when all the conditions precedent as set out in Section (ii) are fulfilled or obtained, whom is instructed and authorised to release the Purchase Consideration 2 in such manner agreed by the parties.

(ii) Condition Precedent

The SSA 2 shall be conditional upon the following being obtained, procured and/or fulfilled within 3 months from the date of the SSA 2 or such further period as the parties may mutually agreed:

(a) approval of shareholders and/or directors of the Company being obtained for the implementation of the sale and purchase of the Sale Shares 2 and the Proposed Private Placement; and

(b) such other waivers, consents or approvals as may be required (or deemed necessary) by the parties hereto from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the transactions contemplated under the SSA 2 to the effect that if such waivers, consents, approvals are not obtained, the sale and purchase of the Sale Shares 2 herein will be rendered null and void by law.

(iii) Termination Event

If any of the following events occurs before the completion date, the non-defaulting party may (but is not obliged to) give notice in writing to the defaulting party, requiring the defaulting party to remedy the said default or breach:

(a) **Breach:** breach of any material or fundamental terms or conditions of the SSA 2 including but not limited to the warranties, covenants, obligations or any terms under the SSA 2 which is incapable of remedy and if capable of being remedied, such breach shall not have been remedied by the defaulting party within 14 business days after being given notice by the non-defaulting party or a failure to perform or observe any material or fundamental undertaking, obligation in the SSA 2; or

(b) **Receiver:** a receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertaking of the defaulting party; or

(c) **Arrangements:** the defaulting party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, the defaulting party's creditors or any class of them; or

(d) **Winding-Up:** an application, petition or order is made for the winding-up or dissolution of the defaulting party, or a resolution is passed or any steps taken to pass a resolution for the winding-up or dissolution of the defaulting party, otherwise than for the purpose of an amalgamation or reconstruction which has prior written consent of the non-defaulting party; or

(e) **Cessation of Business:** the defaulting party ceases or threatens to cease carrying on a substantial portion of the defaulting party's business other than in compliance with the defaulting party's obligations under the SSA 2; or

(f) **Events of Default:** the defaulting party commits any act or omits to do an act which results in the breach or non-fulfillment of any term or condition of any banking, finance or credit facility which has the effect of causing the events specified in sub-clauses (b), (c), (d) and (e) to occur; or

(g) **Misrepresentation:** any material representation, warranty or statement made under the SSA 2 is found to be incorrect; or

(iv) Termination

If the defaulting party fails to remedy the relevant default or breach within 14 business days or such extended period as may be allowed by the non-defaulting party after being given notice by the non-defaulting party, to rectify such breach, the non-defaulting party may elect to terminate the SSA 2, claim damages or claim specific performance of the SSA 2 against the defaulting Party.

(v) Costs & Expenses

Each party shall bear each party's own costs and expenses to the SSA 2 save that all stamp duties, registration fees payable for the registration of the Sale Shares 2 shall be borne by CHGP.

The Salient terms of the letter of award are as follows:

(i) Contract sum

The contract sum for the Project shall be a sum of RM57,094,658.00 in consideration for the planning, designing, procurement, management, construction, completion, testing and commission of the works therein.

(ii) Construction period

The construction period shall be for a period of 10 months from the commencement date.

(iii) Defects liability period

The defects liability period shall be 12 months from the day stated in the certificate of CCC by the local authority ("**Defects Liability Period**").

(iv) Performance bond

Kayangan is required to provide a performance bond in the form of an approved bank guarantee equivalent to 5% of the actual contract sum (RM2,854,732.90) which shall be valid until 3 months after the end of Defects Liability Period or any agreed extension period.

The payment for the first progress payment shall be released upon receipt of the performance bond and insurance policies required under the contract.

In the event that Kayangan fails to provide the performance bond within 90 days from the date of receipt this letter of award, then without prejudice to any other rights and remedies which Ace Logistic may possess, Ace Logistic shall be entitled to withhold or deduct an amount equal to the performance bond from any payment due to Kayangan.

(v) Force majeure

You shall not be responsible or liable for any failure or delay in the performance of your obligations hereunder arising out of or caused by, directly or indirectly, forces beyond your control, including, without limitation, strikes, shortage of labour, trade embargoes, acts of war or terrorism, civil or military disturbances, or acts of God.

(vi) Construction programme

Subject to "Special Provisions to the Condition of Contract (Variation of Price) for Building Works" issued by Malaysian Public Works Department (JKR), Kayangan shall be entitled to vary the contract sum by serving a written notice on Ace Logistic due to variation of material price exceeding 10% of the then market price as compared to the price of such material as at the date of this agreement.

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40TH 1980 • 2020 ANNIVERSARY

Our Ref. : KL/VAL220348

20th September 2022

Messrs. Chin Hin Group Property Berhad
1177, Jalan Dato Keramat,
14300 Nibong Tebal,
PULAU PINANG

Dear Sirs,

RE : CERTIFICATE OF VALUATION OF TITLE NO. PN 117571, LOT 77762, PEKAN SERDANG, DISTRICT OF PETALING, STATE OF SELANGOR

Instructions

We have been instructed by Chin Hin Group Property Berhad to ascertain the Market Value (as defined below) of the leasehold interest in the above-mentioned property (hereinafter referred to as the "**subject property**") for the purpose of submission to Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") in relation to the proposed acquisition of 100% equity interest in Quaver Sdn Bhd by BKG Development Sdn Bhd, a wholly-owned subsidiary of Chin Hin Group Property Berhad for a cash consideration of RM1.25 million ("**Proposed Acquisition**").

We are pleased to certify that we have prepared a formal valuation report and valued the legal interest in the subject property as at the Date of Valuation as at **3rd June 2022**.

This Valuation Certificate is prepared for inclusion in the Circular to Shareholders of Chin Hin Group Property Berhad in relation to the Proposed Acquisition.

Valuation

The valuation report has been prepared based on the Asset Valuations Guidelines issued by the Securities Commission Malaysia and professional standards prescribed by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia. The basis of valuation for the purpose of the valuation report is **MARKET VALUE,** which as defined in the **MALAYSIAN VALUATION STANDARDS** is as follows:-

"**Market Value**" is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The necessary individual title searches has been conducted at the Pejabat Tanah dan Galian Selangor in Shah Alam, Selangor Darul Ehsan. The valuation report has been prepared with reference to all the records and other relevant information as provided by Quaver Sdn Bhd ("**Developer**"). All data and information thus obtained from the said sources are deemed correct for the purpose of this valuation.

This Certificate of Valuation is to be read in conjunction with the full Valuation Report.

Terms of Reference

Instructions to us are to ascertain the Market Value of the leasehold interest in the subject property for the purpose of submission to Bursa Malaysia in relation to the Proposed Acquisition.

Subject Property

The subject property is a parcel of leasehold commercial land, approved for a mixed commercial development comprising 684 units of serviced apartments and 15 units of retail lot, collectively known as "**Quaver Residence**", currently in its early stage of construction, held under Title No. PN 117571, Lot 77762, Pekan Serdang, District of Petaling and State of Selangor.

It is situated along Persiaran Serdang Perdana and adjacent to McDonald/Petron Sungai Besi Toll Southbound, within Taman Serdang Perdana Seksyen 6, in the locality of Seri Kembangan, Selangor Darul Ehsan.

Salient details of the subject property are as follows:-

Particulars of Ownership

<u>Title Particulars</u>

Title No.	:	PN 117571
Lot No.	:	Lot 77762
Mukim	:	Pekan Serdang
District	:	Petaling
State	:	Selangor
Land Area	:	13,784 square metres
Tenure	: *	Leasehold for 99 years, expiring on 20^{th} March 2091
Quit Rent	:	RM30,394.00
Land Use Category of	:	Bangunan
Express Condition	:	Bangunan Perniagaan
Restrictions In-Interest	: **	Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri
Registered Proprietor	:	Quaver Sdn Bhd
Encumbrances	:	Charged to Maybank Islamic Berhad since 18^{th} November 2021
Other Endorsements	: ***	Pindahmilik Tanah vide Presentation No. 91169/2021 from Cenmal Commercial Sdn Bhd to Quaver Sdn Bhd, registered on 18^{th} November 2021

The above particulars are deemed correct as at the date of Valuation.

Notes :- * *Vide letter from Pejabat Tanah dan Galian Negeri Selangor bearing Reference No. (9)dlm.PTGS/08/PS01/002/082021 dated 13^{th} December 2021, the leasehold interest has been renewed for 99 years with all the related premium fully paid*

** ***FOR THE PURPOSE OF THIS VALUATION, WE HAVE ASSUMED THAT SUCH CONSENT WILL NOT BE UNREASONABLY WITHHELD BY THE STATE AUTHORITY.***

Particulars of Ownership	*** The endorsement is referring to the sale of the subject property which took place on 27th February 2013 vide a Sale and Purchase Agreement ("SPA") between Cenmal Commercial Sdn Bhd and Quaver Sdn Bhd (*formerly known as Chin Hin Concrete Sdn Bhd*). However, we were informed by the Registered Proprietor that due to some litigation issues, the endorsement of the same on the title was delayed until 18th November 2021. **Remarks:** Our latest private title search conducted at Pejabat Tanah dan Galian Selangor in Shah Alam, Selangor Darul Ehsan on 7th September 2022 revealed that all particulars title details remain unchanged except for a new endorsement entry for surrender and re-alienation of land vide Presentation No. 958/2022, registered on 4th April 2022.
General Description	**Location** The subject property is situated along Persiaran Serdang Perdana and adjacent to McDonald/Petron Sungai Besi Toll Southbound, within Taman Serdang Perdana Seksyen 6, in the locality of Seri Kembangan, Selangor Darul Ehsan. The subject property is also bounded by Lebuhraya Kuala Lumpur – Seremban to the west. **Accessibility** Access to the subject property is easily available from the Kuala Lumpur City Centre via Lebuhraya Kuala Lumpur – Seremban, continue onto the slip road next to the Shell Petrol Station heading towards One South / Serdang Perdana. Immediately to the west of the subject property is the Petron Petrol Station. Alternatively, the subject property can be accessible via Lebuhraya Bukit Jalil thereafter onto a left turning heading towards Seri Kembangan area and thence onto Persiaran Serdang Perdana. The subject property is located about 350 metres from the said turning, next to Unicorn Four Season Durian Hotel (formerly known as Nouvelle Hotel Kuala Lumpur), currently not in operation. Located further south of the subject property is the under-construction Serdang Raya MRT station, whilst the KTM railway track is running parallel along Persiaran Serdang Perdana. **Site Description** The subject site is a parcel of commercial land, regular in shape and contains a titled land area of 13,784.00 square metres (about 3.406 acres or 148,370 square feet). It has a total frontage width of about 239.964 metres onto Persiaran Serdang Perdana and a maximum depth of up to 77.726 metres. The site is generally flat in terrain and lies slightly higher than the metalled frontage road. The site boundaries to the south, east and west are demarcated with a combination of concrete retaining wall, plastered brickwalls and chain-link fencing whilst the north boundary is not demarcated with any forms of fencing. At the time of our inspection, the site is generally cleared and improved with tarmac except on some parts which are covered with undergrowth and shrubs. We also noted that soil investigation works were in progress.

General Description	**Approved Development – Quaver Residence**

The subject property has been approved for a mixed commercial development known as "**Quaver Residence**", comprising two (2) blocks of 29- & 20-storey serviced apartments with rooftop landscape (684 units) together with a level of commercial space (15 units of retail lot), a facility level, 10-storey car park podium and 2-storey sub-basement car parks.

Brief details of the approved development components, as extracted from the approved building plans and approved parcel plans, are as follows:-

Components	No. of Units	Parcel Area (inclusive *Accessory Parcel Area) (square feet)	Total Parcel Area (square feet)
Serviced Apartment - Tower A (Duplex)	314	1,367 – 1,701	455,290
Serviced Apartment - Tower B	370	1,023 – 1,852	462,354
Retail Lots	15	958 – 2,917	19,182
Total	**699**		**936,826**

Note: ** Accessory Parcel (excluding car park) refers to garden ledge, air-cond ledge and foyer*

Number of Car Parking Bays Provided	No. of Bays
Residence Bay	1,375
Retail Bays	44
Visitor Bays	276
OKU Bays	33
Total	**1,728**

Planning Control

Vide a letter from Pejabat Tanah dan Galian Negeri Selangor bearing Reference No. (9)dlm.PTGS/08/PS01/002/082021 dated 13th December 2021, the extension of lease term for 99 years has been approved with all the related premium fully paid.

The subject property has been granted with Planning Approvals by Majlis Bandaraya Subang Jaya dated 20th October 2021 vide Reference No. MBSJ.JPB.BP7.600-1/1/30 JILID 4(8), comprising two (2) blocks of 29- & 20-storey serviced apartments with rooftop landscape (684 units) together with a level of commercial space (15 units of retail lot), a facility level, 10-storey car park podium and 2-storey sub-basement car parks.

The approved plot ratio for the original development comprising two (2) lots, i.e. Lot 77761 and Lot 77762 on a total land area of 6.07 acres is 1 : 3.97.

Subsequently, the building plans have been approved by MBSJ on 29th April 2022 vide Reference No. MBSJ.BGN.BP7.600-1/10/4/1 (16) based on the same development components.

Additionally, the Certificate of Share Unit Formula (SiFUS) have been approved by Pejabat Tanah dan Galian Negeri Selangor on 12th May 2022 vide Reference No. Bil (7) dlm.PTG.SEL.(S)51/1/1-P/18-22.

We were also informed by the Developer that application for surrender and re-alienation of land under Section 204B of the National Land Code has been submitted to Petaling District Land Office by Messrs. Jurukur Pintar on 1st March 2022 vide Reference No. 3696/S/2019 and is currently pending approval.

Market Observation

The COVID-19 pandemic has disrupted sales gallery operations, development progress and property-buying processes i.e. signing sale and purchase agreement and application for loans. However, as the COVID-19 infections in Malaysia have continued to show a downward trend following ramp up of vaccination and implementation of the Transition to Endemic Phase effective on 1 April 2022, we expect to see an economic recovery in the major economic sectors as well as property industry gaining momentum.

Valuation Approaches

We have adopted the following two (2) valuation approaches in this valuation:-

a) Income Capitalisation Approach via Residual Method
b) Comparison Approach via Comparison Method

In the Income Capitalisation Approach, the Residual Method is adopted. This method entails assessing the total gross development value of the proposed project and deducting therefrom the total development cost such as infrastructure, building construction costs, professional fees, contingencies and management costs, interests on finance and developers' profit. The resultant sum is then appropriately discounted to reflect the inherent risk and holding cost for the period of development and sale to derive at the residual land value.

In the Comparison Approach, we have adopted the Comparison Method of Valuation which entails comparing the subject property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the subject property.

In arriving at the market value of the subject property, we have adopted the Income Capitalization Approach via Residual Method as our primary approach supported by Comparison Approach. We are of the opinion it is the most appropriate method as the subject property has been granted with both planning and building plan approvals as at the Date of Valuation.

Income Capitalization Approach via Residual Method

The parameters adopted in this method are described as follows:-

(A) Gross Development Value (GDV)

We understand from the Developer that the Advertising Permit and Developer's License (ADPL) for the Quaver Residence is currently pending approval from the Ministry of Housing and Local Government as at the Date of Valuation.

We have also been informed by the Developer that no sales have been executed as at the Date of Valuation.

Nonetheless, we have compared transaction prices of selected serviced apartments / condominiums, retail lots within serviced apartments development and car parking bays to derived at the GDV.

All-in all, the total GDV is estimated at **RM449,280,271/-**, the breakdown of which is as follows:-

Components	No. of Units	Proposed Selling Price (per unit)	Justification
Tower A – Duplex Type & Tower B	684	<u>Tower A – Duplex Type</u> RM729,790/- to RM803,144/- <u>Tower B</u> RM523,890/- to RM700,494/-	Based on our analysis of transaction within the locality and surrounding areas as well as taking into consideration the general adjustments made for factors such as tenure, size, age / condition of the building, location, type of property and design, we have arrived at adjusted market rate ranging from RM519.98 per sq. ft. to RM638.94 per sq. ft. Having considered the above, we have adopted the weighted average rate of **RM473 per sq. ft.** for standard units and **RM520 per sq. ft.** for duplex units as fair and reasonable. The subject scheme is subject to 40% Bumi quota allocation at 10% Bumi discount.
Retail Lots	15	<u>Retail Lot 1</u> RM1,513,000/- *(inclusive car park value)* <u>Remaining Retail Lots</u> RM574,800/- to RM1,575,180/-	We were informed that the 15 retail lots will be retained by the Developer's as at the date of valuation. Based on our analysis of transaction within the locality and surrounding areas as well as taking into consideration the general adjustments made for factors such as market condition, tenure, size, age / building condition, location, accessibility and developer's purchase, we have arrived at adjusted market rate ranging from RM536.41 per sq. ft. to RM618.74 per sq. ft. Having considered the above, we have adopted **RM540 per sq. ft. to RM600 per sq. ft.** depending on its unit sizes, which is fair in comparison with the sales prices of retail lots of similar development concept –ranging from RM475.56 per sq. ft. to RM672.37 per sq. ft. Additionally, we also note there are 44 car parking bays allocated as accessory parcels for Retail Lot 1 (Parcel No. 1). As such, we have considered these accessory parcels as added value to Retail Lot 1 (Parcel No. 1). Hence, based on our analysis of selected transactions of car parking bays within Klang Valley with the appropriate adjustments factors such as tenure, location, accessibility and number of bays made, we have arrived at the adjusted market rate ranging from RM15,230 per bay to RM25,235 per bay. Thus, we have adopted **RM20,000/- per bay** as a fair and reasonable rate.

(B) Gross Development Cost (GDC)

We understand from the Developer that a design, execution and completion contract has been awarded to Kayangan Kemas Sdn Bhd. However, we were told that the parties involved in this contract are related.

As such, we have disregarded these contract cost and based our valuation on market derived development cost.

All-in-all, the total GDC is estimated at **RM368,107,075/-**, the breakdown of which is as follows:-

Item	Parameters / Analysis	Justifications
Extension of Lease Premium	-	Fully paid
Title Premium & Survey Fees	-	Fully paid
Statutory Contribution	RM6,340,365/-	Based on information gathered from related professionals and contractors
Site Clearance & Earthwork	RM340,610/-	Based on information gathered from related professional and contractors, we have adopted RM100,000/- per acre for the site clearance and earthwork cost as fair. The cost adopted is in-line with the industry average.
Infrastructure Cost	RM2,796,000/-	Based on information gathered from related professional and contractors, we have adopted RM4,000/- per unit for the infrastructure cost to be fair for this development. The cost adopted is in-line with the industry average.
Building Cost	RM230,564,540/-	Based on JUBM & Arcadis Construction Cost Handbook Malaysia 2022 and our internal investigation, the estimated cost adopted is as follows:- • Sub-basement car park at RM120 per sq. ft. • Podium car park at RM80 per sq. ft. • Commercial space & facilities podium at RM100 per sq. ft. • Serviced apartment at RM140 per sq. ft. The rate adopted is in-line with the market rate.
Professional Fees	RM16,359,081/-	We have adopted 7.00% of total infrastructure cost + total building cost as a reasonable amount of fees payable to various professionals working in the scheme. The rate adopted tallies with the industry average.
Contingencies	RM12,503,012/-	We have adopted 5.00% of total cost, which includes infrastructure cost, building cost and professional fees, which in our opinion is in line with the industry average.
Sales, Legal & Agency Fees	RM8,985,605/-	We have adopted 2.00% of the GDV, which is in line with the industry average.
Administration & Management Cost	RM2,337,012/-	We have adopted 1.00% from the total infrastructure cost + building cost, which in our opinion is in line with the industry average.
Finance Cost	RM11,503,206/-	We have adopted 8.00% per annum based on our enquiries with the financial institutions, i.e. current Base Lending Rate (BLR) 5.73% per annum adding a reasonable spread of 1.00% to 2.50% per annum as security margin on the 30% of the balance of the total construction cost. The rate adopted is in line with the industry average.

(Cont'd)

Item	Parameters / Analysis	Justifications
Developer's Risk & Profit	RM76,377,646/-	Our surveys and enquiries with developers revealed that the rate of return expected by a developer is in the region of 15.00% to 20.00% of the GDV. We have adopted 17.00% of GDV as a fair and reasonable margin that any developer would expect from a development of this scale.
Take-up Rate & Development Period	3.5 years	Based on our survey and enquiries made with developers, the expected development period for similar development scale is about 3 years. However, we have adopted an additional 6 month period to cushion any potential post-pandemic impact. Hence, we have adopted **3.5 years**, which in our opinion is deemed reasonable for the sale and completion of this development.
PV Factor	8.00% per annum	We have discounted the holding period of the development at 8.00% per annum, which in our opinion is fair as per current market sentiment and is in tandem with the finance rate adopted.

Having accounted the above parameters, the Residual Land Value of the subject property is thus derived at RM62,005,397, say **RM62,000,000/-**.

Comparison Approach

In adopting the Comparison Approach, we have considered the following transactions of vacant commercial lands within the surrounding localities as comparables for the valuation :-

Comparable No.	1	2	3	4
Type of Property	A parcel of freehold commercial land with development approval	A parcel of freehold building land (commercial use)	A parcel of leasehold commercial land	A parcel of freehold commercial land
Address / Locality	Lot 103000, along Jalan 3/144A, Off Jalan Cheras, Kuala Lumpur	Lot 484, along Jalan BK 5A/3, Jalan BK 5A/1 & Jalan BK 5A/2D, Bandar Kinrara, Puchong, Selangor Darul Ehsan	PT 83373, along Persiaran Akademi Perdana, Taman Equine, Seri Kembangan, Selangor Darul Ehsan	Lot 447, Along Jalan BK 5A/1, Bandar Kinrara, Puchong, Selangor Darul Ehsan
Title Particulars	Title No. Geran 79823, Lot 103000, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	GRN 32633, Lot 484, Pekan Kinrara, District of Petaling, State of Selangor	HSD 321521, PT 83373, Mukim and District of Petaling, State of Selangor	GRN 321787, Lot 447, Pekan Kinrara, District of Petaling, State of Selangor
Plot Size	298,914 sq. ft. *(6.86 acres)*	149,414 sq. ft. *(3.43 acres)*	488,789 sq. ft. *(11.22 acres)*	104,884 sq. ft. *(2.41 acres)*
Plot Ratio	1 : 6.28	Based on our enquiries with MBSJ, the comparable has development potential with a permissible plot ratio of 6	1 : 4	Based on our enquiries with MBSJ, the comparable has development potential with a permissible plot ratio of 6
Tenure	Freehold	Freehold	Leasehold interest for 99 years expiring on 12th May 2108	Freehold
Consideration	RM197,000,000/-	RM59,765,600/-	RM163,000,000/-	RM44,051,070/-
Vendor (s)	Accolade Land Sdn Bhd.	Perumahan Kinrara Berhad	Summit View Development Sdn Bhd	Perumahan Kinrara Berhad
Purchaser (s)	UEM Land Berhad (*a wholly-owned subsidiary of UEM Sunrise Berhad*)	Boon Koon Commercial Sdn Bhd (*a wholly-owned subsidiary of BKG Development Sdn Bhd, which in turn is a wholly-owned subsidiary of Chin Hin Group Property Berhad*)	Enso Development Sdn Bhd	Kiara Arowana Sdn Bhd
Date of Transaction	4th June 2021	18th February 2021	17th September 2019	21st June 2022
Analysed Value	RM659.05 per sq. ft.	RM400.00 per sq. ft.	RM333.48 per sq. ft.	RM420.00 per sq. ft.
Sources	Jabatan Penilaian dan Perkhidmatan Harta (JPPH), Bursa Malaysia Announcement, Form 14A search and PA Research			
Adjustment Factors	Upwards Accessibility Downwards Location and tenure	Upwards Accessibility and development approval Downwards Location and tenure	Upwards Land size, tenure, accessibility and development approval Downwards Location	Upwards Accessibility and development approval Downwards Location and tenure
Adjusted Market Rate	RM527.24 per sq. ft.	RM420.00 per sq. ft.	RM400.17 per sq. ft.	RM420.00 per sq. ft.

It can be summarised that the analysed adjusted values fall within the region of RM400.17 per sq. ft. to RM527.24 per sq. ft.

We have adopted the adjusted rate of Comparable No. 2 as the best comparable for being the latest sale with least effective adjustments and bears near similar characteristics to the subject property.

In view of the above, we have arrived at the Market Value of the subject property using Comparison Approach at **RM62,300,000/-**.

Reconciliation of Values

Given due and careful consideration by perusing the two methods of valuation, we have arrived at the following Market Values for the subject property:-

Income Capitalisation Approach via Residual Method	**- RM62,000,000/-**
Comparison Approach	**- RM62,300,000/-**

For the purpose of this valuation, we have adopted the Market Value as derived from the Income Capitalisation Approach via Residual Method as fair and reasonable premised on the justifications that the subject property has been granted with both planning and building plan approvals as at the Date of Valuation.

Conclusion

Having carried out the necessary investigations and considered the aforesaid details and other relevant factors, it is our opinion that the present Market Value of the subject property, as a parcel of leasehold commercial land, approved for a mixed commercial development comprising 684 units of serviced apartments and 15 units of retail lot, collectively known as "**Quaver Residence**", currently in its early stage of construction, held under Title No. PN 117571, Lot 77762, Pekan Serdang, District of Petaling and State of Selangor, in its existing condition, free from all encumbrances and with vacant possession, as at **3rd June 2022**, is **RM62,000,000/- (RINGGIT MALAYSIA : SIXTY TWO MILLION ONLY)**.

Yours faithfully
for and on behalf of
PA INTERNATIONAL
PROPERTY CONSULTANTS (KL) SDN. BHD.

PA International Property Consultants (KL) Sdn Bhd
KUALA LUMPUR

Sr SUBRAMANIAM A/L ARUMUGAM, MRICS, FRISM, FPEPS, MMIPFM
Chartered Valuation Surveyor
& Registered Valuer (V-450)
SUB/Ju

PA INTERNATIONAL
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(200601029159) (748916W) (V (1) 0077/5)
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40TH 1980 • 2020 ANNIVERSARY

2nd December 2022

Messrs. Chin Hin Group Property Berhad
1177, Jalan Dato Keramat,
14300 Nibong Tebal,
PULAU PINANG

Dear Sirs,

UPDATE CERTIFICATE OF VALUATION FOR TITLE NO. PN 117571, LOT 77762, PEKAN SERDANG, DISTRICT OF PETALING, STATE OF SELANGOR ("UPDATE VALUATION CERTIFICATE")

This Update Valuation Certificate is prepared for inclusion in the Circular to Shareholders of Chin Hin Group Property Berhad in relation to the proposed acquisition of 100% equity interest in Quaver Sdn Bhd by BKG Development Sdn Bhd, a wholly-owned subsidiary of Chin Hin Group Property Berhad for a cash consideration of RM1.25 million ("**Proposed Acquisition**").

In accordance with instructions received from Chin Hin Group Property Berhad, we have prepared a full Valuation Report and related Valuation Certificate reference: KL/VAL220348 dated 20th September 2022 for the above-captioned property. The material date of valuation of the subject property was 3rd June 2022.

Subsequent to the above, we were further instructed by Chin Hin Group Property Berhad to conduct an update valuation of the subject property, which was duly conducted by us on 1st December 2022. Arising from this, we have prepared an Update Valuation Certificate with the material date of valuation on 10th July 2022. Pursuant to this, all information obtained from Quaver Sdn Bhd for the purpose of this Update Valuation Certificate shall also be effected as at the said date.

This Update Valuation Certificate should be read in conjunction with the aforesaid Valuation Report and related Valuation Certificate reference: KL/VAL220348 dated 20th September 2022 as this update valuation is prepared on the same criteria and upon the same terms and conditions as outlined in the said Valuation Report.

On the basis of the foregoing, we thus report the Update Valuation Certificate for the above-captioned property as follows:-

LEGAL CHANGES

We have carried out an update search on the relevant title on 7th September 2022 at the Pejabat Tanah dan Galian Selangor in Shah Alam, Selangor Darul Ehsan and confirm that all particulars of the title remain unchanged since our last search on 2nd March 2022 except for a new endorsement entry for surrender and re-alienation of land vide Presentation No. 958/2022, registered on 4th April 2022.

PHYSICAL CHANGES

We have re-inspected the subject property on 1st December 2022 and the following physical changes were noted:-

I) **SITE**

The site boundaries have been demarcated with a combination of concrete retaining wall, plastered brickwalls and metal hoardings. The construction works have commenced and is in progress.

II) **OTHERS**

Other physical aspects of the subject property remained unchanged since our last valuation on 3rd June 2022.

MARKET AND ECONOMIC CHANGES

According to Bank Negara Malaysia Quarterly Bulletin First Quarter 2022, the growth in the Malaysia economy has expanded by 5.5% in 1Q 2022. Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures, continued in external demand and further improvement in the labour market. Following the country's transition to the endemic phase of COVID-19 on 1st April 2022 coupled with normalisation of economic activities, Malaysia's economic recovery is expected to accelerate further.

On the lending front, Bank Negara Malaysia raised the Overnight Policy by 25 basis points to 2.25% on 6th July 2022. This increase was a second consecutive rate hike of 25-basis-point in 2022. The adjustment of the OPR is to ensure the monetary policy remains accommodative and supportive of economic growth as well as to keep inflation low.

The property market in Malaysia saw a rebound in 1Q 2022 indicated by the growth in the market activity. The commercial sub-sector in the District of Petaling, i.e. serviced apartments and retail lots, has registered higher transaction volume with prices remaining unchanged. However, we noted that with the cost of materials increasing, the property development market was affected with less development launches being registered during the quarter.

In conclusion, the subject market has not experienced any drastic changes since the previous valuation. Furthermore, there were no transactions of similar comparable land within the locality since the last valuation.

VALUATION APPROACHES

We have adopted the same valuation approaches as stated in our Valuation Report reference: KL/VAL220348 dated 20th September 2022.

INCOME CAPITALIZATION APPROACH VIA RESIDUAL METHOD

Based on the latest information provided by Quaver Sdn Bhd, the construction works have started. The total certified amount of workdone as at the date of valuation is less than 1.00% of the total contract value, which is insignificant to the overall construction cost of the project.

Hence, we are of the opinion that it has no impact to the valuation, as such we have maintained the Market Value as derived from the Income Capitalization Approach Via Residual Method.

COMPARISON APPROACH

We also noted that there were no recent sales of vacant commercial lands being recorded within the surrounding localities.

As such, there is no change to the Market Value derived from the Comparison Approach.

CONCLUSION

Having carried out the necessary investigations and considered the aforesaid details and other relevant factors, it is our opinion that the present Market Value of the subject property, as a parcel of leasehold commercial land, approved for a mixed commercial development comprising 684 units of serviced apartments and 15 units of retail lot, collectively known as "**Quaver Residence**", currently in its early stage of construction, held under Title No. PN 117571, Lot 77762, Pekan Serdang, District of Petaling and State of Selangor, in its existing condition, free from all encumbrances and with vacant possession, as at **10th July 2022**, is **RM62,000,000/- (RINGGIT MALAYSIA : SIXTY TWO MILLION ONLY)**.

Yours faithfully
for and on behalf of
PA INTERNATIONAL
PROPERTY CONSULTANTS (KL) SDN BHD

Property Consultants (KL) Sdn Bhd PA International
KUALA
LUMPUR

SUBRAMANIAM A/L ARUMUGAM, MRICS, FRISM, FPEPS, MMIPFM
Chartered Valuation Surveyor
& Registered Valuer (V-450)
SUB/Ju

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.

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 Proposed Acquisition of Quaver and Proposed Related Party Project, 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.

PA International Consultants (KL) Sdn Bhd, being the Valuer of the Land, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its valuation certificate and updated valuation certificate as well as all references in the form and context in which they appear in this Circular.

Declaration of conflict of interests

M&A Securities, SCA and PA International Property Consultants (KL) Sdn Bhd is 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 Valuer.

3. 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 CHGP Group, that is likely to have an impact on CHGP Group's profits or NA upon becoming enforceable:

	RM'000
Approved and contracted for:	
Property, plant and equipment	50,641

4. 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 CHGP 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:

	RM'000
Bank guarantee issued for execution of contract of the subsidiary companies	45
Bank guarantee in favour of third parties granted in the ordinary course of construction business	145,871
Corporate guarantee for credit facilities granted to a jointly controlled company of a subsidiary	11,550

	RM'000
Corporate guarantees given to licensed banks for credit facility granted to subsidiaries under CHGP Group	212,430
	369,896

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, save as disclosed in Section 13 of Appendix A-II, CHGP Group is not engaged in any material litigation, claim or arbitration, which may have a material adverse effect on the business and financial position of our Group, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any proceeding which might adversely and materially affect the business and financial position of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 48, Jalan Chow Thye, 10050 George Town, Penang, during normal business hours from Monday to Friday (except -public holidays) from the date of this Circular up to the date of EGM:

(i) Constitution of the Company, Quaver and Kayangan;

(ii) The SSA 1, SSA 2 and letter of award for the Project;

(iii) Audited consolidated financial statements of CHGP for FYE 31 March 2021 and FPE 31 December 2021 and the unaudited consolidated financial statements for 9-months FPE 30 September 2022;

(iv) Audited financial statements for Quaver for FYE 31 December 2020 and 2021 and the unaudited financial statements for 5-months FPE 31 May 2022;

(v) Audited financial statements of Kayangan for FYE 31 December 2020 and 2021;

(vi) Letter of consent and declaration of conflict of interests referred to in Section 2 above;

(vii) Material contracts referred to in Section 10 of Appendix A-II and Appendix C-I; and

(viii) The relevant cause papers in respect of material litigation referred to in Section 13 of Appendix A-II.

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHGP IN RELATION TO THEPROPOSED ACQUISITION OF QUAVER AND PROPOSED RELATED PARTY PROJECT

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 PROPOSED ACQUISITION OF QUAVER AND PROPOSED RELATED PARTY PROJECT (COLLECTIVELY REFERRED TO AS THE "PROPOSED RPT"). 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 PROPOSED RPT. 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 PROPOSED RPT AT THE FORTHCOMING EGM OF CHGP.

1. INTRODUCTION

On 25 August 2022, M&A Securities, on behalf of the Board, announced that CHGP proposes to undertake the Proposals.

In view of the interests of the Interested Parties and Interested Directors as set out in Section 8, Part A of the Circular, the Proposed RPT are deemed related party transactions pursuant to Paragraph 10.08 of the Listing Requirements.

In this respect, the Board (save for the Interested Directors) had on 17 May 2022 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 Proposed RPT.

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 Proposed RPT and whether the Proposed RPT is 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 Proposed RPT to be tabled at the forthcoming EGM.

2. EVALUATION OF THE PROPOSED RPT

In arriving at our opinion and recommendation on the Proposed RPT, we had taken into consideration the following bases and analysis:

Consideration factors	Section	Our evaluation
(a) Rationale of the Proposed RPT	5.1	We note that the Proposed Acquisition of Quaver will enable the Group to continue building the track record of its property development business, expand its property development portfolio and further enhance its property development earnings whilst the Proposed Related Party Project will allow the Group to further increase its order books and potentially enhancing its construction earnings in the near term. We are of the opinion that the rationale for the Proposed RPT is reasonable as it will enable CHGP Group to expand both its property development and construction businesses and potentially enhance the earnings of the CHGP Group.

<table>
<tr><th>Consideration factors</th><th>Section</th><th>Our evaluation</th></tr>
<tr><td colspan="3">(b) Evaluation of the Proposed Acquisition of Quaver</td></tr>
<tr><td>(i) Basis and justification of the Total Purchase Consideration (as hereinafter defined)</td><td>5.2.1</td><td>The Total Purchase Consideration of RM24.33 million, comprising the Purchase Consideration 1 of RM1.25 million and the Advances of RM23.08 million (“Total Purchase Consideration”), was arrived at on a willing buyer and willing seller basis after taking into consideration the following, amongst others:
(i) the market value of the Land of RM62.00 million;
(ii) the unaudited NTA of Quaver as at 31 May 2022 of RM1.25 million; and
(iii) the Advances of RM23.08 million.

In establishing our opinion on the fair market value of the entire equity interest in Quaver, the primary valuation methodology considered and selected by us is based on the Revalued Net Asset Valuation (“RNAV”) methodology as it will more accurately reflect the value of Quaver based on its underlying assets, which is the Land.

The purchase price of RM1.25 million for the Proposed Acquisition of Quaver represents a discount of RM0.44 million or 26.04% to the RNAV of Quaver as at 31 May 2022. Further, as at 31 May 2022, an outstanding amount of RM23.08 million was owed by Quaver to Aera Property due to advances given for land and property development costs. The Advances has been captured as a liability in the management accounts of Quaver for the FPE 31 May 2022, of which the NTA was used to determine the RNAV of Quaver. If these costs had not been incurred and paid via the Advances, CHGP would eventually have to incur and pay for the said cost upon completion of the Proposed Acquisition of Quaver as part of its development cost. As such, the settlement of the Advances is fair and reasonable and not detrimental to the non-interested shareholders of the Company

We have also made reasonable enquiries and conducted our own reviews, where possible, with regards to the Valuation Report dated 20 September 2022 prepared by the Valuer in respect of the Land and are of the view that the valuation methodologies and key assumptions applied by the Valuer are reasonable and consistent with generally applied valuation methods for land and properties and provide a reasonable basis in arriving at the valuation.

Premised on the above evaluation, we are of the opinion that the market value of the Land of RM62.00 million based on the Income Capitalisation Approach adopted by the Valuer is reasonable. As such, we are of the opinion that the Total Purchase Consideration is fair and reasonable, and not detrimental to the non-interested shareholders of CHGP.</td></tr>
<tr><td>(ii) Salient terms of the SSA 1 and the Settlement Agreement</td><td>5.2.2</td><td>We are of the view that the overall terms and conditions of the SSA 1 and the Settlement Agreement are fair and reasonable and not detrimental to the non-interested shareholders of CHGP.</td></tr>
</table>

Consideration factors	Section	Our evaluation
(c) Evaluation of the Proposed Related Party Project		
(i) Evaluation of the contract sum	5.3.1	We take note that the total estimated project costs for the Proposed Related Party Project of approximately RM51.269 million are based on Kayangan's management's best estimates after taking into consideration the scope of work to be done. The said project cost was also reviewed and verified by Sr. Ung Chin Teong of IQS and Associates Sdn Bhd, a qualified quantity surveyor registered with the Board of Quantity Surveyors Malaysia. Based on the above, we noted that the management of Kayangan is of the view that the total estimated project costs for the contract works are in-line with current industry rates. We have also compared the said project cost against the range of building cost as set out n JUBM & Arcadis Construction Cost Handbook Malaysia 2022 and are of the view that the estimated project cost is fair and reasonable. In addition, we have considered the following: (i) the estimated GP Margin for the Proposed Related Party Project of 10.20% is above the average GP Margin of 7.56% and is within the range of GP Margins of 2.92% and 14.07% of the selected comparable construction companies listed on Bursa Securities; and (ii) the estimated GP Margin for the Proposed Related Party Project of 10.20% is higher than the average GP margin of 7.43% and is within the range of GP Margins of 2.00% and 13.62% for the on-going external construction projects undertaken by Kayangan as at 31 July 2022. Premised on the above, we are of the view that the basis and justification for the contract sum is reasonable and the contract sum of RM57.095 million and the estimated GP Margin for the Proposed Related Party Project are fair.
(ii) Salient terms of the Letter of Award	5.3.2	We are of the view that the overall terms and conditions of the Letter of Award are fair and reasonable and not detrimental to the non-interested shareholders of CHGP.
(d) Industry overview and prospects	5.4	The Ministry of Finance had forecast that for the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5%-7% and moderating to 4%-5% in 2023. The property and construction sectors are also expected to benefit from the expected economic growth forecast which will help boost business confidence and household sentiments. We are of the view that the outlook of the Proposed RPT is not detrimental to the CHGP Group despite the cautious property market outlook as the Proposed RPT allows CHGP to expand its property development portfolio, increase its construction order book and further enhance its earnings.

Consideration factors	Section	Our evaluation
(e) Risk factor relating to the Proposed RPT	5.5	As CHGP Group is already involved in the property development and construction businesses, CHGP Group is not expected to be exposed to new business risks as a result of the Proposed RPT. However, we also highlighted the following risk factors: (i) expected increase in gearing ratio of the Group; (ii) price volatility and availability of raw materials; and (iii) dependence on foreign workers. We also wish highlight that despite efforts and measures taken by CHGP to mitigate the risks associated with the Proposed RPT, no assurance can be given that one or a combination of risk factors 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.
(f) Financial effects of the Proposed RPT	5.6	The financial effects of the Proposed RPT on the Group are as follows: (i) The Proposed RPT will not have any effects on the issued share capital and substantial shareholders' shareholdings of CHGP. (ii) The Proposed Acquisition of Quaver will increase the gearing of the CHGP Group from 0.88 times as at 31 December 2021 to 1.11 times after taking into consideration Quaver's existing bank borrowings of RM40.04 million as at 31 May 2022 and further assuming that 70.00% of the Advances which amounts to approximately RM16.16 million is funded by bank borrowings. The Proposed RPT may also result in an increase in the gearing of the CHGP Group if the costs of the development and construction from the Proposed RPT is funded through a combination of internally generated funds and bank borrowings. (iii) The Proposed RPT is expected to be earnings accretive and is expected to contribute positively to the future earnings and EPS of the CHGP Group. The financial effects of the Proposed RPT are not detrimental to the interest of the non-interested shareholders of CHGP.

3. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposed RPT, we are of the opinion that the terms of the Proposed RPT are **fair and reasonable** and are **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 resolutions pertaining to the Proposed RPT 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 Proposed RPT 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 CHGP 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 PROPOSED RPT TO BE TABLED AT THE FORTHCOMING EGM OF CHGP.

Strategic Capital Advisory Sdn Bhd
(Registration No. 199901003253 (478153-U))
Investment Advisers – Corporate Finance (CMSL/A0124/2007)
(Licensed by Securities Commission)
Unit T05, Tower Block, Plaza Dwitasik,
Jalan Tasik Permaisuri 1, Bandar Sri Permaisuri,
56000 Kuala Lumpur
Our Tel : 603 9171 9600 Our Fax : 603 9173 7600

Date: 15 December 2022

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

Dear Sir/Madam,

CHIN HIN GROUP PROPERTY BERHAD ("CHGP" OR "THE COMPANY")

INDEPENDENT ADVICE LETTER ("IAL") IN RELATION TO THE PROPOSED ACQUISITION OF QUAVER AND PROPOSED RELATED PARTY PROJECT (COLLECTIVELY REFERRED TO AS THE "PROPOSED RPT")

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 25 August 2022, M&A Securities, on behalf of the Board, announced that CHGP proposes to undertake the Proposals.

In view of the interests of the Interested Parties and Interested Directors as set out in Section 8, Part A of the Circular, the Proposed RPT are deemed related party transactions pursuant to Paragraph 10.08 of the Listing Requirements.

In this respect, the Board (save for the Interested Directors) had on 17 May 2022 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 Proposed RPT.

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 Proposed RPT and whether the Proposed RPT 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 Proposed RPT 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 Proposed RPT 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 stockbroker, bank manager, accountant, solicitor or other professional advisers immediately.

2. DETAILS OF THE PROPOSED RPT

The details of the Proposed RPT are set out in Section 2.1 and 2.3, Part A of the Circular and should be read in their entirety.

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

The interests of the Interested Parties and/or persons connected to them are set out in Section 8.2, Part A of the Circular.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting for the Proposed RPT at the relevant Board meetings. The Interested Parties and person connected with them will also abstain from voting in respect of his/her direct and/or indirect shareholdings in CHGP, if any, on the resolutions pertaining to the Proposed RPT to be tabled at the EGM to be convened.

The Proposed Acquisition of Kayangan is not regarded as a related party transaction pursuant to Paragraph 10.08 (11)(n) of the Listing Requirements as there is no other interested relationships except for a related party (i.e. Vendor 2) who is a major shareholder of a subsidiary of the listed issuer or person connected with such director or major shareholder having an interest in the transaction. In this regard, Vendor 2 is a 30.0% shareholder in Kayangan and was also a director of Kayangan in the 6 months preceding the signing of the SSA 2. He is not a director nor major shareholder of CHGP.

4. LIMITATIONS TO THE EVALUATION OF THE PROPOSED RPT

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

Our role as an Independent Adviser does not extend to expressing an opinion on the commercial merits of the Proposed RPT 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 Proposed RPT. SCA's terms of reference as Independent Adviser is limited to expressing our independent evaluation of the Proposed RPT 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 Proposed RPT, 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 Proposed RPT 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 Proposed RPT are included in our overall evaluation as we deem it necessary 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 Proposed RPT 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 SSA 1;
(ii) The Settlement Agreement;
(iii) Letter of award dated 25 August 2022 from Ace Logistic in relation to the Project (“**Letter of Award**”);
(iv) The management accounts of Quaver for the FPE 31 May 2022;
(v) Valuation report dated 20 September 2022 as prepared by PA International Property Consultants (KL) Sdn Bhd (“**Valuer**”) for the purpose of determining the value of the Property (“**Valuation Report**”);
(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 Proposed RPT 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 CHGP Group, Quaver nor the Project, 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 Proposed RPT will be implemented based on the terms as set out in Section 2.1 and 2.3, Part A and Appendix A-V 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 Proposed RPT (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 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 Proposed RPT. 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 in relation to the following related parties of the Company in relation to:-

(i) the acquisition by Chin Hin Group Berhad of 176,608,435 ordinary shares and 37,561,700 warrants in CHGP from Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Divine Inventions Sdn Bhd for a total cash consideration of RM88,864,220.75 via a share sale agreement dated 28 December 2020, and supplemental share sale agreement dated 29 December 2020, as per our independent advice letter dated 27 May 2021; and

(ii) the disposal of 3 pieces of vacant freehold lands located at Bandar Baru Enstek, Tempat Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan by Signature Realty Sdn Bhd, a wholly-owned subsidiary of Signature International Berhad to Ace Logistic Sdn Bhd for a total cash consideration of RM54,567,000 via 3 conditional sale and purchase agreements, all dated 13 September 2021, as per our independent advice letter dated 6 December 2021.

SCA is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act, 2007. 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 acquisition by Supreme Steelmakers Sdn Bhd, a wholly-owned subsidiary of Leon Fuat Berhad of a parcel of freehold land measuring approximately 9,946 square meters known as lot 60240, Pekan Kajang, Daerah Hulu Langat, Negeri Selangor Darul Ehsan held under GM6958 together with the factory, warehouse and office erected thereon including weighing system, overhead cranes and fittings from Leon Fuat Holdings Sdn Bhd for a total cash consideration of RM28,000,000 via a sale and purchase agreement dated 24 February 2021, as per our independent advice letter dated 11 May 2021;

(ii) the private placement of up to 167,999,993 new ordinary shares in Mieco Chipboard Berhad ("**Mieco**") representing approximately 20% of the existing total number of issued shares of MIeco, to independent third party investor(s) and the acquisition of the entire equity interest in Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of SYF Resources Berhad, for a total purchase consideration of RM50,000,000 to be satisfied entirely via cash based on a conditional share sale agreement dated 6 October 2021, as per our independent advice letter dated 29 November 2021; and

(iii) the joint ventures between Amverton Prop Sdn Bhd (formerly known as AMJ Construction Sdn Bhd), a wholly-owned subsidiary of HIL Industries Berhad with Unit Sejati Sdn Bhd, Pembinaan Kesentosaan Sdn Bhd and Amverton Carey Golf & Island Resort Sdn Bhd to undertake residential developments on 5 parcels of land located in Mukim Sungai Buloh, Mukim Klang and Mukim Jugra, via 4 conditional joint venture agreements, all dated 20 April 2021, as per our independent advice letter dated 28 December 2021.

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 Proposed RPT.

5. EVALUATION OF THE PROPOSED RPT

In evaluating the Proposed RPT, we have considered the following:

(i) Rationale of the Proposed RPT;
(ii) Evaluation of the Proposed Acquisition of Quaver:

(a) Basis and justification of the Total Purchase Consideration (*as hereinafter defined*); and
(b) Salient terms of the SSA 1 and the Settlement Agreement;

(iii) Evaluation of the Proposed Related Party Project
(a) Evaluation of the contract sum; and
(b) Salient terms of the Letter of Award.

(iv) Industry overview and prospects;
(v) Risk factors relating to the Proposed RPT; and
(vi) Financial effects of the Proposed RPT.

5.1 Rationale of the Proposed RPT

The rationale of the Proposed RPT is as set out in Section 3, Part A of the Circular.

CHGP had diversified into the property development business in 2017 and have been actively expanding its property development segment. The Group is continuously sourcing for new land bank at accessible locations for development. The Group currently has two major development projects, namely, Aera Project (which was recently completed) and 8th & Stellar (which was launched in 2021). Details of these projects are as follows:

	Aera Project	**8th & Stellar**
Estimated GDV (RM' million)	187	498
Estimated GDC (RM' million)	133	395
Stage of completion as at LPD (%)	100	40
Commencement date	Second quarter of 2017	February 2019
Expected completion date	May 2022	July 2023
Percentage of sales as at LPD (%)	100	97

Source: Management of CHGP

The Group had also recently completed the acquisitions of various parcel of lands in Rawang and Puchong, Selangor on 21 December 2021 and a piece of development land located in Kuala Lumpur on 12 August 2022. The Proposed Acquisition of Quaver, which has commenced development of the Land since September 2022, will enable the Group to add the ongoing development of Quaver Residence to its project portfolio and recognise the development profits based on the progress of the sales and development over the tenure of the said project. We also note that the Proposed Acquisition of Quaver will enable the Group to continue building the track record of its property development business, expand its property development portfolio and further enhance its property development earnings.

CHGP had completed the acquisition of 65% equity interest in Kayangan on 23 November 2021 and had diversified its business activities to include that of construction business. CHGP Group had also recently completed the acquisition of 60% equity interest in another construction company, Makna Setia on 12 August 2022. The Proposed Related Party Project will allow the Group to further increase its order books and potentially enhancing its construction earnings in the near term.

Premised on the above, we are of the opinion that the rationale for the Proposed RPT is reasonable. Nevertheless, the non-interested shareholders of CHGP should note that the potential benefits arising from the Proposed RPT, are subject to certain risk factors as disclosed in Section 4, Part A of the Circular as well as Section 5.5 of this IAL.

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5.2 Evaluation of the Proposed Acquisition of Quaver

5.2.1 Basis and Justification of the Total Purchase Consideration

The basis and justification of arriving at the Purchase Consideration 1 are set out in Section 2.1.4, Part A of the Circular.

The Total Purchase Consideration, comprising the Purchase Consideration 1 of RM1.25 million and the Advances of RM23.08 million (“**Total Purchase Consideration**”); of RM24.33 million was arrived at on a willing buyer and willing seller basis after taking into consideration the following, amongst others:

i) the market value of the Land of RM62.00 million;
ii) the unaudited NTA of Quaver as at 31 May 2022 of RM1.25 million; and
iii) the Advances of RM23.08 million.

In establishing our opinion on the fairness and reasonableness of the Purchase Consideration 1, SCA had estimated the fair market value of the entire equity interest in Quaver, of which SCA had considered various valuation methodologies, which are commonly used for valuation of companies, taking into consideration Quaver’s future earnings generating capabilities, projected future cash flows, its sustainability as well as various business considerations and risk factors affecting its businesses.

The primary valuation methodology considered and selected by SCA to evaluate the fair value of the equity interest of Quaver is based on the Revalued Net Asset Valuation (“**RNAV”**) methodology as it will more accurately reflect the value of Quaver based on its underlying assets which is the Land. RNAV uses the fair value adjustment to the Land coupled with the current NTA of Quaver to accurately quantify the NTA of Quaver based on its management accounts for the FPE 31 May 2022.

We had also considered other valuation methodology such as Relative Valuation Analysis (“**RVA**”) and have found it unsuitable to determine the fair market value of Quaver as RVA seeks to compare a company's implied trading multiple to that of comparable companies listed on Bursa Securities to determine the firm's financial worth. As Quaver’s only asset is the Land, of which development has just commenced, the RVA will not be an appropriate method to determine the fair market value of Quaver.

<u>RNAV</u>

The RNAV Methodology seeks to adjust the NTA of a company to take into consideration the fair value adjustment to the assets of a company, which in this instance relates to the Land. It is computed in the following manner:

RNAV = Current NTA value – contingent liabilities + fair value adjustment of its assets.

The RNAV is adjusted to take into consideration the valuation on the Land prepared by the Valuer to reflect the fair market value of the Land. Computation of the RNAV is as follows:

	RM’million
NTA of Quaver as at 31 May 2022 [1]	1.25
Add: fair value adjustment for the Land[2]	0.58
Less: Deferred tax(3)	(0.14)
RNAV of Quaver	**1.69**

Notes:

[1] Based on the management accounts of Quaver for the FPE 31 May 2022.

[2] Computed based on the market value of the Land as set out in the Valuation Report of RM62.00 million and its book value of property development cost of RM61.42 million as at 31 May 2022. Our comments on the market value of the Land as assessed by the Valuer is further discussed in the paragraphs below.

[3] Computed based on the fair value adjustment of the market value and the net book value of the Land, and Malaysia’s corporate tax rate of 24%.

The purchase price of RM1.25 million for the Proposed Acquisition of Quaver represents a discount of RM0.44 million or 26.04% to the RNAV of Quaver as at 31 May 2022. Based on the above, the purchase consideration for the Proposed Acquisition of Quaver is fair and reasonable and not detrimental to the non-interested shareholders of CHGP.

As at 31 May 2022, an outstanding amount of RM23.08 million was owed by Quaver to Aera Property for advances given for land and property development costs, details of which are set out in Section 2.1, Part A of the Circular. The Advances had been captured as a liability in the management accounts of Quaver for the FPE 31 May 2022, of which the NTA was used to determine the RNAV of Quaver. The corresponding entries to the Advances were recorded as part of property development cost, which in turn was used for comparison to the market value of the Land as assessed by the Valuer. If these costs had not been incurred and paid via the Advances, CHGP would eventually have to incur and pay for the said cost upon completion of the Proposed Acquisition of Quaver as part of its development cost. As such, the settlement of the Advances is fair and reasonable and not detrimental to the non-interested shareholders of the Company.

Quaver had incurred losses for the past 3 financial years to FYE 31 December 2021 and for the FPE 31 May 2022. All its expenses and property development cost (including cost to acquire the Land) were borne partly by the Advances (of which were interest-free) and bank borrowings. The increase in share capital during the FPE 31 May 2022 arose from the capitalisation of advances made by Aera Property to Quaver (resulting in a reduction in the amount of advances repayable) and was carried out to strengthen its financial position prior to the Proposed Acquisition of Quaver. If the capitalisation had not been carried out, the amount capitalised would have remained as Advances and will still remain as CHGP's liabilities post completion of the Proposed Acquisition of Quaver. As such the arrangement to increase the share capital prior to the Proposed Acquisition of Quaver is fair and reasonable and not detrimental to the non-interested shareholders of the Company.

The Quaver Residence project had a soft launch in March 2022 to gather expression of interest from prospective buyers and its advertising permit which allows Quaver to commence sales was approved in August 2022. As at LPD, within a 3 month-period, Quaver had achieved 33% in sales. The Quaver Residence located in Seri Kembangan approximately 15 kilometres from Kuala Lumpur, has accessibility to a network of major highways and roads and is within walking distance to MRT Serdang Raya. Based on the above as well as the track record of CHGP in the development of the Aera Project and 8th & Stellar, the sales potential of Quaver Residence is expected to be good and contribute positively to the CHGP Group.

Premised on the above, we are of the opinion that the Total Purchase Consideration is fair and reasonable.

In forming our opinion on the fairness and reasonableness of the Total Purchase Consideration, we had also reviewed and taken note of the Valuation Report. The Valuation Certificates in respect of the Land is appended in Appendix A-VI and A-VII of the Circular.

The basis of valuation adopted by the Valuer is the market value of the Land, which is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing-buyer and a willing-seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In arriving at the market value of the Land, the Valuer had adopted different methodologies. The description of the methodologies adopted by the Valuer is as follows:-

Valuation methodology	General description
Income Capitalisation Approach -Residual Method	This method entails assessing the total GDV of the proposed project and deducting therefrom the total development cost such as infrastructure, building construction costs, professional fees, contingencies and management costs, interest on finance and developers' profit. The resultant sum is then appropriately discounted to reflect the inherent risk and holding cost for the period of development and sale to derive at the residual land value.

Valuation methodology	General description
Comparison approach	The comparison approach entails comparing the subject property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the subject property.

The Valuer had adopted the market value derived from the Income Capitalisation Approach – Residual Method as the main method to determine the market value of the Land while perusing the Comparison Approach as the cross-check. Please refer to Appendix A-VI and A-VII of the Circular for the Valuation Certificates of the Land.

We have reviewed the Valuation Report prepared by the Valuer and note that the valuation is prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals, Estate Agents and Property Managers, Malaysia. We have made reasonable enquiries and conducted our own reviews, where possible, with regards to the Valuation Report and are of the view that the valuation methodologies and key assumptions applied by the Valuer are reasonable and consistent with generally applied valuation methodologies for land and properties and provide a reasonable basis in arriving at the valuation. The key bases and assumptions adopted in the Income Capitalisation Approach – Residual Method in the Valuation Report are summarised in the table below:

Item	Key Bases and Assumptions	SCA Comments
GDV	The GDV is derived based on the type of properties, number of units and average selling price per unit. In estimating the average selling price per unit, the Valuer has considered the followings: - selling/transacted price of similar properties within the vicinity; and - 40% Bumiputra quota with 10% Bumiputra discount in the GDV which is in line with the requirement set by the Selangor State Executive Council (MMKN);	We note that in the process of estimating the average selling price per unit, the Valuer had made reference to market derived data, industry experts report, Bumiputra discount and quota in accordance with the requirements set by the relevant authorities. Based on the above, we are of the view that the bases adopted are reasonable.
GDC	The GDC includes costs such as extension of lease premium, statutory contribution to relevant authorities, title premium and survey fees, infrastructure cost and building construction costs. Each of the costs above are estimated based on JUBM & Arcadis Construction Cost Handbook Malaysia 2022 and the relevant industry standards, where applicable.	We note that bases and assumptions adopted in estimating the GDC are based on industry practices, reports and handbook. As such, we are of the view that the bases and assumptions adopted are reasonable.
	Other development cost includes the following: (i) Professional fees at 7% of total infrastructure and building cost. (ii) Contingencies at 5% of total cost which includes infrastructure and building cost and professional fees. (iii) Sales, legal fees and agency fees at 2% of total GDV. (iv) Administration and management cost at 1% of total infrastructure cost and building cost.	This estimated development cost is in line with industry's expectation and we are of the view that these assumptions adopted are reasonable.

Item	Key Bases and Assumptions	SCA Comments
	(v) Finance cost at 8% on the balance of 30% of the total construction cost for a period of half of the development period based on Base Lending Rate plus security margin.	We are of the view that the financing cost of 8% is in line with the current lending rate of financial institutions.
	(vi) Developer's profit and risk at 17% of GDV is assumed as a fair and reasonable margin that any developer would expect from a development of this scale.	For the purposes of the valuation, the developer's profit and risk portion was included to take into consideration the required return that a developer would expect upon acquisition of the said property with the relevant development approval being in place. We are of the view that this assumption adopted is reasonable.
Development Period and Discount Rate	The Valuer had adopted a development period of 3.5 years with a present value rate of 8.00% per annum.	We are of the view that the estimated total development period is considered realistic after taking into consideration the required approvals have been obtained, the construction period of the development and the time required for marketing the products based on the current market condition. The development period of approximately 4.5 years as set out in Section 5.3.1, Part A of the Circular takes into consideration contingencies and additional buffer for completion and delivery of the said units. Based on the percentage of sales as at LPD, management of Quaver has represented that it is confident the development can be completed within 3.5 years from September 2022 and as such, we are of the view that this assumption adopted is reasonable. We note that the adopted discount rate of 8.0% is in tandem with the finance rate over the estimated development period. As such, we are of the view that the discount rate adopted is reasonable.

Based on the above, the Valuer had derived a market value of RM62.00 million for the Land from the Income Capitalisation Approach – Residual Method.

In arriving at the market value of the Land using the Comparison Approach, the Valuer had analysed the following comparable transactions:-

Details	Comparable 1	Comparable 2	Comparable 3	
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH), Form 14A searches, Bursa Securities announcements and the Valuer's internal research.			
Details	Geran 79823, Lot 103000, Mukim of Petaling, District of Kuala Lumpur	GRN32633, Lot 484, Pekan Kinrara, District of Petaling, Selangor	HSD321521, PT83373, Mukim and District of Petaling, Selangor	GRN321787, Lot 447, Pekan Kinrara, District of Petaling, Selangor

Details	Comparable 1	Comparable 2	Comparable 3	
Locality	Along Jalan 3/144A, Off Jalan Cheras, Kuala Lumpur	Along Jalan BK5A/3, Jalan BK5A/1 & Jalan BK5A/2D, Bandar Kinrara, Puchong, Selangor	Along Persiaran Akademi Perdana, Taman Equine, Seri Kembangan, Selangor	Along Jalan BK5A/1, Bandar Kinrara, Puchong, Selangor
Property Type	Freehold commercial land with development approval	Freehold building land (commercial use) with a permissible plot ratio of up to 6	Leasehold commercial land with a permissible plot ratio of 4	Freehold commercial land with a permissible plot ratio of up to 6
Plot size	298,914 square feet/ 6.86 acres)	149,414 square feet/ 3.43 acres)	488,789 square feet/ 11.22 acres)	104,883 square feet/ 2.41 acres)
Consideration	RM197,000,000	RM59,765,600	RM163,000,000	RM44,051,070
Vendor/Purchaser	Accolade Land Sdn Bhd/UEM Land Berhad	Perumahan Kinrara Berhad/Boon Koon Commercial Sdn Bhd	Summit View Development Sdn Bhd/Enso Development Sdn Bhd	Perumahan Kinrara Berhad/ Kiara Arowana Sdn Bhd
Date	04/06/2021	18/02/2021	05/08/2016	21/06/2019
Analysed Land Value	RM659.05 per square feet (**"psf"**)	RM400.00 psf	RM333.48 psf	RM420.00 psf
Adjustments	Adjustments are made on accessibility, location, tenure, development approval and land size			
Adjusted Value	RM527.24 psf	RM420.00 psf	RM400.17 psf	RM441.00 psf

Source: Valuation Report.

We note that the comparable properties used by the Valuer above are within the Klang Valley and yield fair values between RM400.17 psf and RM527.24 psf after relevant adjustments were made for the differences such as location, tenure, land size, accessibility and development approval. Based on the above, we noted that the Valuer had used Comparable 2 as the best comparable being the latest sale with least effective adjustments and bears near similar characteristics to the Land.

After relevant adjustments, the Valuer had adopted a land valuation of RM420 psf for the Land. This translates into a market value of RM62.30 million. Due to the condition of the Land and the localities of the comparable properties, we are of the view that it is reasonable for the Valuer to use the comparison approach to cross-check the valuation under the Income Capitalisation Approach and Comparable 2 as the most suitable comparable to value the Land.

Premised on the above evaluation, we are of the opinion that the market value of the Land of RM62.00 million based on the Income Capitalisation Approach adopted by the Valuer is reasonable. As such, we are of the opinion that the Total Purchase Consideration is fair and reasonable, and not detrimental to the non-interested shareholders of CHGP.

5.2.2 Salient terms of the SSA 1 and the Settlement Agreement

The salient terms of the SSA 1 and the Settlement Agreement are as disclosed in Appendix A-V of the Circular. Non-interested shareholders of the Company are advised to read Appendix A-V of the Circular in the entirety.

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Our comments on the salient terms of the SSA 1 are as follows:

	Salient terms	SCA Comments
(1)	**Purchase Consideration 1** The Vendor 1 agrees to sell and BKG Development agrees to acquire the Sale Shares 1 free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto, and all liabilities, dividends, rights and distribution, declared paid or made in respect thereof at the Purchase Consideration 1.	We are of the view that Purchase Consideration 1 is fair and reasonable. Please refer to our assessment on the basis and justification of the Purchase Consideration 1 as set out in Section 5.2.1 above for further details.
	The Purchase Consideration 1 shall be paid in the following manner: (a) Deposit: Upon the execution of the SSA 1, BKG Development shall pay cash of: (aa) RM37,500.00, equivalent to 3% of the Purchase Consideration 1 as real property gains tax retention sum to BKG Development's solicitors whom is authorised to submit and pay to the Director General of Inland Revenue; and (bb) a balance sum of RM87,500.00 to BKG Development's solicitors whom is authorised to release the said sum to the Vendor 1 on the date when all the conditions precedent as set out in Section 3 are fulfilled or waived ("**Unconditional Date**").	These terms set out the payment obligations of BKG Development in relation to the Proposed Acquisition of Quaver. The deposit of 10% is also fair and reasonable and is commonly adopted in similar transactions; and the utilisation of which is for the settlement of real property gains tax with the remaining balance held by BKG Development's solicitors, pending completion.
	(b) Balance Sum: The balance sum of RM1,125,000.00 shall be satisfied within 30 days from the Unconditional Date.	The final payment on completion date wherein after all approvals have been obtained is also reasonable and not detrimental to non-interested shareholders of CHGP.
(2)	**Adjustment to Purchase Consideration 1** The Vendor 1 and BKG Development agree that the unaudited NTA of Quaver as at 31 May 2022 shall not be less than RM1.25 million ("**Minimum NTA**"). In the event that the: (a) actual NTA as at 31 May 2022 is discovered to be less than the Minimum NTA from the due diligence exercise conducted based on Malaysian Financial Reporting Standard, BKG Development shall have the right to adjust the Purchase Consideration 1 in such proportion equivalent to the shortfall (quoted in percentage) between the actual NTA and the Minimum NTA; and (b) actual NTA as at 31 May 2022 is discovered to be more than the Minimum NTA, the Purchase Consideration 1 shall prevail.	This term is fair and reasonable as it is to safeguard the interest of BKG Development and CHGP as the Purchase Consideration 1 was determined based on the unaudited NTA of Quaver as at 31 May 2022. In the event of any adverse findings during the due diligence review, which is part of the condition precedent to this SSA 1, the Purchase Consideration 1 will be duly adjusted in the same proportion. Any increase will not be compensated to Vendor 1.
(3)	**Condition Precedent** The SSA 1 shall be conditional upon the following being obtained, procured and/or fulfilled within the conditional period of 90 days from the date of the SSA 1 with an automatic extension with an additional 30 days and such further period as the parties may mutually agreed: (a) satisfactory legal, financial and/or business due diligence findings on Quaver by BKG Development (including ascertainment of the actual NTA of Quaver as at 31 May 2022 in accordance with Malaysian Financial Reporting Standards);	We are of the view that this term is reasonable as it serves to protect the interest of CHGP from any adverse findings during the due diligence review and to ensure that the Proposed Acquisition of Quaver does not pose unnecessary risks or losses to CHGP subsequent to its completion.

	Salient terms	SCA Comments
	(b) consent and/or approval from the existing financier of the Quaver (if applicable); (c) consent and/or approval from financiers to discharge all corporate guarantees the existing shareholders of Quaver has provided (if applicable);	We are of the view that this term is reasonable as Quaver is required to comply with conditions imposed by its financiers for its existing loan facilities and to release the existing shareholders of Quaver from its obligation as guarantors following the completion of the Proposed Acquisition of Quaver.
	(d) approval of shareholders and/or directors of the parties being obtained for the implementation of the sale and purchase of the Sale Shares 1; and	We are of the view that this term is reasonable as CHGP is a listed company and approval is required in compliance with the Listing Requirements. As the Proposed Acquisition of Quaver is a related party transaction, the Listing Requirements also requires the Interested Directors and interested major shareholders of CHGP and persons connected with them to abstain from CHGP's board deliberation and voting on the relevant resolution at the EGM in respect of the Proposed Acquisition of Quaver.
	(e) such other waivers, consents or approvals as may be required (or deemed necessary) by the parties hereto from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the transactions contemplated under the SSA 1 to the effect that if such waivers, consents, approvals are not obtained, the sale and purchase of the Sale Shares 1 herein will be rendered null and void by law.	We are of the view that this term is reasonable, where if applicable, approvals from the relevant authorities are necessary for Quaver as the result of the changes in its shareholdings and board of directors subsequent to the Proposed Acquisition of Quaver. This will also ensure that Quaver continues to be in compliance with the applicable rules and regulations.
(4)	**Settlement Agreement** Prior to the completion date, Quaver shall execute a settlement agreement to settle all debts/sums owing by Quaver to its directors or related companies, if any ("**Settlement Agreement**"). Kindly refer to the proposed salient terms of the Settlement Agreement below for further details.	A significant portion of the Total Purchase Consideration is the Advances and the Settlement Agreement is executed to set out the terms of payment of the same. Our comments on the terms of the Settlement Agreement are set out in the ensuring section below.
(5)	**Termination Event** If any of the following events occurs before the completion date, the non-defaulting party may (but is not obliged to) give notice in writing to the defaulting party, requiring the defaulting party to remedy the said default or breach: (a) Breach: breach of any material or fundamental terms or conditions of the SSA 1 including but not limited to its warranties, covenants, obligations or any terms under the SSA 1 which is incapable of remedy and if capable of being remedied, such breach shall not have been remedied by the defaulting party within 14 business days after being given notice by the non-defaulting party or a failure to perform or observe any material or fundamental undertaking, obligation in the SSA 1; or (b) Receiver: a receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertaking of the defaulting party; or	These terms are reasonable as it sets out the events of default, where the parties have to fulfill its obligations pursuant to the SSA 1. The remedies to the event of default are set out the following section.

	Salient terms	SCA Comments
	(c) Arrangements: the defaulting party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, the defaulting party's creditors or any class of them; or (d) Winding-Up: an application, petition or order is made for the winding-up or dissolution of the defaulting party, or a resolution is passed or any steps taken to pass a resolution for the winding-up or dissolution of the defaulting party, otherwise than for the purpose of an amalgamation or reconstruction which has prior written consent of the non-defaulting party; or (e) Cessation of Business: the defaulting party ceases or threatens to cease carrying on a substantial portion of the defaulting party's business other than in compliance with the defaulting party's obligations under the SSA 1; or (f) Events of Default: the defaulting party commits any act or omits to do an act which results in the breach or non-fulfillment of any term or condition of any banking, finance or credit facility which has the effect of causing the events specified in sub-clauses (b), (c), (d) and (e) to occur; or (g) Misrepresentation: any material representation, warranty or statement made under the SSA 1 is found to be incorrect in any material respect; or (h) Nationalisation: any agency of any state seizes, compulsorily acquires, expropriates or nationalises all or a material part of the assets or shares of the defaulting party; or (i) Government Action: any governmental authority shall have taken any action in order to condemn, seize, appropriate or assume custody or control of the defaulting party; or all or any substantial part of the assets of the defaulting party or to curtail the defaulting party's authority in the overall conduct of the defaulting party's business or operations.	
(6)	**Termination** If the defaulting party fails to remedy the relevant default or breach within 14 business days or such extended period as may be allowed by the non-defaulting party after being given notice by the non-defaulting party, to rectify such breach, the non-defaulting party may elect to terminate the SSA 1 and claim damages or pursue its action as set out in this SSA 1. (a) BKG Development's default: In the event of termination due to the default or breach of BKG Development, the Vendor 1 shall have the option of giving BKG Development a notice of termination and forfeiting the deposit absolutely as agreed liquidated damages and not by way of penalty and shall thereupon refund to BKG Development all other sum or sums paid by BKG Development, if any, towards the Purchase Consideration 1 free of interest.	The terms stated herein will safeguard the parties' interests in the event of default and the same is not remedied within the stipulated timeframe. The forfeiture clause of 10% is fair and reasonable and is commonly adopted in transactions of such nature.

	Salient terms	SCA Comments
	Upon such refund being made the SSA 1 shall come to an end and become null and void and be of no further effect and neither party shall have any claim whatsoever against the other under or in respect of the SSA 1 (save for the return of any documents belonging to the Vendor 1) and the Vendor 1 shall have the right to resell the Sale Shares 1 to such person in such manner at such price and on such terms as the Vendor 1 may think fit and BKG Development shall have no right to any part of the purchase money thereby arising.	
	(b) Vendor 1's default: In the event of termination due to the default or breach of the Vendor 1, BKG Development shall have the option of giving the Vendor 1 a notice of termination, and the Vendor 1 shall within 14 business days from the date of receipt of the notice of termination from BKG Development refund to BKG Development the deposit and all other monies paid by BKG Development towards the Purchase Consideration 1, if any, free of interest together with a sum equivalent to the 10% of the Purchase Consideration 1 only as agreed liquidated damages and not by way of penalty, without prejudice to the rights of BKG Development against the Vendor 1 for damages in respect of such breach and/or default and thereafter the SSA 1 shall come to an end and become null and void and be of no further effect and neither party shall have any claim whatsoever against the other under or in respect of the SSA 1 (save for the return of any documents belonging to the Vendor 1). The parties agree that, in the event the sum contemplated under Section(1)(a)(aa) has been paid to the Director-General of Inland Revenue prior to the issuance of the notice of termination, the Vendor 1 or BKG Development's solicitors shall be required to return a sum equivalent to the said sum to BKG Development regardless of whether refund of the said sum from the Director-General of Inland Revenue had been received.	Typically for similar transactions, the payment of liquidated damages is based on the amount of deposit paid, which in this case amounts to 10% of the Purchase Consideration 1. As such the liquidated damages provided herein is reasonable and not detrimental to the non-interested shareholders' interest.

Our comments on the proposed salient terms of the Settlement Agreement are as follows:

	Salient terms	SCA Comments
(1)	**Mode of Payment** Quaver shall pay or cause to be paid to Vendor 1 an amount of RM23,084,921.29 ("**Settlement Amount**") in full by way of 12 monthly instalments of RM1,923,743.45 to be paid commencing from the completion date of the SSA 1 by way of telegraphic transfer or such other mode as the Vendor 1 may agree and direct in writing.	We are of the view that the Total Purchase Consideration (which includes the Advances) is fair and reasonable. Please refer to our assessment on the basis and justification of the Total Purchase Consideration as set out in Section 5.2.1 above for further details. The payment terms for the settlement of the Advances over a period of 12 monthly instalments from completion date was negotiated between the parties and will allow BKG Development/CHGP to better manage its cash flows without incurring interest cost if the payment were financed by borrowings and paid on completion date.

	Salient terms	SCA Comments
(2)	**Late Payment Interest** Vendor 1 shall be entitled to charge interest at the rate of 8% per annum as late payment interest on the default from the day it becomes due until the day the same has been paid.	This term is reasonable as it sets out the obligation of BKG Development in relation to the full settlement of the Advances. The penalty clause of 8% is fair and reasonable as it approximates borrowing cost provided by financial institutions.

Premised on the above, we are of the view that the abovementioned salient terms of the SSA 1 and the Settlement Agreement are fair and reasonable and not detrimental to the non-interested shareholders of CHGP.

5.3 Evaluation of the Proposed Related Party Project

5.3.1 Evaluation of the contract sum

The basis and justification of arriving at the contract sum are set out in Section 2.3.3, Part A of the Circular.

We take note that the total estimated project costs for the Proposed Related Party Project of approximately RM51.269 million are based on Kayangan's management's best estimates after taking into consideration the scope of work to be done. The details of the project costs are set out in Section 2.3.4, Part A of the Circular. The Proposed Related Party Project involves the design, construction and completion of a proposed single storey factory with a 3-storey office & hostel with a total construction floor area ("**CFA**") of approximately 51,883.92 s.m. The said project cost was also reviewed and verified by Sr. Ung Chin Teong of IQS and Associates Sdn Bhd, a qualified quantity surveyor registered with the Board of Quantity Surveyors Malaysia. Based on the above, we noted that the management of Kayangan is of the view that the total estimated project costs for the contracts works are in-line with current industry rates. Based on the total estimated project costs of RM51.269 million, the cost per square metre of CFA is approximately RM988 per s.m. which is within the range of building cost as set out in JUBM & Arcadis Construction Cost Handbook Malaysia 2022 for light duty flatted factories of RM890 to RM1,115 per s.m.. As such, we are of the view that the estimated project cost for the Proposed Related Party Project is fair and reasonable.

In addition, we noted that the estimated GP and GP Margin for the Proposed Related Party Project would be RM5.826 million and 10.20% respectively after taking into consideration of the contract sum of RM57.095 million and the total estimated project costs of RM51.269 million. In this regard, we have compared the estimated GP Margin for the Proposed Related Party Project vis-à-vis the following:

Comparison against the GP Margin of other companies listed on Bursa Securities that are deemed comparable.

Basis of selection: Companies with market capitalisation below RM300 million and is predominantly involved in building construction activities based on their latest quarterly results.

Company	Period ended	Revenue	GP	GP Margin
		RM'000	RM'000	%
Inta Bina Group Berhad	30.09.2022	343,331	24,711	7.20
GDB Holdings Berhad	30.09.2022	445,219	26,390	5.93
TCS Group Holdings Berhad	30.09.2022	176,779	5,157	2.92
MGB Berhad	30.09.2022	467,219	65,741	14.07
Tuju Setia Berhad	30.09.2022	256,848	(25,422)	N/A
			Average	7.56
			High	14.07
			Low	2.92

(Source: Latest quarterly results announcement on Bursa Securities)

Based on the above, the estimated GP Margin for the Proposed Related Party Project of 10.20% is above the average GP Margin of 7.56% and is within the range of GP Margins of 2.92% and 14.07% of the selected comparable construction companies listed on Bursa Securities.

Comparison against the GP Margin of other on-going construction projects undertaken by Kayangan as at the LPD.

Based on the list of on-going external construction projects undertaken by Kayangan, wherein the construction works are directly carried out by Kayangan, the average GP Margin is approximately 7.43% (computed based on the total contract value of RM719.07 million less estimated construction cost as at 31 July 2022, being a date prior to the announcement of the Proposed Related Party Project) with the range of GP Margin of 2.00% and 13.62% based on individual project as represented by the management of Kayangan and certified by IQS and Associates Sdn Bhd, a registered firm with the Board of Quantity Surveyors Malaysia.

Based on the above, the estimated GP Margin for the Proposed Related Party Project of 10.20% is higher than the average GP Margin of 7.43% and is within the range of GP Margins of 2.00% and 13.62% of the for the on-going external construction projects undertaken by Kayangan as at the LPD.

Premised on the above, we are of the view that the basis and justification for the contract sum is reasonable and the contract sum of RM57.095 million and the estimated GP Margin for the Proposed Related Party Project are fair.

5.3.2 Salient terms of the Letter of Award

The salient terms of the Letter of Award are as disclosed in Appendix A-V of the Circular. Non-interested shareholders of the Company are advised to read Appendix A-V of the Circular in the entirety.

Our comments on the salient terms of the Letter of Award are as follows:

	Salient terms	SCA Comments
(1)	**Contract sum**	
	The contract sum for the Project shall be a sum of RM57,094,658.00 in consideration for the planning, designing, procurement, management, construction, completion, testing and commission of the works therein.	The fixing of construction prices is a common practice in the construction industry as most project owners would want to cap their cost. Please refer to our assessment on the evaluation of the Contract Sum as set out in Section 5.3.1 above for further details.
	In the event there is any variation to the material price exceeding 10% of the market price of the said material (as set out in Lampiran A/BW/K-B (2008) as at the date of the Letter of Award, Kayangan shall be entitled to vary the contract sum correspondingly subject always to serving a written notice before the variation shall be deemed effective.	This clause serves to protect the interest of Kayangan in the event of any significant increase (>10%) in material prices during the period of construction which will result in a variation to the contract sum. This will enable Kayangan to mitigate the risk of significant price increase to construction materials and its impact to its profitability. Non-interest shareholders of CHGP should also take not of the risk factors as are set out in Section 5.5 below.
(2)	**Scope of Works**	
	The scope of works under the contract shall be on design and build basis, which shall encompass all aspects of work relevant and necessary for the construction and completion of works.	The scope of works are typical for such construction contracts and sets out the obligations of Kayangan in relation to the Proposed Related Party Project.

	Salient terms		SCA Comments
	Kayangan shall also be responsible for the sufficiency of the design in meeting the relevant safety standards and complying to all relevant standards unless otherwise specified, as well as code of practice, building bye laws and all local authority requirements. It is a condition of the contract that Kayangan is obliged to obtain the Certificate of Completion and Compliance ("**CCC**") as part of the requirement to achieve practical completion as provided under the contract.		
(3)	**Other Agreed Terms and Conditions**		
	Date of commencement:	Upon CHGP shareholders' approval.	We are of the view that this term on the date of commencement is reasonable as CHGP is a listed company and approval is required in compliance with the Listing Requirements. As the Proposed Related Party Project is a related party transaction, the Listing Requirements also requires the Interested Directors and interested major shareholders of CHGP and persons connected with them to abstain from CHGP's board deliberation and voting on the relevant resolution at the EGM in respect of the Proposed Related Party Project. We also note that the terms of the Letter of Award were negotiated by the management of Kayangan who are experienced in the construction industry having secured contracts from both private and public sector employers.
	Date of completion: Liquidated damages:	10 months from date of commencement RM30,000 per day.	The period of construction and the liquidated damages are reasonable based on the scope of works for the said project and the contract sum agreed upon.
	Interim claim interval: Period for honouring of certificates: Percentage of certified value retained: Limit of retention fund: Period to complete the final account:	1 month 40 days from presenting the Architect's Certificate together with invoice by the contractor to the employer. 10% of the value of work executed and materials on site included in the certificate. 5% of contract 6 months from the date of practical completion	The interim claim interval, payment terms, retention sum and period for completion of final account are reasonable and are commonly adopted for such building construction contracts.
	Defects liability period:	12 months from the date stated in the CCC.	This term is reasonable as it is a common industry practice to have the defects liability period varying from 12 to 24 months depending on the respective project's requirements.
(5)	**Main Contract Agreement** The form of building contract to be adopted for this project shall be "Standard Form of Design and Building Contract PWD Form DB (Rev.1/2010)" together with its amendments, amplifications and supplementary clauses issued by the Ministry of Works, Malaysia.		This clause is reasonable as the main contract agreement adopts the standard contract document issued by Public Works Department, Government of Malaysia to avoid any ambiguity or conflict of interest situation.

	Salient terms	SCA Comments
(6)	**Performance Bond** A performance bond in the form of an approved banker's guarantee equivalent to 5% of the actual contract sum which shall be valid until 3 months after the end of the defect liability period or any agreed extension period.	This term is reasonable as it typical for construction contracts of this nature. The performance bond in the form of a bank guarantee and its validity period is also in line with the provisions of Standard Form of Design and Building Contract PWD Form DB (Rev.1/2010) issued by the Public Works Department, Government of Malaysia.

Premised on the above, we are of the view that the abovementioned salient terms of the Letter of Award are fair and reasonable and not detrimental to the non-interested shareholders of CHGP.

5.4 Industry overview and prospects

We take note of the industry overview and prospects as disclosed in Section 5, Part A of the Circular.

__Overview and prospects of the Malaysian Economy__

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7%.

The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia, 7 October 2022)

__Outlook of the property market in Malaysia__

The property market performance recorded an increase in the first half of 2022 (H1 2022) compared to the same period last year (H1 2021). A total of 188,002 transactions worth RM84.40 billion were recorded, showing an increase of 34.5% in volume and 36.1% in value compared to the same period last year. The volume of transactions across sub-sectors also showed upward movement. Residential, commercial, industrial, agriculture and development land sub-sectors recorded year-on-year growths of 26.3%, 45.4%, 49.5%, 57.4% and 35.0% respectively.

The value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors, recording growths of 32.2%, 28.3%, 66.0%, 56.2% and 17.6% respectively. On residential property, there were 116,178 transactions worth RM45.62 billion recorded in the review period, increased by 26.3% in volume and 32.2% in value year-on-year.

In the primary market, there were 10,552 units launched, down by 66.7% against 31,687 units in H1 of 2021, while against H2 of 2021, the new launches were lower by 13.3% with 12,173 units launched. The sales performance for new launches was recorded at 20.3%, slightly lower compared to 20.6% in H1 of 2021 and 28.1% in H2 of 2021.

In the first half of 2022, the residential overhang situation improved as the numbers reduced. A total of 34,092 overhang units worth RM21.73 billion was recorded, showing a decrease of 7.5% and 4.6% in volume and value respectively against H2 2021. Likewise, the unsold under construction residential units saw a decrease of 11.1% to 62,404 units compared to H2 2021 (70,231 units). The Malaysian House Price Index ("**MHPI**") continued to increase at a moderating trend. As at Q2 2022, the MHPI stood at 203.5 points, up by 0.5% on annual basis. However, the index points decreased by 1.2% against Q1 2022 (205.9 points).

For commercial property, the report said there were 15,169 transactions worth RM14.02 billion, up by 45.4% in volume and 28.3% in value compared with the same period last year. All states recorded more market activity in the review period except for Labuan and Kelantan, while Selangor contributed the highest volume and value to the national market share, with 26.5% in volume or 4,025 transactions, and 33.5% in value or RM4.70 billion.

The property market performance recorded a rebound in the first half of 2022 (H1 2022), a reflective of normalising economic activity as the country moved towards endemicity. With the positive projection on economic growth by Bank Negara Malaysia, expected between 5.3% to 6.3% in 2022, supported by the implementation of various government initiatives and assistance, the property market performance is expected to be on track. The property sector would also benefit from the improving labour market conditions and higher tourist arrivals as well as continued implementation of multi-year investments projects such as East Coast Rail Link.

(Source: Malaysia Property Market Report First Half Year 2022, released by the National Property Information Centre)

<u>Outlook of the construction industry in Malaysia</u>

The construction sector is forecast to expand by 4.7% in 2023 following a better performance in all subsectors. Civil engineering subsector is anticipated to rebound buoyed by implementation of new projects such as Mass Rapid Transit Line 3 (MRT3) Circle Line and acceleration of ongoing infrastructure projects which include, Rapid Transit System (RTS) Link, East Coast Rail Link (ECRL) and Light Rail Transit Line 3 (LRT3).

In addition, the approved investment projects in the manufacturing sector are anticipated to come onstream and subsequently creating a greater demand for industrial buildings. Hence, the non-residential buildings subsector is projected to expand further. Meanwhile, the residential buildings subsector is expected to grow steadily supported by more construction of affordable houses, in line with the strategy under the 12MP.
In addition, incentive offered by the Government to encourage home ownership through the i-MILIKI programme is expected to spur demand for residential buildings while addressing the property overhang issue

(Source: Economic Outlook 2023, Ministry of Finance Malaysia, 7 October 2022)

Our Comments:

We are of the view that the property sector in Malaysia is expected to see further improvement in the first half of 2023 backed by a rebound in market sentiment and the national economic recovery. For the near term, market confidence will still be heavily influenced by inflationary pressure, rising interest rates as well as exchange rate volatility as we will continue seeing uncertainties to various governments' reaction to the same.

However, with the positive economic data indicators and various Government's policies and incentives to further spur the economy will be the drivers in boosting economic recovery. In Budget 2023 announcement, the Government has further ease homeownership amongst first-time homebuyers with the increased stamp duty exemption to 75% from 50% for residential properties priced above RM500,000 to RM1 million, which will end on 31 December 2023. This will complement the previously announced 100% stamp duty exemption for the memorandum of transfer for houses priced RM500,000 and below until the end of 2025. Also expected to boost the overall property market's sentiment is that the Government will be providing RM3.0 billion guarantee to banks via the Housing Credit Guarantee Scheme for 12,000 borrowers, particularly for those without a fixed income, such as workers in the gig economy. This will help boost business confidence, household sentiments as well as the general economy, which will likely see a soft upturn in the property market in 2023.

Prospects of CHGP Group

As set out in Section 5.3, Part A of the Circular, the management of CHGP is optimistic of the prospects in the property development and construction segment.

We are of the view that the outlook of the Proposed Acquisition of Quaver is not detrimental to the CHGP Group despite the cautious property market outlook as the Proposed Acquisition of Quaver allows CHGP to expand its property development portfolio and further enhance its property development earnings.

As set out in the rationale for the Proposed Related Party Project, it will allow Kayangan to further strengthen its order books and earnings potential in the construction business. The additional revenue and profit contribution to be derived from the Proposed Related Party Project is expected to enhance the Company's future profitability and returns on shareholders' funds.

Premised on the above, we are of the view that the prospects of CHGP following the Proposed RPT will be favourable and barring unforeseen circumstances, is poised to improve its financial performance in the future.

Nonetheless, we wish to highlight that both the property development and construction project are subject to uncertainties which are not within the Board's control such as change in Government policies, pandemic risk, fluctuation in construction cost and changes in financing conditions. The occurrence of any of such events may materially impact the businesses and may adversely affect CHGP's revenue and profitability to be derived from the businesses.

5.5 Risk factors relating to the Proposed RPT

We take note of the risk factors as disclosed in Section 4, Part A of the Circular.

As CHGP Group is already involved in the property development and construction businesses, CHGP Group is not expected to be exposed to new business risks as a result of the Proposed RPT. Additionally, we wish to point out the following risk factors:

Expected increase in gearing ratio of the Group

We wish to highlight that the gearing of CHGP Group may increase in the event the development costs and/or the construction cost of the Proposed RPT is financed via bank borrowings. Accordingly, CHGP Group will be exposed to additional debt obligations and any increase in interest rates may affect the Group's future financial performance. The Group plans to mitigate these risks by having in place control procedures such as careful planning, close monitoring of project and construction progress and endeavouring prompt actions to ensure that collection of progress billings are timely and managing the overall positive progress of the projects.

Price volatility and availability of raw materials

The development and construction projects will require CHGP Group to purchase a wide range of raw materials including steel bars, ready-mixed concrete and other construction materials. However, the price of construction materials can be volatile; and there can be no assurance that CHGP Group will be able to secure sufficient quantities of construction materials at a reasonable price. There can be no assurance that any shortage or increase in the cost of construction materials will not have an adverse effect on CHGP Group's financial performance. To mitigate these issues, the CHGP Group has strict internal control systems to ensure close project supervision and planning as well as working closely with its suppliers and sub-contractors such that any issue raised in this respect will be promptly addressed and resolved.

Dependence on foreign workers

The industry in which Kayangan operates is dependent on the employment of foreign workers due to the shortage of local workers in the local construction industry. While the employment of foreign workers is currently allowed in the construction industry, these foreign workers can only be sourced from specified countries as determined by the Government. In general, approval is granted based on the merits of each case and is subject to conditions imposed by the relevant authorities from time to time. Additionally, the Government may amend policies relating to the employment of foreign workers in the construction industry and/or introduce new conditions from time to time. Any scarcity in supply or delay in securing foreign workers or any increase in levy or minimum wages for these workers would increase Kayangan's construction overhead and directly impact CHGP Group's financial performance.

While Kayangan has not experienced any material adverse impact from shortages or cost of foreign workers in the past, there can be no assurance that any changes to Government's policies in relation thereto will not have any material adverse impact to the timely completion of the development and construction projects under the Proposed RPT or the financial performance of the CHGP Group.

We also wish highlight that despite efforts and measures taken by CHGP to mitigate the risks associated with the Proposed RPT, no assurance can be given that one or a combination of risk factors as stated above and in Section 4, 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 Proposed RPT, non-interested shareholders of CHGP should carefully consider the said risk factors and their respective mitigating factors before voting on the resolutions pertaining to the Proposed RPT at the forthcoming EGM of CHGP. Non-interested shareholders of CHGP should also note that the risk factors mentioned therein are not meant to be exhaustive.

5.6 Financial effects of the Proposed RPT

The financial effects of the Proposed RPT on the Group as disclosed in Section 6, Part A of the Circular are as follows:-

(i) Issued share capital and substantial shareholders' shareholdings

The Proposed RPT will not have any effects on the issued share capital and substantial shareholders' shareholdings of CHGP.

(ii) NA and gearing

The Proposed Acquisition of Quaver will increase the gearing of the CHGP Group from 0.88 times as at 31 December 2021 to 1.11 times after taking into consideration Quaver's existing bank borrowings of RM40.04 million as at 31 May 2022 and further assuming that 70.00% of the Advances which amounts to approximately RM16.16 million is funded by bank borrowings.

The Proposed RPT may also result in an increase in the gearing of the CHGP Group if the costs of the development and construction from the Proposed RPT is funded through a combination of internally generated funds and bank borrowings.

(iii) Earnings and EPS

The Proposed RPT is expected to be earnings accretive and is expected to contribute positively to the future earnings and EPS of the CHGP Group.

Based on the above, we are of the opinion that the effects of the Proposed RPT are fair and reasonable and not to the detriment of the non-interested shareholders of CHGP.

6 CONCLUSION AND RECOMMENDATION

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

Potential Advantages	Potential Disadvantages
CHGP will be able to build on the decent track record of its property development business and generate additional income from the Proposed Acquisition of Quaver as well as increase the order books of Kayangan from the Proposed Related Party Project.	CHGP will have to take on inherent risks associated with the development and construction projects as a result of the Proposed RPT.
The Proposed Acquisition of Quaver will allow CHGP to realise the potential synergies from fully integrating and streamlining the combined operation, especially in the areas of property development business	As the development and construction cost of the Proposed RPT may be funded by a combination of internally generated funds and bank borrowings, the gearing of the CHGP Group may increase.

We have taken cognisance of the rationale, financial evaluation, effects and risk factors of the Proposed RPT. Based on our evaluation and comments on the Proposed RPT, we are of the opinion that the Proposed RPT 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 Proposed RPT to be tabled at the forthcoming EGM of the Company.

Before arriving at the decision to vote on the resolutions pertaining to the Proposed RPT it is pertinent that the non-interested shareholders of CHGP 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 Directors) in respect to the Proposed RPT as set out in Section 13, Part A of the Circular.

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

Tan Hock Soon	**Yap Ching Mun**
Director	Executive
Investment Representative	Investment Representative
CMSRL/A3126/2007	eCMSRL/C1858/2022

PART C

PROPOSED NEW SHAREHOLDERS' MANDATE FORRECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

CHIN HIN GROUP PROPERTY BERHAD
[200101017677 (553434-U)]
(Incorporated in Malaysia)

Registered Office
48, Jalan Chow Thye
10050 George Town
Pulau Pinang

15 December 2022

Board of Directors

Datuk Seri Chiau Beng Teik	*(Non-Independent Non-Executive Chairman)*
Chiau Haw Choon	*(Executive Director)*
Datuk Yeo Chun Sing	*(Executive Director)*
Shelly Chiau Yee Wern	*(Executive Director)*
Datuk Cheng Lai Hock	*(Independent Non-Executive Director)*
Kwan Sook Peng	*(Independent Non-Executive Director)*
Datuk Hj. Mohd Yusri Bin Md Yusof	*(Independent Non-Executive Director)*

To : The Shareholders of CHGP

Dear Sirs/Madams,

PROPOSED NEW SHAREHOLDERS' MANDATE

1. INTRODUCTION

At the AGM of the Company held on 3 June 2022, the Company sought and obtained from its shareholders the general mandate for CHGP Group to enter into RRPTs of a revenue or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for CHGP Group's day to day operations. The aforesaid mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming Twenty-First (21st) AGM of the Company unless authority for its renewal is obtained from the Shareholders.

On 9 December 2022, the Board of Directors of CHGP had announced that the Company has proposed to seek its shareholders' approval for the Proposed New Shareholders' Mandate pursuant to Paragraph 10.09 of the Listing Requirements.

The purpose of this Circular is to provide you with the relevant information of the Proposed New Shareholders' Mandate and to seek your approval on the ordinary resolution pertaining to the Proposed New Shareholders' Mandate to be tabled at the forthcoming EGM, which will be held and conducted by way of virtual meeting entirely through live streaming via RPV Facilities from the broadcast venue 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 Friday, 30 December 2022 at 11.00 a.m. The notice of the EGM together with the Form of Proxy is enclosed in the Circular of the Company.

SHAREHOLDERS OF CHGP ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED NEW SHAREHOLDERS' MANDATE AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

2.1 The Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPTs subject to the following:

(i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;

(ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above:

  (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or

  (ii) the percentage ratio of such RRPT is 1% or more,

  whichever is the higher.

(iii) the listed issuers' circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular relating to shareholders' mandate for new RRPT must be submitted to Bursa Securities together with a checklist showing compliance with such information;

(iv) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such directors or major shareholder, must not vote on the resolution to approve the RRPT. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the RRPT; and

(v) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 Principal Activities of CHGP Group

The principal activities of CHGP consist of investment holding and provision of management service, while its subsidiary companies are involved in the sale, rental of forklifts, manufacturing and assembling of new and rebuilt commercial vehicles, property development and constructions. The details of CHGP's subsidiaries as well as their principal activities as at the LPD are set out in the table below:

Name of company	Equity Interest Held (%)	Principal activities
(i) Direct Subsidiaries of CHGP		
Boon Koon Vehicles Industries Sdn Bhd	100	Manufacturing and assembling of commercial vehicles and provision of related services To carry on the business of importers, exporters, buyers, sellers, hirers of and dealers in new, used or second hand of all types of vehicles and other related goods and services
Boon Koon Motors Sdn Bhd	100	Sale of commercial vehicles and the provision of related services
BKCV Sdn Bhd	100	Manufacturing and assembling of new commercial vehicles
BK Fleet Management Sdn Bhd	100	Selling and renting of commercial vehicles, provision of fleet management and other related services
Boon Koon Fleet Management Sdn Bhd	100	Rental, let on hire, repair and dealing in forklifts, heavy equipment, machineries, component parts, attachments and accessories thereof
BKG Development	100	Investment holding and property development and property construction
Chin Hin Construction Sdn Bhd	100	Property development, property construction and investment holding
Kayangan	65	Contractors and builders for construction works
(ii) Indirect Subsidiaries of CHGP		
**** Subsidiaries of Boon Koon Vehicles Industries Sdn Bhd***		
BKGM Industries Sdn Bhd	100	Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers
BK Sepadu Sdn Bhd *(In Members' Voluntary Winding Up)*	62.5	Selling of commercial vehicle and provision of related services
****Subsidiaries of BKG Development***		
BKHS Capital Sdn Bhd	100	Property development

Name of company	Equity Interest Held (%)	Principal activities
**** Subsidiaries of BKG Development***		
Stellar	100	Property development and investment holding
BKSP Autoworld Sdn Bhd	100	Property development and investment holding
Stellar Platinum Sdn Bhd	100	Property development
Boon Koon Capital Sdn Bhd	100	Property development and investment holding
BKC	70	Property development and property construction
BK Alliance Sdn Bhd	51	Property development and property construction
****Subsidiary of Chin Hin Construction Sdn Bhd***		
Makna Setia	60	Construction
****Subsidiary of Kayangan***		
5th Capital Sdn Bhd	100	Property investment
****Associate company of BKG Development***		
Stellar 8 Sdn Bhd	47	Property development
****Associate and joint venture companies of Kayangan***		
Weida Kayangan Sdn Bhd	49	Construction activities
R Synergy Sdn Bhd	33	Building contractor

Due to the diversity of CHGP Group, it is anticipated that CHGP Group would, in the normal course of business, continue to enter into transactions with the Related Parties, details of which are set out in Section 2.4 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board proposes to seek the shareholders' approval for the Proposed New Shareholders' Mandate for the CHGP Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.4 below, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. Such mandate will enable the Group to enter into the RRPTs without the necessity, in most instances, to make the otherwise required announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPTs will also be subject to the review procedures set out in Section 2.5 below.

2.3 Validity Period of the Proposed New Shareholders' Mandate

The Proposed New Shareholders' Mandate, is subject to annual renewal. In this respect, any authority conferred by the Proposed New Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming EGM and shall continue to be in force until:

(i) the conclusion of the next AGM of CHGP following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is renewed;

(ii) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340 (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in AGM, whichever is earlier.

Thereafter, approval from shareholders will be sought for the Proposed Renewal of Shareholders' Mandate.

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2.4 Classes of Related Parties and Nature of RRPTs

(i) PROPOSED NEW SHAREHOLDERS' MANDATE

The details of the nature and estimated annual value of the RRPT in respect of which the Company is seeking for Proposed New Shareholders' Mandate is as follows:

Related Party & Its Principal Activities	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Estimated aggregate value of transaction for the period from the forthcoming EGM to the next AGM * (RM'000)	Nature of relationship between CHGP Group and the Related Party
PP CH Realty Group - PP CH Realty is involved investment holding and property development while its subsidiary companies are involved in the Property Development	CHGP Group	• Provision of construction services to and/or by PP CH Realty Group based on prevailing market price. ^	200,000	• Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of CHGP. He is the spouse of Datin Seri Wong Mee Leng and father of Chiau Haw Choon and Shelly Chiau Yee Wern. • Chiau Haw Choon is an Executive Director and a Major Shareholder of CHGP. He is the son of Datuk Seri Chiau Beng Teik and Datin Seri Wong Mee Leng and brother of Shelly Chiau Yee Wern. • Datin Seri Wong Mee Leng is a Major Shareholder of CHGP. She is the spouse of Datuk Seri Chiau Beng Teik and mother of Chiau Haw Choon and Shelly Chiau Yee Wern. • Shelly Chiau Yee Wern is an Executive Director of CHGP. She is the daughter of Datuk Seri Chiau Beng Teik and Datin Seri Wong Mee Leng and sister of Chiau Haw Choon. • Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors of PP CH Realty

Related Party & Its Principal Activities	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Estimated aggregate value of transaction for the period from the forthcoming EGM to the next AGM * (RM'000)	Nature of relationship between CHGP Group and the Related Party
				• Chin Hin is a Major Shareholder of CHGP and holding company of CHGP. • Divine Inventions is a Major Shareholder of CHGP. Divine Inventions is a wholly-owned subsidiary of PP CH Realty. • PP CH Realty is a Major Shareholder of CHGP. PP CH Realty is a person connected to Datuk Seri Chiau Beng Teik, Datin Seri Wong Mee Leng and Chiau Haw Choon.

Notes:

* The estimated values are calculated based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may be varied from the estimated value disclosed above and subject to changes.

^ In the course of CHGP Group's businesses, CHGP Group may provide to and/or receipt from Related Parties of all kinds of construction contracts, project management, management and construction services, and/or project development, including property management services, marketing services and other related management services.

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2.5 Review Methods or Procedures for the Recurrent Related Party Transactions

CHGP Group has established various methods and procedures to ensure the RRPTs are undertaken on transaction prices and at arms' length and on normal commercial terms, which are consistent with CHGP Group's usual business practices and policies, on terms which are not more favourable to the Related Parties than those extended to the public and are not detrimental to the minority shareholders.

The review and disclosure procedures are as follows:

(i) The Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholders mandate and will also be advised of the review and disclosure procedures;

(ii) The transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;

(iii) Some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;

(iv) The management of the CHGP Group is cognisant that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the RRPTs are not detrimental to the Group;

(v) Where RRPT is one with a value equal to or in excess of RM1.0 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is higher), it will be reviewed by the Audit Committee and recommended to be approved by the Board of Directors who has no interest in the transaction. Where the RRPT is one with a value below RM1.0 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is higher), it will be reviewed and approved by any one (1) of the Executive Director or the Board who has no interest in the transaction;

(vi) If a member of the Board or of the Audit Committee has an interest, as the case may be, he/she shall declare their interest in transaction and abstain from any decision making by the Board or Audit Committee in respect of the said transactions;

(vii) The Audit Committee shall amongst others, review any RRPT and conflict of interest situation that may arise within the Group including any transaction procedures or course of conduct that raises questions of management integrity;

(viii) Records will be maintained by the respective companies to capture all RRPTs which are entered pursuant to the shareholders' mandate;

(ix) The Audit Committee shall review on a quarterly basis any related party transaction that may arise within the Company or the Group to ensure that such transactions will be carried out at arm's length, on normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and on terms not detrimental to the minority shareholders;

(x) The Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPTs have been complied with; and

(xi) The Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

2.6 Amount Due and Owing Under Recurrent Related Party Transactions

As at the financial period ended 31 December 2021, the amount due and owing to CHGP Group by the following parties which has exceeded the credit term given arising from the RRPT(s) as per Section 2.4 are as follows:

Company Name	Credit Terms	Amount (RM)
Platinum Eminent Sdn Bhd (1)	A period of one (1) year or less	73,904,976

Note:

(1) *Platinum Eminent Sdn Bhd is a subsidiary company of Aera Property.*

There were no interest and late payment charges imposed by CHGP Group on the overdue trade receivable as it was trade in nature.

The Board of Directors is of the opinion that there will be no recoverability issue for the outstanding amount owing by Platinum Eminent Sdn Bhd ("**PESB**") as PESB is gradually make the payments for the settlement of the outstanding sum and the management has followed up closely on the said outstanding amount. As of LPD, the above-mentioned outstanding amount has been fully paid by PESB.

2.7 Statement by Audit Committee

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures established to monitor RRPTs have been complied with. If it is determined that the procedures stated in Section 2.5 are inadequate to ensure that (i) the RRPTs will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee of the Company has seen and reviewed the procedures set out in Section 2.5 above and is of the view that CHGP has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner. The Audit Committee is of the opinion that review procedures are satisfactory and the RRPTs will be carried out at arms' length and in accordance with CHGP Group's normal commercial terms. Hence, will not be prejudicial to the shareholders or disadvantageous to CHGP and not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of CHGP. The review of these procedures and processes is carried out at least once a year or when deemed necessary by the Audit Committee.

2.8 Disclosure of Recurrent Related Party Transactions

Disclosure will be made in the annual report of the Company in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year based on the following information:

(i) the type of the RRPTs made; and

(ii) the names of the Related Parties involved in each type of the RRPTs made and their relationships with CHGP Group.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed New Shareholders' Mandate had been obtained.

3. RATIONALE FOR THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate will enable the CHGP Group to carry out RRPTs necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channeled towards attaining other corporate objectives.

The RRPTs carried out within the CHGP Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, CHGP Group has a long-standing business relationship with the Related Parties. The Board of CHGP is of the view that the close co-operation and strong working relationship that exist between CHGP Group and the Related Parties have over the years enabled CHGP Group to benefit from better services and attention that would otherwise be derived from third parties. These close relationships have allowed for better control of supplies, quality and timeliness of completion of work done / services rendered.

4. EFFECTS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate will not have any material effect on the share capital of the Company as well as the consolidated NA, gearing, EPS and the shareholdings of the substantial shareholders of CHGP.

5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS

As at LPD, the direct and indirect interests of the Directors and/or Major Shareholders of CHGP who are interested and/or do not consider themselves independent in the RRPTs are as follows:

	Direct		Indirect	
Interested Directors	**No. of Shares**	**#%**	**No. of Shares**	**#%**
Datuk Seri Chiau Beng Teik	-	-	^297,722,335	62.87
Chiau Haw Choon	-	-	^297,722,335	62.87
Shelly Chiau Yee Wern	-	-	-	-

	Direct		Indirect	
Major Shareholders	**No. of Shares**	**#%**	**No. of Shares**	**#%**
Chin Hin Group Berhad	297,722,335	62.87	-	-
Datuk Seri Chiau Beng Teik	-	-	^297,722,335	62.87
Chiau Haw Choon	-	-	^297,722,335	62.87
Divine Inventions	-	-	@297,722,335	62.87
PP CH Realty	-	-	&297,722,335	62.87
Datin Seri Wong Mee Leng	-	-	~297,722,335	62.87

	Direct		Indirect	
Person connected	**No. of Shares**	**#%**	**No. of Shares**	**#%**
Chiau Haw Loon	-	-	-	-

Notes:

Excluding a total of 700,000 CHGP shares bought-back by the Company and retained as treasury shares as at LPD

^ *Deemed interest pursuant to Section 8 of the Act, by virtue of his direct shareholdings in Chin Hin and his shareholdings in PP CH Realty, which is the holding company of Divine Inventions, which in turn hold not less than 20% voting shares in Chin Hin.*

@ *Deemed interest pursuant to Section 8 of the Act, by virtue of its shareholdings of not less than 20% voting shares in Chin Hin.*

& *Deemed interest pursuant to Section 8 Act through its wholly-owned subsidiary, Divine Inventions, which in turn hold not less than 20% voting shares in Chin Hin.*

~ *Deemed interest pursuant to Section 8 of the Act, by virtue of her shareholdings in PP CH Realty, which is the holding company of Divine Inventions, which in turn hold not less than 20% voting shares in Chin Hin.*

Accordingly, Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Shelly Chiau Yee Wern (collectively referred to as "**Interested Directors**") have and will continue to abstain from all deliberations and voting on matters relating to the Proposed New Shareholders' Mandate at the Board meetings and will abstain from voting in respect of their direct and/or indirect shareholdings in CHGP at the forthcoming EGM on the resolution pertaining to the Proposed New Shareholders' Mandate.

The Interested Major Shareholders, namely Chin Hin, Datuk Seri Chiau Beng Teik, Chiau Haw Choon, Divine Inventions, PP CH Realty and Datin Seri Wong Mee Leng will abstain from voting in respect of their direct and/or indirect shareholdings in CHGP at the forthcoming EGM on the resolution pertaining to the Proposed New Shareholders' Mandate.

The above Interested Directors and Interested Major Shareholders have undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposed New Shareholders' Mandate at the forthcoming EGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders or persons connected with the Directors or Major Shareholders have any interest, directly or indirectly in the Proposed New Shareholders' Mandate.

6. APPROVALS REQUIRED

The Proposed New Shareholders' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming EGM to be convened.

7. DIRECTORS' RECOMMENDATION

The Directors of CHGP (save for Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Shelly Chiau Yee Wern) having considered all aspects of the Proposed New Shareholders' Mandate and after careful deliberation, are of the opinion that the Proposed New Shareholders' Mandate is in the best interest of the Company and accordingly, the Board (save for Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Shelly Chiau Yee Wern) recommended that the shareholders of CHGP vote in favour of the ordinary resolution pertaining to the Proposed New Shareholders' Mandate to be tabled at the forthcoming EGM.

8. EXTRAORDINARY GENERAL MEETING

The ordinary resolution to vote on the Proposed New Shareholders' Mandate is set out in the Notice of EGM contained in the Circular of the Company, which is dispatched together with this Circular. The EGM will be held and conducted by way of virtual meeting entirely through live streaming via RPV Facilities from the broadcast venue 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 Friday, 30 December 2022 at 11.00 a.m.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Circular of the Company in accordance with the instructions printed therein as soon as possible so as to arrive at the Registered Office of the Company, 48, Jalan Chow Thye, 10050 George Town, Pulau Pinang, 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.

9. FURTHER INFORMATION

Shareholders are requested to refer to Appendix C-I contained in this Circular for further information.

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

Kwan Sook Peng
Independent Non-Executive Director

APPENDIX C-1 – MATERIAL CONTRACTS

Save as disclosed below and in Section 10 of Appendix A-II, CHGP and its subsidiaries have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular:

(i) a sale and purchase agreement dated 13 January 2021 entered into by BK Alliance Sdn Bhd with Suez Domain Sdn Bhd to acquire all that piece of leasehold land held under Pajakan Negeri 53073, Lot 481445, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur which lease shall be for a period of 94 years and expiring on 5 September 2112 measuring approximately 1,943 square metres in area for a total cash consideration of RM20,914,280.00 only. This said transaction has completed on 22 October 2021.

(ii) 3 conditional sale and purchase agreements dated 27 January 2021 entered into by Stellar with Frazel World Sdn Bhd to acquire 3 parcels of freehold lands identified as Lot 648, GM 3734, Lot 650, GM 4035; and Lot 1301, Geran 23462, Mukim Serendah, Daerah Hulu Selangor or Ulu Selangor, Negeri Selangor for a cash consideration of RM45,114,934.03, subject to adjustment; and

2 conditional sale and purchase agreements entered between Stellar with Frazel Icon Sdn Bhd dated 27 January 2021 to acquire 2 parcels of freehold lands identified as Lot 651, GM 4036 and Lot 652, GM 3418, Mukim Serendah, Daerah Hulu Selangor, Negeri Selangor for a cash consideration of RM9,407,410.99, subject to adjustment.

The above transactions have been completed on 21 December 2021.

(iii) a sale and purchase agreement dated 8 February 2021 entered into by BKC, with SMD to purchase a parcel of land identified as HSD 52600, PT No 65618, Bandar Cyberjaya, Daerah Sepang, Negeri Selangor for cash consideration of RM50,223,329.60. BKC and SMD had on 6 December 2021 agreed to extend the conditional period of the sale and purchase agreement to 5 June 2022. On 3 June 2022, the parties agreed to further extend the conditional period to 6 March 2023. This is to enable BKC to procure the necessary funding to finance the purchase of the said land.

(iv) a sale and purchase agreement dated 18 February 2021 entered into between BKC with Perumahan Kinrara Berhad to acquire a parcel of freehold land identified as Lot 484, Geran 326333, Pekan Kinrara, Daerah Petaling, Negeri Selangor for a cash consideration of RM59,765,600. The said transaction had completed on 21 December 2021.

(v) a conditional share sale agreement dated 10 March 2021 with Uniplaza Sdn Bhd for the proposed acquisition of 45% equity interest in Aima Construction Sdn Bhd for a purchase consideration of RM31.50 million, subject to adjustment, to be satisfied via the issuance of new ordinary shares in CHGP. The conditional share sale agreement had been rescinded on 2 July 2021.

(vi) a sale and purchase agreement dated 15 April 2021 entered into by Stellar with On Thiam Chai and Foo See Chiew @ Ah Mooi to purchase all that piece of land held under Individual Title No. GM 4662, Lot 32661, Tempat S. Kerachi, Mukim Serendah, District of Hulu Selangor, Negeri Selangor, for a total cash consideration of RM2,391,522.00. The said transaction had completed on 13 August 2021.

(vii) a conditional share sale agreement dated 5 July 2021 with Chan Kin Keong and Khor Chee Yong for the proposed acquisition of 6,500,000 ordinary shares in Kayangan, representing 65% equity interest in Kayangan, for a purchase consideration of RM37.95 million, subject to adjustment, to be satisfied via cash of RM29.15 million and allotment and issuance of 11,000,000 new ordinary shares in CHGP ("**Consideration Shares**") at an issue price of RM0.80 per Consideration Share. The said transaction had completed on 23 November 2021.

(viii) a conditional sale and purchase agreement dated 28 October 2021 with Frazel Luxe Sdn Bhd for the proposed acquisition of a freehold land identified as Geran Mukim 98, Lot 797, Mukim Petaling, Tempat 9 3/4 Mile, Kuchai Road, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur for a cash consideration of RM85.00 million. The proposed acquisition was approved in the Extraordinary General Meeting held on 25 February 2022. On 12 August 2022, the Company announced that the said transaction has been completed.

(ix) a conditional share sale agreement dated 10 December 2021 entered between Kayangan and Liew Jor Ho, Chai Yan Min and Yap Seng Hee ("**Vendors**") for the proposed acquisition of 1,500,000 shares in Makna Setia, representing 60% equity interest in Makna Setia, for a purchase consideration of RM9.00 million, which will be satisfied fully via cash.

KKSB had on 15 April 2022 entered into a supplemental share sale agreement ("**Supplemental SSA**") with the Vendors as well as a novation agreement with the Vendors and Chin Hin Construction Sdn Bhd, a wholly owned subsidiary of CHGP to novate the conditional share sale agreement and the Supplemental SSA with immediate effect.

On 12 July 2022, the condition precedent of the conditional share sale agreement have been fulfilled and the conditional share sale agreement had been rendered unconditional on 22 July 2022. The purchase consideration was adjusted to RM7,916,977.20 based on the audited net assets value as at financial period ended 31 December 2021. The completion period falls on 12 August 2022. On 12 August 2022, the Company announced that the said transaction has been completed.

(x) a conditional sales sale agreement dated 16 February 2022 entered between Chin Hin Construction Sdn Bhd and Dato' Ong Boon Hai, Low Siang Tim, Goh Bee Tin, Pan Heng Seong, Teoh Teik Leong and Law & Loo Development Sdn Bhd for the proposed acquisition of 15,000,000 ordinary shares in ABC, representing 60% equity interest in ABC, for a purchase consideration of RM30.00 million, which will be satisfied fully via cash.

On 17 May 2022, the Company announced that the parties agreed to extend the conditional period of conditional sales sale agreement to 16 June 2022. On 16 June 2022, the Company announced that the conditions precedent of the conditional sales sale agreement have failed to be satisfied within the extended conditional period. As such, the conditional sales sale agreement has ceased to have any effect.

(xi) BKG Development, a wholly-owned subsidiary of the Company on 25 August 2022 entered into a share sale agreement with Aera Property to acquire 11,500,000 ordinary shares in Quaver, representing 100% equity interest in Quaver, for cash consideration of RM1.25 million.

(xii) CHGP on 25 August 2022 entered into a share sale agreement with Chan Kin Keong to acquire 3,000,000 ordinary shares in Kayangan, representing 30% equity interest in Kayangan for a cash consideration of RM16.70 million.

(xiii) Kayangan on 25 August 2022 received a letter of award from Ace Logistic for the design, construction and completion of a proposed single-storey factory with 3-storey office and hostel at Mukim Labu, Bandar Baru Enstek, Negeri Sembilan for a contract sum of RM57.09 million.

CHIN HIN GROUP PROPERTY BERHAD
[200101017677 (553434-U)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Chin Hin Group Property Berhad ("**CHGP"** or "**Company**") will be held by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue 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 Friday, 30 December 2022 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, to pass the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY BKG DEVELOPMENT SDN BHD ("BKG DEVELOPMENT"), A WHOLLY-OWNED SUBSIDIARY OF CHGP OF 100.0% EQUITY INTEREST IN QUAVER SDN BHD ("QUAVER") FOR A PURCHASE CONSIDERATION OF RM1,250,000, TO BE SATISFIED BY CASH ("PROPOSED ACQUISITION OF QUAVER")

"THAT, subject to the approvals being obtained from the relevant parties and/or authorities, approval be and is hereby given to BKG Development to acquire 11,500,000 ordinary shares in Quaver, representing 100.0% equity interest in Quaver, for a purchase consideration of RM1,250,000, to be satisfied via cash, in accordance with the terms and conditions as stated in the Share Sale Agreement dated 25 August 2022 entered into between BKG Development and Aera Property Group Sdn Bhd (including any amendment and/or extension thereof as mutually agreed) for the Proposed Acquisition of Quaver.

AND THAT, authority be and is hereby given to the Directors of the Company to give full effect to the Proposed Acquisition of Quaver with full powers to approve, agree and assent to any conditions, variations, revaluations, modifications, and/or amendments in any manner as may be required/permitted by the relevant regulatory authorities or deemed necessary by the Directors of the Company, to deal with matters, incidental, ancillary to and/or relating thereto and take all steps and do all acts and to execute or enter into all such agreements, arrangements, undertakings, indemnities, transfers, extensions, assignments, deeds, confirmations, declarations and/or guarantees, with any party or parties, to deliver or cause to be delivered all such documents and to do all such acts and matters as they may consider necessary to implement, finalise and give full effect to and complete the Proposed Acquisition of Quaver."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION BY CHGP OF 3,000,000 ORDINARY SHARES IN KAYANGAN KEMAS SDN BHD ("KAYANGAN") FOR A PURCHASE CONSIDERATION OF RM16,700,000, TO BE SATISFIED BY CASH ("PROPOSED ACQUISITION OF KAYANGAN")

"THAT, subject to the approvals being obtained from the relevant parties and/or authorities, approval be and is hereby given to CHGP to acquire 3,000,000 ordinary shares in Kayangan, representing 30.0% equity interest in Kayangan, for a purchase consideration of RM16,700,000, to be satisfied via cash, in accordance with the terms and conditions as stated in the Share Sale Agreement dated 25 August 2022 entered into between CHGP and Chan Kin Keong (including any amendment and/or extension thereof as mutually agreed) for the Proposed Acquisition of Kayangan.

AND THAT, authority be and is hereby given to the Directors of the Company to give full effect to the Proposed Acquisition of Kayangan with full powers to approve, agree and assent to any conditions, variations, revaluations, modifications, and/or amendments in any manner as may be required/permitted by the relevant regulatory authorities or deemed necessary by the Directors of the Company, to deal with matters, incidental, ancillary to and/or relating thereto and take all steps and do all acts and to execute or enter into all such agreements, arrangements, undertakings, indemnities, transfers, extensions, assignments, deeds, confirmations, declarations and/or guarantees, with any party or parties, to deliver or cause to be delivered all such documents and to do all such acts and matters as they may consider necessary to implement, finalise and give full effect to and complete the Proposed Acquisition of Kayangan."

ORDINARY RESOLUTION 3

PROPOSED ACCEPTANCE OF LETTER OF AWARD FROM ACE LOGISTIC SDN BHD ("ACE LOGISTIC") FOR THE DESIGN, CONSTRUCTION AND COMPLETION OF A PROPOSED SINGLE-STOREY FACTORY WITH 3-STOREY OFFICE AND HOSTEL AT MUKIM LABU, BANDAR BARU ENSTEK, NEGERI SEMBILAN FOR A CONTRACT SUM OF RM57,094,658 ("PROPOSED RELATED PARTY PROJECT")

"**THAT**, subject to approvals of the relevant authorities and/ or parties being obtained, where required, approval be and is hereby given to Kayangan to accept the award from Ace Logistic for the design, construction and completion of a proposed single-storey factory with 3-storey office and hostel at Mukim Labu, Bandar Baru Enstek, Negeri Sembilan for a contract sum of RM57,094,658 and upon the terms and conditions as stated in the letter of award dated 25 August 2022 (including any amendment, variation and/or extension thereof as mutually agreed).

AND THAT, authority be and is hereby given to the Directors of the Company to give full effect to the Proposed Related Party Project with full powers to approve, agree and assent to any conditions, variations, revaluations, modifications, and/or amendments in any manner as may be required/permitted by the relevant regulatory authorities or deemed necessary by the Directors of the Company, to deal with matters, incidental, ancillary to and/or relating thereto and take all steps and do all acts and to execute or enter into all such agreements, arrangements, undertakings, indemnities, transfers, extensions, assignments, deeds, confirmations, declarations and/or guarantees, with any party or parties, to deliver or cause to be delivered all such documents and to do all such acts and matters as they may consider necessary to implement, finalise and give full effect to and complete the Proposed Related Party Project."

ORDINARY RESOLUTION 4

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")

"**THAT,** subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), approval be and is hereby given to the Company and/or its subsidiaries ("**CHGP Group**") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of CHGP Group with specified classes of Related Parties (as defined in the Main Market Listing Requirements of Bursa Securities) as specified in Section 2.4, Part C of the Circular to Shareholders dated 15 December 2022, which are necessary for the day-to-day operations of CHGP Group provided that the transactions are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public as well as are not detrimental to the minority shareholders of the Company and such approval, shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT, the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

ORDINARY RESOLUTION 5

PROPOSED WAIVER OF STATUTORY PRE-EMPTIVE RIGHTS OF THE SHAREHOLDERS ("PROPOSED WAIVER")

"THAT, further to the approval granted by the shareholders of the Company on the Authority to Issue Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 at the Twentieth Annual General Meeting of the Company held on 3 June 2022 ("**Placement Shares**"), approval be hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of Placement Shares pursuant to Section 85 of the Companies Act 2016 to be read together with Article 57 of the Constitution of the Company.

AND THAT, the Directors and/or the Company Secretaries of the Company be hereby authorised to take all steps that are necessary and expedient in order to implement, finalise and give full effect to the said Proposed Waiver for and on behalf of the Company."

BY ORDER OF THE BOARD

CHEE WAI HONG (BC/C/1470)
SSM PC No. 202008001804
TAN SHE CHIA (MAICSA 7055087)
SSM PC No. 202008001923

Company Secretaries
Penang

15 December 2022

Notes:

(1) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

(2) The proxy form must be duly completed and deposited at the Registered Office of the Company, 48, Jalan Chow Thye, 10050 George Town, Penang not less than 48 hours before the time appointed for holding the meeting.

(3) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.

(4) Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(5) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

(6) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**Central Depositories Act**"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.

(7) Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

(8) For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 69 of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 21 December 2022 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

(9) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

CHIN HIN GROUP PROPERTY BERHAD
[200101017677 (553434-U)]
(Incorporated in Malaysia)

CDS Account No.
- -

PROXY FORM

I/We ……
(FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)
(NRIC No. ……………………………………) of
……
……
(ADDRESS)
(EMAIL ADDRESS:…………………………………………) (MOBILE NO.:……………………………………)
being a member/member(s)of the abovenamed Company, hereby appoints
……
(FULL NAME of proxy as per NRIC/Passport in capital letters)
(NRIC No. ……………………………………) of ……………………………………………………………………
……
(FULL ADDRESS)
(EMAIL ADDRESS:…………………………………………) (MOBILE NO.:……………………………………)
or failing him, ……………………………………………………………………………………………
(FULL NAME of proxy as per NRIC/Passport in capital letters)
(NRIC No. ……………………………………) of ……………………………………………………………………
……
(FULL ADDRESS)

(EMAIL ADDRESS:…………………………………………) (MOBILE NO.:……………………………………)

or failing him, THE CHAIRMAN OF THE MEETING, as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue 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 Friday, 30 December 2022 at 11.00 a.m. or at any adjournment thereof and to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Proposed Acquisition of Quaver		
Ordinary Resolution 2	Proposed Acquisition of Kayangan		
Ordinary Resolution 3	Proposed Related Party Project		
Ordinary Resolution 4	Proposed New Shareholders' Mandate		
Ordinary Resolution 5	Proposed Waiver		

Please indicate with an "X" in the appropriate spaces provided above on how you wish your vote to be casted. If no specific instruction is given, the proxy may vote as he thinks fit.

No of shares held

For appointment of 2 proxies, percentage of shareholdings to be represented by the proxies:

	No of shares	%
Proxy 1		
Proxy 2		
		100

Dated this__________day of_____________2022

____
Signature of member(s) /Common Seal

* Strike out whoever is not desired

Notes:

(1) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretaries

CHIN HIN GROUP PROPERTY BERHAD
[200101017677 (553434-U)]
48, Jalan Chow Thye
10050 George Town
Penang

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