

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. This Circular has been reviewed by UOB Kay Hian Securities (M) Sdn Bhd, being the Adviser to Matang Berhad for the Proposals (as defined herein).

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MATANG BERHAD

Registration No. 201501017043 (1142377-X)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PART A

- I. **PROPOSED ACQUISITION OF TWO (2) UNITS OF DOUBLE STOREY SEMI-DETACHED FACTORY AND WAREHOUSE ANNEXED WITH A ONE-AND-A-HALF (1½) STOREY OFFICE BUILDING AND OTHER ANCILLARY BUILDINGS TO BE ERECTED ON PART OF THE LAND HELD UNDER GERAN 204624, LOT 78658, MUKIM DAMANSARA, DAERAH PETALING, NEGERI SELANGOR FOR A TOTAL PURCHASE CONSIDERATION OF RM33,000,000 TO BE SATISFIED VIA THE ALLOTMENT AND ISSUANCE OF 357,000,000 NEW ORDINARY SHARES IN MATANG BERHAD ("MATANG" OR THE "COMPANY") AT AN ISSUE PRICE OF RM0.0809 EACH AND CASH PAYMENT AMOUNTING TO RM4,118,700 ("PROPOSED ACQUISITION"); AND**
- II. **PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF MATANG AND ITS SUBSIDIARIES TO INCLUDE PROPERTY INVESTMENT ("PROPOSED DIVERSIFICATION")**
(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

PART B

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A

Independent Adviser for Part B

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

Registration No. 199001003423 (194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



ASIA EQUITY RESEARCH SDN BHD

Registration No. 201401027762 (1103848-M)

(Licensed to provide advisory in corporate finance and investment advice)

The Extraordinary General Meeting of the Company ("**EGM**") will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 31 May 2023 at 2.30 p.m. or any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed in this Circular.

A member entitled to attend, speak (including posing questions via real time submission of types texts) and vote (collectively "**participate**") at the EGM is entitled to appoint a proxy or proxies to participate on his/ her behalf. In such event, the Proxy Form must be lodged at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**TIH**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or by electronic lodgement via TIH Online website at <https://tiah.online>, not less than forty-eight (48) hours before the time for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form shall not preclude you from participating in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Monday, 29 May 2023 at 2.30 p.m.

Date and time of the EGM : Wednesday, 31 May 2023 at 2.30 p.m.

This Circular is dated 15 May 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016
"AER" or the "Independent Adviser"	:	Asia Equity Research Sdn Bhd, being the Independent Adviser for the Proposed Acquisition
"Allottee"	:	SMG Production & Distribution Sdn Bhd
"Balance Payment"	:	Cash payment amounting to RM4,118,700, forming part of the Purchase Consideration
"Board"	:	The Board of Directors of Matang
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular dated 15 May 2023 in relation to the Proposals
"Consideration Shares"	:	357,000,000 new Matang Shares to be issued and allotted at the Issue Price to the Allottee forming part of the Purchase Consideration
"Datuk Ir. Lawrence Low"	:	Datuk Ir Low Ah Keong
"Dato' Ng"	:	Dato' Ng Keng Heng
"Director(s)"	:	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposals were agreed upon:- (i) a director of Matang, its subsidiaries; and (ii) a chief executive of Matang, its subsidiaries
"DRA"	:	Development Rights Agreement dated 18 August 2021 between Star Media as the Proprietor and SMG Land as the Vendor
"EGM"	:	Extraordinary General Meeting of the Company
"EPS/ (LPS)"	:	Earnings/ (Loss) per Share
"FFB"	:	Fresh fruit bunches
"FPE"	:	Financial period ended/ ending, as the case may be
"FYE"	:	Financial year ended
"Guarantee"	:	A corporate guarantee to be furnished by Star Media in favour of Matang as further detailed in Section 12 of Appendix I of this Circular.
"Henry Butcher" or the "Valuer"	:	Henry Butcher Malaysia (Sel) Sdn Bhd

DEFINITIONS (CONT'D)

"Huaren"	:	Huaren Holdings Sdn Bhd
"Issue Price"	:	The issue price of RM0.0809 per Consideration Share
"Interested Directors"	:	Datuk Ir. Lawrence Low and Dato' Ng, collectively
"Interested Parties"	:	MCA, Huaren, Rohua, Datuk Ir. Lawrence Low and Dato' Ng, collectively
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	17 April 2023, being the latest practicable date prior to the printing and despatch of this Circular
"Matang" or the "Company" or the "Purchaser"	:	Matang Berhad
"Matang Group" or the "Group"	:	Matang and its subsidiaries, collectively
"Matang Shares" or "Shares"	:	Ordinary shares in Matang
"MCA"	:	Malaysian Chinese Association
"NA"	:	Net assets attributable to equity holders
"Oil Palm Business"	:	Sales of FFB from the Group's oil palm estate in the district of Ledang and Segamat, Johor
"Parent Land"	:	Industrial land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor (free from any and all encumbrances)
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"Proposals"	:	The Proposed Acquisition and Proposed Diversification, collectively
"Proposed Acquisition"	:	Proposed acquisition of the Property to be erected on part of the Parent Land for the Purchase Consideration
"Proposed Diversification"	:	Proposed diversification of the existing principal activities of Matang Group to include property investment
"Property"	:	Two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the Parent Land
"Purchase Consideration"	:	Purchase consideration of RM33,000,000 for the Proposed Acquisition to be satisfied via the Consideration Shares and the Balance Payment
"Record of Depositors"	:	A record of security holders provided by Bursa Depository pursuant to the Rules of Bursa Depository
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively

DEFINITIONS (CONT'D)

"Rohua"	:	Rohua Sdn Bhd
"RPT"	:	Related party transaction pursuant to Rule 10.08 of the Listing Requirements
"Shareholder(s)"	:	Shareholder(s) of Matang
"Shortfall"	:	The sum of RM4,118,700.00, being the balance of the Purchase Consideration not satisfied via the issuance of the Consideration Shares
"SMG Land" or the "Vendor"	:	SMG Land Sdn Bhd
"Star Media" or the "Proprietor"	:	Star Media Group Berhad
"SPA"	:	Conditional sale and purchase agreement dated 10 February 2023 entered into between Matang, Star Media and SMG Land in respect of the Proposed Acquisition
"UOBKH" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd
"VWAP"	:	Volume weighted average market price

All references to "**we**", "**us**", "**our**" and "**ourselves**" are made to Matang, and where the context requires, shall include our subsidiaries.

All references to "**you**" or "**your(s)**" in this Circular are made to our shareholders, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. You are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposals before voting at the forthcoming EGM.

Key information	Description	Reference to Circular
Details of the Proposals	<u>Proposed Acquisition</u> The Proposed Acquisition entails the acquisition of two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor for a total purchase consideration of RM33,000,000 to be satisfied via the allotment and issuance of 357,000,000 Consideration Shares to Allottee, a wholly-owned subsidiary of the Vendor at an issue price of RM0.0809 each and cash payment amounting to RM4,118,700.	Section 2
	<u>Proposed Diversification</u> The Proposed Acquisition provides Matang Group an opportunity to venture into the business of property investment, with the objective of earning a return on investment in industrial properties either through rental income, and/ or the potential resale of such investment properties in the future to derive gain. The Proposed Acquisition further enables the Group to diversify and create additional income stream which is more recurrent in nature via rental or leasing of industrial properties, apart from relying on its Oil Palm Business. The Board anticipates that the property investment business may contribute 25% or more of the net profits of the Group and/ or result in a diversion of more than 25% of the NA of the Group moving forward.	Section 3
Rationale and justifications	<u>Proposed Acquisition</u> The Proposed Acquisition will reduce the Group's reliance on its Oil Palm Business, which involves the sale of FFB from its oil palm estate. Presently, the Group's Oil Palm Business is its key revenue contributor, contributing RM17.63 million for the FYE 30 June 2022. In addition, the Proposed Acquisition can provide Matang Group with an additional form of income in addition to its present business operations. The Proposed Acquisition may enable Matang Group to expand its business operations to property investment and obtain additional income through rental income, and/ or potential resale of such investment properties to derive future gain. <u>Proposed Diversification</u> The Proposed Diversification is in line with Matang Group's future plans to grow its business operations and reduce its reliance on its existing business segment, being the Oil Palm Business. The Board takes cognisance of the following factors in undertaking the Proposed Diversification:- i. the Group has the opportunity to acquire the Property, which is located in a prime location as stated in Part A, Sections 2.1 and 4.1 of this Circular, this may enable the Group to capitalise on the increasing demands for tenancy present in the vicinity; ii. the favourable property market outlook as illustrated in Part A, Section 5.3 of this Circular, which Matang Group intends to take advantage of through the Proposed Acquisition; and	Section 4

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<p>iii. the Group has been mainly reliant on its Oil Palm Business, which been the key revenue contributor to the Group for the FYE 30 June 2022, contributing RM17.63 million. The Proposed Acquisition and Proposed Diversification will enable the Group to expand its business operations and potentially obtain other forms of income stream to enhance the Group's financial position moving forward.</p>	
Risk factors	<p>Pursuant to the Proposals, Matang Group will be exposed to the following risks inherent in the property investment business and related activities which include, but not limited to, the following:-</p> <ul style="list-style-type: none"> i. Acquisition risk; ii. Non-completion of the SPA; iii. Property investment risk; iv. Non-completion or delay in the development of the Property; v. Compulsory acquisition by the Government; and vi. Upfront payment for the Purchase Consideration and the potential risk of opportunity cost in relation thereto 	Section 6
Interested Parties	<p>Save as disclosed below, none of the Directors, major shareholders, and chief executive of Matang and/ or persons connected to them has any interests, whether direct or indirect, in the Proposals:-</p> <ul style="list-style-type: none"> i. MCA; ii. Huaren; iii. Rohua; iv. Datuk Ir. Lawrence Low; and v. Dato' Ng. <p>By virtue of the above and given that the Proposed Acquisition and Proposed Diversification are inter-conditional upon each other, the Interested Parties are also deemed interested in the Proposed Diversification.</p>	Section 10
Approvals required	<p>The Proposals are subject to the following approvals being obtained:-</p> <ul style="list-style-type: none"> i. Bursa Securities for the listing and quotation of 357,000,000 Consideration Shares to be issued pursuant to the Proposed Acquisition on the ACE Market of Bursa Securities, the approval of which has been obtained vide Bursa Securities' letter dated 8 May 2023; ii. the non-interested shareholders of Matang at the forthcoming EGM; and iii. any other relevant authority and/ or party, if required. <p>The Proposed Acquisition and Proposed Diversification are inter-conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.</p>	Section 9
Board's recommendation	<p>The Board, save for the Interested Directors, recommends that you vote IN FAVOUR of the ordinary resolutions pertaining to the Proposed Acquisition and Proposed Diversification to be tabled at the forthcoming EGM</p>	Section 12
AER's recommendation	<p>AER is of the opinion that the Proposed Acquisition is fair and reasonable insofar as to the non-interested shareholders are concerned and it is not to the detriment of the non-interested shareholders. Accordingly, AER recommends the non-interested shareholders to vote in favour of the ordinary resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM</p>	Part B



MATANG BERHAD

Registration No. 201501017043 (1142377-X)
(Incorporated in Malaysia)

Registered Office

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

15 May 2023

Board of Directors

Dato' Foong Chee Meng (*Independent Non-Executive Chairman*)
Datuk Ir. Low Ah Keong (*Executive Director*)
Dato' Ng Keng Heng (*Executive Director*)
Sophia Lim Chia Hui (*Independent Non-Executive Director*)
Datuk Tew Boon Chin (*Independent Non-Executive Director*)
Datuk Teoh Sew Hock (*Non-Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

I. PROPOSED ACQUISITION; AND II. PROPOSED DIVERSIFICATION

1. INTRODUCTION

On 10 February 2023, UOBKH had, on behalf of the Board, announced the following:-

- i. Matang had on 10 February 2023 entered into an SPA with Star Media and SMG Land, a wholly-owned subsidiary of Star Media to acquire two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor for a total purchase consideration of RM33,000,000 to be satisfied via the allotment and issuance of 357,000,000 Consideration Shares to Allottee, a wholly-owned subsidiary of the Vendor at an issue price of RM0.0809 each and cash payment amounting to RM4,118,700; and
- ii. proposed diversification of the existing principal activities of Matang Group to include property investment.

The Proposed Acquisition is deemed as an RPT under Rule 10.08 of the Listing Requirements by virtue of the interests of the Interested Parties, further details as set out in **Part A, Section 10** of this Circular.

On 8 May 2023, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 8 May 2023, resolved to approve the listing and quotation of 357,000,000 Consideration Shares pursuant to the Proposed Acquisition on the ACE Market of Bursa Securities, subject to the conditions as disclosed in **Part A, Section 9** of this Circular.

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

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

Pursuant to the SPA, the Vendor, with the consent of the Proprietor, has agreed to sell and the Purchaser has agreed to purchase the Property with vacant possession free from any charges and encumbrances whatsoever attributable to the Vendor and the Proprietor but subject to all conditions and restrictions-in-interest whether express or implied affecting the title to the Parent Land and the separate documents of title when issued to each of the Property at the Purchase Consideration and upon the terms and conditions of the SPA.

The Purchase Consideration is subject to upward or downward adjustment as referred to in **Clause 7(b), Appendix I** of this Circular as follows:-

- (i) If the difference between the land area as set out in the separate issue document of title when issued to each of the Property and the land area as set out in the SPA; and/or
- (ii) The actual gross floor area of the Property as measured by the surveyor and the gross floor area as set out in the SPA,

is either bigger or smaller in size and when calculated in terms of percentage, it is more than 5%, the Purchase Consideration shall be adjusted upwards or downwards, as the case may be, calculated at rate of RM217 per square foot for the gross floor area and RM380 per square foot for the land area.

For information, the adjustment rate of RM380 per square foot (for the land area) was commercially agreed upon between the Purchaser and the Vendor after taking into consideration similar properties that were either transacted recently or listed for sale within the same location or other comparable localities with due consideration given to factors such as location, size, improvements and amenities.

On the other hand, the adjustment rate of RM217 per square foot (for the gross floor area) was commercially agreed upon between the Purchaser and the Vendor after taking into consideration the estimated construction cost of the Property in line with the industry benchmark specifically in reference to JUBM & Arcadis Construction Cost Handbook Malaysia 2022.

Pursuant to the SPA, the payment of the adjustment is required to be paid to the relevant party within 14 days of the date of notification from the Vendor, being after the issuance of separate documents of title to each of the Property subsequent to the completion of the Proposed Acquisition. The difference in the area will be only be able to be determined when the separate documents of title is issued and/ or the built-up area of the Property is measured by the surveyor.

Please refer to **Appendix I** of this Circular for the salient terms of the SPA.

Strictly for illustrative purposes, the effects of the upward and downward adjustment (assuming 5.1% deviation on the gross floor area and land area) on the Purchase Consideration is as follows:-

Current gross floor area (per SPA)	59,730 square feet
Current land area (per SPA) :	52,678 square feet

5.1% downward adjustment		5.1% upward adjustment	
Gross floor area (sq. ft.)	56,683.77	Gross floor area (sq. ft.)	62,776.23
Difference in gross floor area (A)	3,046.23	Difference in gross floor area (A)	3,046.23
Adjustment rate (per sq. ft.) (B)	RM217	Adjustment rate (per sq. ft.) (B)	RM217
Adjustment amount (A x B)	(RM661,031.91)	Adjustment amount (A x B)	RM661,031.91
Adjusted Purchase Consideration	RM32,338,968.09	Adjusted Purchase Consideration	RM33,661,031.91
OR		OR	
Land area (sq. ft.)	49,991.42	Land area (sq. ft.)	55,364.58
Difference in land area (C)	2,686.58	Difference in land area (C)	2,686.58
Adjustment rate (per sq. ft.) (D)	RM380	Adjustment rate (per sq. ft.) (D)	RM380
Adjustment amount (C x D)	(RM1,020,900.40)	Adjustment amount (C x D)	RM1,020,900.40
Adjusted Purchase Consideration	RM31,979,099.60	Adjusted Purchase Consideration	RM34,020,900.40

The Purchase Consideration shall be fully satisfied through the allotment and issuance of 357,000,000 Consideration Shares at the Issue Price to the Allottee and the payment of the Shortfall to the Vendor (via escrow agent) in cash. Please refer to **Part A, Section 2.7** of this Circular for the mode of settlement.

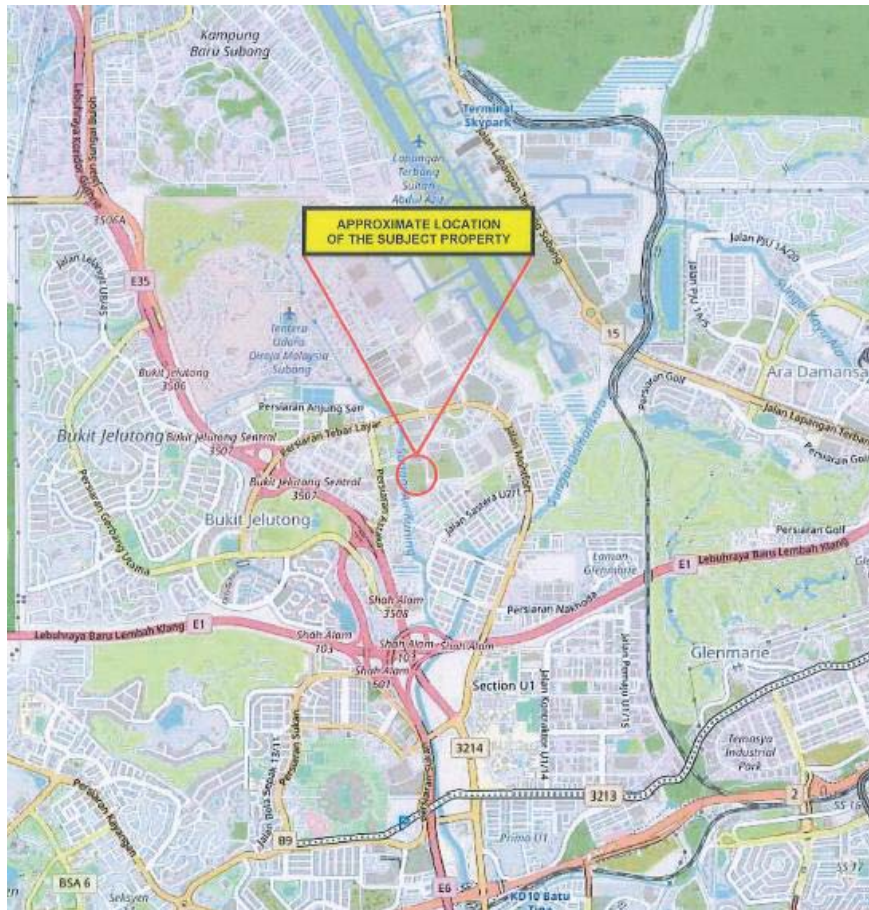
2.1 Information on the Property

Star Media is the registered proprietor and beneficial owner of the Parent Land. Pursuant to the DRA, the Vendor was granted the development rights by the Proprietor to, among others, develop the Parent Land and sell units to be constructed on the Parent Land.

As at the LPD, the Property is still undeveloped on the Parent Land. The Proposed Acquisition entails, with the consent of the Proprietor pursuant to the DRA, the acquisition by the Purchaser of the Property which shall comprise two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the Parent Land located at Jalan Tiang U8/94 within Bukit Jelutong, Shah Alam, Selangor. As such, the Proposed Acquisition is based upon the completion of the Property which is to be developed and erected on the Parent Land pursuant to the DRA.

The Property is located about twenty five (25) km due south-west of Kuala Lumpur City Centre and about eight (8) km due northeast of Shah Alam city centre. Developments within the immediate vicinity comprise three (3) storey semi-detached factories, detached factories, apartments, double storey terraced houses, double storey semi-detached houses, double storey detached houses as well as three and four storey shop houses/offices. Other industrial developments nearby include Taman Perindustrian Saujana Indah, Hicom Glenmarie Industrial Park, Batu Tiga Industrial Park, iParc @ Bukit Jelutong and iParc 3 @ Bukit Jelutong.

The location of the Property is depicted in the map below:-



Salient information on the Parent Land is as follows:-

Parent title no.	GRN 204624
Parent lot no.	Lot 78658
Mukim / district / state	Mukim Damansara / Daerah Petaling / Negeri Selangor
Surveyed land area	10,313 square metres
Term of tenure	Term-In-Perpetuity
Registered owner	Star Media
Encumbrances	Nil
Express condition	"Perusahaan"
Category of land use	"Industri"
Restriction-in-interest	Nil
Net book value as at 31 December 2021	RM2,153,000

Salient information on the Property intended to be developed on the Parent Land pursuant to the DRA is summarised as follows:-

Property description	Comprises two (2) units of proposed double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the Parent Land
Postal address	No. 3 & 5, Jalan Tiang U8/94, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan
Details of the parcel containing the property to be developed	<p><u>Parcel identified as Lot no.3:</u></p> <ul style="list-style-type: none"> (i) Type: semi-detached factory and warehouse – A3 (ii) Lot number: 3 (iii) Unit number: 3 (iv) Land area: 26,339 square feet (v) Gross floor area: 29,865 square feet <p><u>Parcel identified as Lot no.3A:</u></p> <ul style="list-style-type: none"> (i) Type: semi-detached factory and warehouse – A2 (ii) Lot number: 3A (iii) Unit Number: 5 (iv) Land area: 26,339 square feet (v) Gross floor area: 29,865 square feet

As at the LPD, both the parcels form part of the Parent Land and the development is pursuant to the development order which has been approved by Majlis Bandaraya Shah Alam ("**MBSA**") via the Development Order Approval Letter bearing reference no. (25)MBSA/PRG/KP/600-3/SEK.U8/0116/2022 dated 26 October 2022 ("**Development Order**"). According to the Development Order, the Parent Land will be sub-divided into four (4) plots of industrial land out of which the Property will be situated upon two (2) of the sub-divided plots. As at the LPD, the building plans have been approved by MBSA bearing reference no. MBSA/BGN/BB/600-1(PB)/SEK:U8/0206-2022 dated 20 January 2023 ("**Approved Building Plan**"). The expected commencement date for the development of the Property is second quarter of 2023, and the expected completion date is second quarter of 2026.

With regard to the future use of the Property, the Group may either lease or sell the Property to derive rental income or gain after the vacant possession of the Property is delivered by the Developer. At this juncture, the Group has not determined its direction with regard to the actual use of the Property, as this would depend on the prevailing property market condition in the future, which may include but are not limited to, surrounding rental yield, prospects of tenancy for the location of the Property as well as market condition for the sale of the Property. Therefore, the management of Matang is unable to provide a reasonable estimate of the expected rental or resale value at this material point in time.

2.2 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration, assuming the Property is completed (details of which are set out in **Part A, Section 2.1** of this Circular), the total market value of the Property of RM33,000,000 based on the appraisal as at 12 January 2023, being the date of valuation by Henry Butcher, a firm of independent registered valuer. The valuation appraisal was carried out by the Valuer using the Comparison Approach and cross-checked using the Investment Method. The breakdown of the market value of the Property is summarised as follows:-

Parcel	RM
Lot no. 3	16,500,000
Lot no. 3A	16,500,000
Total	33,000,000

In addition, the Board is of the view that the Purchase Consideration is justifiable after taking into consideration the following:-

- i. the prospects of the Property given its strategic location, accessibility and surrounding amenities; and
- ii. the rationale and benefits of the Proposed Acquisition as set out in **Part A, Section 4.1** of this Circular.

2.3 Salient features of the Valuation Report

Henry Butcher was appointed by the Company to conduct a valuation on the Property under the assumption that the Property is to be constructed in accordance with the Approved Building Plan.

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

No allowances are made in the valuation for any expense of realization or for taxation which might arise in the event of a disposal, deemed or otherwise. Henry Butcher has considered the Property as if free and clear of all charges, lien and all other encumbrances which may be secured thereon. It has also assumed the Property is free of all statutory notices and outgoing.

In arriving at the market value of the Property, Henry Butcher has adopted the Comparison Approach, which involves the process of comparing and adopting as a yardstick recent transactions and sale evidences involving other similar properties in the vicinity or other comparable localities. Where dissimilarities exist, adjustments are made.

The Valuer has also cross checked the valuation using Investment Method but did not use this methodology as it involves the conversion of an income flow from property into appropriate capital sum. The assessment of a rental value is an important process and a reasonably accurate estimate is therefore vital. The lack of concluded rental evidences have resulted in the Valuer to depend on asking rental to arrive at the notional income flow. Hence, these factors reduce the accuracy of the Investment Method as compared to the Comparison Approach in terms of the value in this exercise.

Accordingly, the adopted market value of the Property is **RM33,000,000**. Further details of the valuation are set out in **Appendix II** of this Circular.

2.4 Basis and justification of arriving at the Issue Price

In accordance with the terms of the SPA, the Issue Price of RM0.0809 was determined based on a discount of approximately 7.00% to the 5-day VWAP of Matang Shares up to and including 9 February 2023 ("LTD"), being the last trading day immediately preceding the date of the SPA, being RM0.0869.

For information, the Issue Price also represents the following discount to the historical prices of Matang Shares as follows:-

	Share price RM	Discount	
		RM	%
Last transacted price as at LTD	0.0900	0.0091	10.11
5-day VWAP of Shares up to the LTD	0.0869	0.0060	7.00
1-month VWAP of Shares up to the LTD	0.0875	0.0066	7.54
3-month VWAP of Shares up to the LTD	0.0898	0.0089	9.91
6-month VWAP of Shares up to the LTD	0.0901	0.0092	10.21
12-month VWAP of Shares up to the LTD	0.1035	0.0226	21.84

(Source: Bloomberg)

The Board is of the view that the Issue Price is justifiable after taking into consideration the following:-

- i. the Issue Price translates into an implied price-to-earnings (PE) multiple of 31.12 times based on the audited EPS of Matang of 0.26 sen for FYE 30 June 2022;
- ii. the Proposed Acquisition will be partially satisfied via issuance of the Consideration Shares, which in turn enables the Group to enhance its asset base without any immediate significant impact on its cash flow position as compared to full settlement via cash. This enables the Group to conserve its cash position which can be channelled towards financing day-to-day operations and/ or pursue other business opportunities, where required; and
- iii. the Consideration Shares are subject to market risk of Matang Shares to be assumed by the Allottee, which is influenced by factors including market sentiments, liquidity of Matang Shares as well as volatility of the general equity markets.

Premised on the above, the Board is of the view that the Issue Price is reasonable.

2.5 Information on the Vendor

SMG Land was incorporated in Malaysia under the Companies Act 1965 on 3 March 2000 as a private limited company. As at the LPD, its share capital is RM55,000,000 comprising 55,000,000 ordinary shares. It is principally involved in property development.

As at the LPD, the directors of SMG Land and their respective shareholdings are as follows:-

Directors	Nationality	Direct		Indirect	
		No. of SMG Land Shares	%	No. of SMG Land Shares	%
Soh Sze Jean	Malaysian	-	-	-	-
Hoh Yik Siew	Malaysian	-	-	-	-

As at the LPD, SMG Land is a direct wholly-owned subsidiary of Star Media, a public company listed on the Main Market of Bursa Securities.

2.6 Information on the Proprietor

Star Media was incorporated in Malaysia under the Companies Act 1965 on 23 July 1971 as a private limited company and is deemed registered under the Act. Star Media subsequently converted into a public limited company on 31 May 1972 and was listed on the Main Market of Bursa Securities.

As at the LPD, its share capital is RM738,563,602 comprising 738,563,602 ordinary shares. Star Media is principally involved in the publication, printing, distribution of newspapers and magazines, digital content services and managers, promoters and organisers of events. As at the LPD, the directors of Star Media are Tan Sri Dato' Seri Chor Chee Heung, Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon, Dato' Dr. Mohd Aminuddin bin Mohd Rouse, Choong Tuck Oon, Wong You Fong, Chan Seng Fatt, Loh Chee Can, and Christina Foo.

The direct and indirect shareholdings of the directors and substantial shareholders of Star Media as at the LPD are set out below:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
<u>Directors</u>				
Tan Sri Dato' Seri Chor Chee Heung	750,000	0.10	-	-
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon	-	-	-	-
Dato' Dr Mohd Aminuddin bin Mohd Rouse	-	-	-	-
Choong Tuck Oon	-	-	-	-
Wong You Fong	-	-	-	-
Chan Seng Fatt	-	-	-	-
Loh Chee Can	-	-	-	-
Christina Foo	-	-	-	-
<u>Substantial shareholders</u>				
AMSEC Nominees Tempatan Sdn Bhd (nominees for MCA)	313,315,760	43.23	15,625,300 ^{*1}	2.16
AmanahRaya Trustees Bhd (nominees for Amanah Saham Bumiputera)	37,500,000	5.17	-	-

Note:-

^{*1} Held via Huaren and Huaren Management Sdn Bhd, which are deemed interested pursuant to Section 8 of the Act

2.7 Mode of settlement

The Purchaser shall pay to the Vendor the Purchase Consideration in the following manner:-

Mode	Details	Amount (RM'000)	%
Consideration Shares	The Purchaser shall issue and allot the Consideration Shares to the Allottee within seven (7) business days from the date on which the last of the conditions precedent to the SPA has been fulfilled or waived (" Unconditional Date ") or such further period as may be mutually agreed in writing by Matang, the Vendor and Star Media (" Payment Date ")	28,881	87.52
Balance Payment (cash)*	To be satisfied in cash and paid to an escrow agent to be mutually appointed by the Purchaser and the Vendor by the Payment Date	4,119	12.48
		33,000	100.00

Note:-

- * *For avoidance of doubt, in a non-default situation of the Purchaser, the Balance Payment will be released to the Vendor upon issuance of the written notice by the Vendor to the Purchaser for the Purchaser to accept delivery of vacant possession of the Property.*

For shareholders' information, kindly note that the settlement of the Purchase Consideration shall be made by the Purchaser on an upfront basis (i.e. on the Payment Date) as opposed to on completion and delivery of vacant possession of the Property envisaged by the second quarter of 2026. While the abovesaid mode of settlement is not customary per industry norm (i.e. whereby the payment for property under construction and/ or new development would usually be based on a progressive payment schedule in tandem with the construction stages), such settlement arrangement was commercially agreed upon between the Purchaser and the Vendor after taking into consideration the following factors:-

i. Composition of the Purchase Consideration to be satisfied via a combination of Consideration Shares (87.52%) and remaining balance in cash (12.48%)

The main portion of the Purchase Consideration will be satisfied via issuance of Consideration Shares instead of relying on internally generated funds and/ or bank borrowings. This provides Matang Group flexibility in allocating its financial resources for its existing and future operational requirements. Thus, the Group will be able to implement prudent planning in its capital management structure and utilise its financial resources in a more efficient manner.

On the other hand, the parties take cognisance that the Vendor (through its Allottee) is agreeable to receive the main portion of the Purchase Consideration in the form of Consideration Shares (as opposed to full settlement in cash), which in turn allows the Vendor to gain investment exposure to Matang's business and prospect. Nevertheless, this in turn will subject the Vendor to market risk of Matang Shares to be assumed by the Allottee, which is influenced by factors including market sentiments, liquidity of Matang Shares as well as volatility of the general equity markets.

ii. Guarantee to be provided by the Proprietor in favour of the Purchaser

On the Payment Date, the Proprietor will furnish the Purchaser a corporate guarantee as a form of security for the due performance of the Vendor in the event that the Vendor is unable to satisfy its obligations under the SPA. Therefore, in the event that the Vendor is unable to fulfil its obligations under the SPA, the Purchaser is entitled to call upon the Guarantee whereby the Proprietor shall be required to refund the Purchase Consideration in cash upon termination of the SPA or perform the obligations of the Vendor to complete the development and construction of the Property until the registration of the memorandum of transfer of the Property to the Purchaser.

In short, notwithstanding that the settlement of the Purchase Consideration would be made upfront by the Payment Date, the provision of the Guarantee would accord Matang Group certain safeguard measures to mitigate against the risk of non-completion of the Property by the Vendor up till the Property completion/ delivery period or non-payment or refund by the Vendor of the Purchase Consideration to the Purchaser. Please refer to **Section 12 of Appendix I** of this Circular for further details of the Guarantee.

iii. Opportunity for the Purchaser to lock in the value of Consideration Shares to be issued as part payment of the Purchase Consideration for the Property

The main portion of the Purchase Consideration will be satisfied via issuance of Consideration Shares on the Payment Date based on a single Issue Price of the Consideration Shares (i.e. RM0.0809) which was fixed upfront upon execution of the SPA in relation to the acquisition of the Property.

From a commercial standpoint, this allows the Purchaser to lock in upfront the value of Consideration Shares to be issued as part payment of the Purchase Consideration for the Property. This mitigates the risk of price fluctuation in Matang Shares particularly in the event of lower share price in the future, which may otherwise result in the Company having to pay a larger Shortfall amount in cash to satisfy the remaining Purchase Consideration for the Property as the maximum number of Consideration Shares has been fixed and agreed by both parties.

Having taken into considerations all factors above, the Board (save for the Interested Directors) and the Audit and Risk Management Committee of Matang are of the view the mode of settlement for the Purchase Consideration are in the best interests of the Company, and that the such manner of settlement are not detrimental to the interest of the non-interested shareholders of the Company.

2.8 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SPA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by Matang Group pursuant to the Proposed Acquisition.

2.9 Additional financial commitment required

The Board does not expect the Group to incur any other additional financial commitment in relation to the Proposed Acquisition, except for the professional fees and stamp duty required to be paid for the Proposed Acquisition to be borne by Matang Group upon delivery of vacant possession of the Property by the Vendor to the Company.

2.10 Source of funding

The Purchase Consideration amounting to RM33.00 million shall be satisfied by Matang through the combination of:-

- i. the allotment and issuance of 357,000,000 Consideration Shares at the Issue Price amounting to RM28.88 million to the Allottee; and
- ii. the Balance Payment amounting to RM4.12 million, which shall be satisfied using internally generated funds.

2.11 Original cost and date of investment in the Parent Land

The original cost of investment of Star Media in the Parent Land and the date of such investments are set out below:-

Date of investment	Cost of investment RM
30 December 2003	2,153,000

2.12 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the existing Shares, save and except that the Consideration Shares shall not be entitled to participate in any dividends, rights, allotment and/ or other distributions which are declared, made or paid to the shareholders of the Company where the entitlement date for the said distributions precedes the date of allotment and issuance of the Consideration Shares.

2.13 Listing of and quotation for the Consideration Shares

On 8 May 2023, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 8 May 2023, resolved to approve the listing and quotation of 357,000,000 Consideration Shares pursuant to the Proposed Acquisition on the ACE Market of Bursa Securities, subject to the conditions as disclosed in **Part A, Section 9** of this Circular.

3. PROPOSED DIVERSIFICATION

As at the LPD, the Group is principally involved in the businesses of investment holding, management of plantation estate, sales of FFB from its oil palm estate and property investment holding.

The key financial performance of the Group for the past 3 financial years up to the FYE 30 June 2022 and the latest unaudited 6-month FPE 31 December 2022 are as follows:-

	Audited			Unaudited
	FYE 30 June 2020 RM'000	FYE 30 June 2021 RM'000	FYE 30 June 2022 RM'000	6-month FPE 31 December 2022 RM'000
Revenue	9,614	13,695	17,625	8,610
PAT	1,614	4,105	5,689	3,080

The Group's financial performance over the financial years/ period under review were mainly reliant on the Oil Palm Business, which has been the key revenue and PAT contributor to the Group.

The Proposed Acquisition provides Matang Group an opportunity to venture into the business of property investment, with the objective of earning a return on investment in industrial properties either through rental income, and/ or the potential resale of such investment properties in the future to derive gain. The Proposed Acquisition further enables the Group to diversify and create additional income stream which is more recurrent in nature via rental or leasing of industrial properties, apart from relying on its Oil Palm Business.

Barring any unforeseen circumstances and due to the volatile nature of crude palm oil ("**CPO**") prices which underlines the Group's revenue from the sales of FFB, the Board anticipates that the property investment business may contribute 25% or more of the net profits of the Group and/ or result in a diversion of more than 25% of the NA of the Group moving forward.

Accordingly, the Board proposes to seek the approval from the shareholders of Matang for the Proposed Diversification pursuant to Rule 10.13 of the Listing Requirements at an EGM to be convened.

3.1 Key management personnel

Matang Group has identified the following key personnel in leading the initiative for the diversification into the property investment business:-

- i. Datuk Ir. Lawrence Low, a Malaysian male aged 51, was appointed as the Non-Independent Non-Executive Director of Matang on 23 May 2019 and subsequently re-designated as the Executive Director of Matang on 28 August 2019. Datuk Ir. Lawrence Low undertakes the overall supervision of the management team of Matang Group including but not limited to overseeing the business operations and financial aspects of the Group as well as overseeing the strategic expansion plans for the Group. Pursuant to the Proposed Diversification, Datuk Ir. Lawrence Low will be responsible for the overall implementation and business development of the Group's property investment business.

Datuk Ir. Lawrence Low graduated in 1997 with a Bachelor's Degree in Civil Engineering (Hons) from the University of Technology Malaysia. In 2000, Datuk Ir. Lawrence Low completed and obtained a Master's Degree in Business Administration from Charles Stuart University, Australia. He is a certified Professional Engineer on the Board of Engineers Malaysia as well as a Corporate Member of Institution of Engineers, Malaysia.

Datuk Ir. Lawrence Low has over 25 years of experience in the engineering field and has held a wide range of roles from Design Engineer to Resident Engineer, Project Manager, Head of Project and Property Division, including for KL Sentral Project, petrochemical plant in Pasir Gudang and also Petronas' oil and gas plant located in Paka, Terengganu. Datuk Ir. Lawrence Low was also the Chairman of Port Klang Free Zone Sdn Bhd from 2020 until 2022.

Through Datuk Ir. Lawrence Low's experience in the engineering field which spans involvement in project management and also property and industrial related projects, the Board believes that Datuk Ir. Lawrence Low's business acumen coupled with his aforementioned experience will be relevant and beneficial towards the Group's venture into property investment business.

- ii. Dato' Ng, a Malaysian male aged 55, was appointed as a Non-Independent Non-Executive Director of Matang on 1 September 2015 and was subsequently re-designated as the Executive Director of Matang on 28 August 2019. Dato' Ng is involved in, amongst others, the operations and day-to-day management of the Group's oil palm and durian plantations as well as the investment properties of the Group in Kawasan Perindustrian Larkin, Johor Bahru, Johor. Pursuant to the Proposed Diversification, Dato' Ng will be responsible for the operations and management of the Group's property investment business.

Dato' Ng graduated with a Bachelor's Degree in Human Resource Management in 2009 from Open University of Malaysia. Amongst others, Dato' Ng has served as local councillor for the Kota Tinggi District Council from 2001 to 2018 where he has extensive experience on the local council especially land related matters and licence applications from local authorities.

Moving forward, the Group may potentially recruit additional manpower to assist the aforesaid key management personnel to manage the property investment business. Details and size of the recruitment can only be determined at a later stage depending on the nature and scale of its property investment portfolio, the intended use of the Property, as well as Group's operating requirements at the material time. At this juncture, the Group has not identified any new recruits, and that the Group's transition into this venture will be monitored and overseen by the aforesaid key management personnel in the interim.

Based on the above, the Board believes that, by leveraging on the expertise and experience of the aforesaid key management personnel, the Group has the capacity, capability and resources to venture into the property investment business.

4. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

4.1 Proposed Acquisition

The Proposed Acquisition is being undertaken in line with Matang Group's future plan to expand and grow its business operations, to reduce the Group's reliance on its Oil Palm Business, and to provide Matang Group with an additional form of income in addition to its present business operations. In line with above, the Proposed Acquisition involving the Property may enable Matang Group to expand its business operations to property investment and obtain additional income through rental income, and/ or the potential resale of such investment properties in the future to derive gain.

As illustrated in **Part A, Section 2.1** of this Circular, the Property is located in a mature industrial area surrounded by established and mature townships such as Shah Alam, Subang Jaya, Glenmarie and Ara Damansara, which have existing logistics and manufacturing business activities. Furthermore, the Property is surrounded by various infrastructure in the form of highways (i.e. the Guthrie Corridor Expressway ("**GCE**"), New Klang Valley Expressway ("**NKVE**") and Federal Highway) as well as various developments including office towers, golf courses, housing developments, commercial centres and public amenities. Additionally, the Property is within an 8-kilometre drive to commercial areas such as Space U8, Laman Seri Business Park, Tadisma Business Park and Worldwide Business Park and is within close proximity to industrial developments such as the Taman Perindustrian Saujana Indah, Hicom-Glenmarie Industrial Park and iParc @ Bukit Jelutong. Pursuant thereto, and in line with the property market outlook as stated later in **Part A, Section 5.3** of this Circular, the Proposed Acquisition of the Property represents an opportunity for the Group to capitalise on the prime location of the Property and the increasing demands for tenancy present in the vicinity.

Additionally, the Proposed Acquisition represents an opportunity for Matang Group to reduce its reliance on its Oil Palm Business, which involves the sale of FFB from its oil palm estate. Presently, the Group's Oil Palm Business is its key revenue contributor, contributing RM17.63 million for the FYE 30 June 2022. Notwithstanding that the Group's Oil Palm Business has been providing significant revenue to the Group, the Board opines that the Proposed Acquisition will enable the Group to potentially earn a return on investment from the Property either through rental income and/ or the potential resale of the Property in the future. In the event the Group decides to rent or lease the Property where deemed appropriate, this will allow the Group to derive an additional form of income stream which is more recurrent in nature.

As set out in **Part A, Section 2.7** of this Circular, the Purchase Consideration will be satisfied via a combination of Consideration Shares (87.52%) and remaining balance in cash (12.48%). Notwithstanding that the Proposed Acquisition may potentially result in a dilution to the shareholdings of the existing shareholders' shareholdings, as a result of the issuance of Consideration Shares to the Allottee, the Board deems that such mode of settlement will allow the Group to complete the Proposed Acquisition in an expedient manner and conserve its cash for working capital purposes, without having to incur any indebtedness arising from bank borrowings and financing cost.

Barring any unforeseen circumstances and premised on the above, the Board opines that the Proposed Acquisition is expected to contribute positively to Matang Group in the future. Further, the Board takes cognisance that the Proprietor will on the date of the allotment and issuance of the Consideration Shares, furnish Matang with a corporate guarantee as a form of security for the due performance of the Vendor, further details as set out in the salient terms of the SPA in **Appendix I** of this Circular.

4.2 Proposed Diversification

The Proposed Diversification is also undertaken in line with Matang Group's future plans to grow its business operations and reduce its reliance on its existing business segment, being the Oil Palm Business.

As earlier stated in **Part A, Section 4.1** of this Circular, the Board takes cognisance of the following factors in undertaking the Proposed Diversification:-

- i. the Group has the opportunity to acquire the Property, which is located in a prime location as stated in **Part A, Sections 2.1 and 4.1** of this Circular, this may enable the Group to capitalise on the increasing demands for tenancy present in the vicinity;
- ii. the favourable property market outlook as illustrated in **Part A, Section 5.3** of this Circular, which Matang Group intends to take advantage of through the Proposed Acquisition; and
- iii. the Group has been mainly reliant on its Oil Palm Business, which been the key revenue contributor to the Group for the FYE 30 June 2022, contributing RM17.63 million. The Proposed Acquisition and Proposed Diversification will enable the Group to expand its business operations and potentially obtain other forms of income stream to enhance the Group's financial position moving forward.

The Proposed Acquisition and Proposed Diversification are therefore intended to be undertaken concurrently to facilitate the Group's venture into the property investment business, in line with the abovementioned factors. The Board opines that through the Proposed Acquisition and/ or any potential further acquisitions of properties in the future, the Proposed Diversification into property investment may supplement the Group with further income stream in addition to its Oil Palm Business, through rental income, and/ or the potential resale of such investment properties in the future to derive gain.

Barring any unforeseen circumstances and premised on the above, the Board believes that the Proposed Diversification will potentially contribute positively to the Group's future earnings potential.

5. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysia economy registered a growth of 7.0% in the fourth quarter of 2022 compared to 14.2% in the third quarter, as support from the stimulus measures and low base effect waned. At 7.0%, the fourth quarter growth was still above the long-term average of 5.1%. On a quarter-to-quarter seasonally adjusted basis, the economy registered a decline of 2.6% (3Q 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).

For 2023, the Malaysian economy is expected to expand at a more moderate pace, amid a challenging external environment. Growth will be driven by domestic demand, supported by the continued recovery in labour market and realisation of multi-year investment projects. The services and manufacturing sectors will continue to drive the economy. Meanwhile, the slowdown in exports following weaker global demand will be partially cushioned by higher tourism activity. The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, tighter financial conditions, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

(Source: BNM Quarterly Bulletin Fourth Quarter 2022, Bank Negara Malaysia)

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 2022, 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% (2021: 3.1%). 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.

Malaysia's economy will remain in a positive growth trajectory in 2023 mainly driven by domestic demand following the transition to the endemic phase and the reopening of international borders. The Government continues to support the economy through implementing policies and measures to ensure a conducive business environment that facilitates economic activities and meet the needs of the rakyat. In enhancing economic resilience and sustainable growth, the Government will prioritise the structural reform agenda to sustain the post-COVID-19 economic recovery momentum, amid the challenges arising from geopolitical uncertainties and climate change.

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

The Malaysian economy is expected to grow by 4.5% to RM1.57 trillion in 2023 (2022: 8.7%), supported by stable domestic demand, mainly from household spending, in line with the recovery in the labour market.

(Source: Revised Economic and Fiscal Outlook 2023, Ministry of Finance Malaysia)

5.2 Overview and outlook of the palm oil industry in Malaysia

On the domestic front, Malaysia produced about 18 million tonnes of Crude Palm Oil ("CPO") in 2021, which accounted for about 8.5% of the global oils and fats production. The export of palm oil and oil palm products generated RM108.52 billion in revenue for Malaysia in 2021. It is noteworthy that palm oil is one of the major contributors to the nation's export revenue, aside from electrical and electronic products as well as petroleum products.

The year 2021 was indeed challenging for the palm oil industry, as the country was recovering from the economic downturn caused by the COVID-19 pandemic. However, the emergence of new COVID-19 variants has somewhat decelerated the progress of national economic recovery, as priority was placed on the nationwide vaccination programme. The situation was further exacerbated by the closure of international borders and the departure of foreign labour resulting in an acute shortage of workers in oil palm plantations. This led to an acute harvesting problem of oil palm fruits, which triggered its restricted supply in the market.

Consequently, the prices of CPO have reached historical highs that subsequently contributed to higher export revenue for the industry. Nonetheless, the labour shortage offsets the gain in export revenue as the Malaysian palm oil industry lost billions of ringgits due to unharvested ripe fresh fruit bunches.

Ideally, the high price of CPO should be driven by strong demand for palm oil and oil palm products, together with high CPO production and high sales volume. Such a situation can only be realised via continuous Research and Development ("R&D") efforts across the palm oil supply chain covering upstream, midstream and downstream sectors, in tandem with the implementation of appropriate policies that make palm oil sustainable, safe and competitive. As such, R&D goals must be geared towards improving oil palm yield per hectare through precision agriculture, adoption of advanced biotechnology and breeding approaches to produce high yielding planting materials. These planting materials are tailored to be resistant to pests and diseases, resilient to climate change and facilitate farm mechanisation operations to overcome productivity issues caused by harvester shortages. Moreover, about 94.4% of the oil palm planted area has been Malaysian Sustainable Palm Oil ("MSPO") certified, since the inception of the certification scheme in 2017. The MSPO certification complements the existing international certifications and ensures Malaysia meets the stringent market demands for sustainable palm oil.

Moving forward, new palm oil usage in the food and non-food sectors is crucial to expand the market share and create new market segments in the global oils and fats economy, to maintain a healthy profit margin for the industry. Some examples of new and innovative applications are those associated with palm phytonutrients, cocoa butter alternative, bio-jet fuel, bio-polyol and polyurethane, bio-lubricants and personal care products.

(Source: Oil Palm Economic Performance in Malaysia and R&D Progress in 2021, Journal of Oil Palm Research, Malaysian Palm Oil Board)

The agriculture sector registered a contraction of 1.2% in the first half of 2022 attributed to lower output in most subsectors due to prolonged labour shortage. Nevertheless, the sector is projected to turn around by 1.3% in the second half of the year supported by improvement in CPO production following expectation of an increase in mature planted areas and improvement in labour market. In addition, a rise in output of the livestock and other agriculture subsectors is expected to provide further impetus to the sector's performance. However, growth of the rubber subsector is forecast to remain negative following anticipation of decreased tapping activity towards end of the year due to unfavourable weather conditions as well as low demand for natural rubber from China due to lockdowns in certain cities following zero-COVID-19 policy. For the year, the agriculture sector is estimated to turn around by 0.1%, supported by positive growth in the oil palm, livestock and fishing subsectors.

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

	Share (%)	Change (%)		
		2021	2022 ²	2023 ³
Oil palm	35.6	-5.6	1.5	3.2
Rubber	1.9	-8.4	-15.7	2.8
Livestock	16.8	3.2	0.7	2.7
Other agriculture ^{*1}	29.0	5.8	-0.8	1.9
Fishing	11.7	-0.6	3.3	1.4
Forestry and logging	5.0	0.9	-5.3	-2.3
Agriculture	100.0	-0.2	0.1	2.3

Notes:

^{*1} Including paddy, fruits, vegetables, coconut, tobacco, tea, flowers, pepper, cocoa and pineapple.

^{*2} Estimate.

^{*3} Forecast.

(Source: Department of Statistics and Ministry of Finance, Malaysia)

5.3 Overview and outlook for the property market in Malaysia

The Malaysian property market was able to stage a quick recovery from the pandemic induced slowdown in 2020 as statistics compiled by the Valuation & Property Services Department of the Ministry of Finance indicated that the volume and value of property transactions recorded an improvement in 2021, a trend which continued well into 2022.

The volume of overall property transactions in Malaysia registered a marginal increase of 1.5% to reach 300,497 units in the full year of 2021 whilst the value of the transactions rebounded by 21.7% to record RM144.9 billion.

Following that, the recovery of the market picked up further in the first nine months of 2022 with the overall volume of transactions recording an increase of 45.8% to 293,206 units whilst the value of transactions chalked up an increase of 33.6% to RM131 billion. Coming on the back of this growth pattern, the full year of 2022 should witness a double digit increase in both the volume and value of transactions.

External trade in 2021 recorded the fastest growth since 1994 and reached an all-time high during the year. Total trade for Malaysia in 2021 increased by 24.8% on an annual basis and breached the RM2 trillion mark. Trade performance also continued to remain resilient in 2022 as statistics for total trade, exports, imports and trade surplus for the first eleven months of the year showed a double-digit growth.

Total trade grew by 29.9% to RM2.61 trillion whilst exports expanded by 27.2% to RM1.42 trillion and imports grew by 33.3% to RM1.19 trillion. The trade surplus increased marginally by 2.6% to RM227.89 billion. Nevertheless, this fine performance may not be sustained in the coming year if a global recession sets in.

Foreign Direct Investments ("**FDIs**") recorded a net inflow of RM24.7 billion for 4Q 2021 and total FDIs for the full year came up to more than RM50 billion, a big improvement over 2020's RM14.6 billion. The momentum has continued into 2022 when total approved investments for the first nine months comprising FDIs and Domestic Direct Investments reached RM193.7 billion.

FDIs remained the major contributor to the total approved investments with a share of 67.5% valued at RM130.7 billion. These statistics should eventually translate into a stronger demand for industrial space.

On the ground, industrial property transactions in Malaysia have registered a sharp increase of 57.5% in volume of transactions to 6,044 units and 34.9% in the value of transactions to RM15.2 billion in the first nine months of 2022 compared to the same period in 2021. This puts the industrial property sector as the best performing sector in Malaysia.

Industrial — Factors to Watch in 2023

- The industrial sector is driven by the e-commerce sub-sector which has generated demand for distribution hubs, warehousing and logistics facilities strategically located near high population areas and served by a good network of highways to enable fast point-to-point delivery to consumers. There has been a huge increase in demand for online transactions since the start of the pandemic (although this has tapered off somewhat in 2022) and this has provided a boost in demand for warehousing & logistics facilities.
- Data centres are still sought after.
- Matured and established areas with good accessibility and proximity to source of labour will remain a popular location for manufacturers or warehouse operators.

Industrial — Bright Spots for 2023

- Consumers have returned to their normal pre-Covid-19 routines and this has led to an improved environment for businesses.
- All economic sectors are now allowed to open and these permits businesses including manufacturers and logistics operators to resume normalised operations.
- International borders have opened up and foreign travellers are allowed into the country without any Covid-19 testing or quarantine. This eases and facilitates business travel.
- Malaysia continued recording good trade performance and this will provide a boost in demand for industrial properties. The positive outlook may however be affected by a global recession.
- The increase in FDIs, especially in the manufacturing industry, is expected to translate into an increase in demand for industrial space/properties.
- Industrial activities are still active and a number of major industrial property transactions have been noted in the course of the past two years.

(Source: Valuation Report, Henry Butcher)

The volume of overall property transactions in Malaysia registered a substantial increase of 29.5% to reach 389,000 units in the full year of 2022 whilst the value of the transactions rebounded by 23.6% to record RM179.07 billion.

Residential sub-sector led the overall property market activity, with 62.5% contribution in volume. There were 243,190 transactions worth RM94.28 billion recorded in the review period, increased by 22.3% in volume and 22.6% in value year-on-year. The improvement was supported by the uptrend recorded in Pulau Pinang (31.1%), Johor (24.3%), Perak (18.9%), WP Kuala Lumpur (18.4%) and Selangor (15.9%).

Commercial property segment recorded 32,809 transactions worth RM32.61 billion in 2022, increased by 46.3% in volume and 16.7% in value compared to last year. Shops formed more than half of these transactions (16,862 transactions worth RM14.2 billion); mostly were in Selangor (19.0%) and Johor (17.1%).

The property market performance is expected to grow in line with the moderately lower economic growth projected for 2023 given the unpredictable external environment. Notwithstanding this, the accommodative policies, continuous government support, well execution of all planned measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under RMK-12 are expected to remain supportive of the property sector.

(Source: Property Market 2022, National Property Information Centre (NAPIC), Ministry of Finance Malaysia)

5.4 Future prospects of Matang Group and the Property

Presently, Matang Group operates primarily through its Oil Palm Business, which is involved in the sale of FFB from its estate located in the Districts of Ledang and Segamat in Johor ("**Matang Estate**"). The Matang Estate measures a total of 1,094.15 hectares located in Johor. The Oil Palm Business which Matang operates has been its key revenue contributor for the FYE 30 June 2022, contributing RM17.63 million to the Group.

Notwithstanding the above, the Group intends to expand and grow its business operations to reduce the Group's reliance on its Oil Palm Business, and to provide Matang Group with an additional form of income in addition to its present business operations. In line with the above, the Group intends to undertake the Proposed Acquisition, which involves the acquisition of the Property in order to potentially enable the Group to generate additional income through obtaining rental income, leasing the Property or the resale of the Property in the future. As illustrated in **Part A, Sections 2.1 and 4.1** of this Circular, the Group has identified the Property which the Board opines is in a prime location, being located in a mature industrial area surrounded by established and mature townships (i.e. Shah Alam, Subang Jaya, Glenmarie and Ara Damansara), and is surrounded by highways (i.e. the GCE, NKVE and Federal Highway), as well as various other developments and public facilities that may potentially increase the attractiveness of the Property to potential tenants/ investors, which will potentially increase the Group's prospects of obtaining rental income, and/ or the potential resale of such investment properties in the future to derive gain.

Furthermore, the Proposals also enable Matang Group to reduce its reliance on its Oil Palm Business. The key financial performance of the Group for the past 3 audited financial years up to the FYE 30 June 2022 and for the latest unaudited 6-month FPE 31 December 2022 is as follows:-

	←----- Audited -----→			<--Unaudited-->
	FYE 30 June 2020 RM'000	FYE 30 June 2021 RM'000	FYE 30 June 2022 RM'000	6-month FPE 31 December 2022 RM'000
Revenue	9,614	13,695	17,625	8,610
PAT	1,614	4,105	5,689	3,080
FFB (tonnes)	20,677	18,814	14,619	10,363
Average selling price of FFB per tonne (RM)	465	728	1,206	831

Notwithstanding the above, and premised on the rationale for the Proposals as set out in **Part A, Section 4** of this Circular, the Board opines that it is in the best interest of the Group to diversify its business operations to include property investment, which has a positive market outlook as illustrated in **Part A, Section 5.3** of this Circular, in order to potentially supplement the Group with further income stream in addition to its Oil Palm Business. Further, the Proposals will allow the Group to kick start its property investment business on a cautious manner, and assuming successful completion of the Property, the Group may undertake further viable opportunities arising in the property investment business in the future.

Notwithstanding the above, the Group will continue to focus on its Oil Palm Business in order to potentially generate greater earnings potential moving forward. On 6 July 2022, Matang completed a private placement exercise, raising approximately RM21.09 million funds to be utilised for the acquisition of oil palm plantation(s), durian plantation(s) and/ or additional land bank for the development of new oil palm and/ or durian plantation(s) within Malaysia. Such acquisitions may potentially lead to the expansion of the Matang Estate, which will potentially enable the Matang Group to increase its sale of FFB and expand its Oil Palm Business, and therefore improve its earnings potential moving forward.

Premised on the positive outlook of the property market and barring any unforeseen circumstances, the Board opines that the Proposals are in the best interests of the Group in order to expand and grow its business operations and to provide Matang Group with an additional form of income in addition to its present business operations. The Board is optimistic of the future prospects of the property investment business which shall contribute positively to the Group's financial performance, strengthen the Group's financial position and deliver value to the shareholders of the Company in the future.

(Source: Management of Matang)

6. RISK FACTORS

Pursuant to the Proposed Acquisition and Proposed Diversification, Matang Group will be exposed to risks inherent in the property investment business which include, but not limited to, the following:-

6.1 Acquisition risk

There is no assurance that the anticipated benefits arising from the Proposed Acquisition will be realised or that the Group will be able to recoup its investment in the Property. Notwithstanding that, the management of Matang has to an extent undertaken certain mitigation measures by adopting prudent investment strategies and conducting assessments and reviews of the Property, including the independent market valuation conducted on the Property as well as consulting with the relevant professionals/ experts prior to making its investment decisions.

6.2 Non-completion of the SPA

The completion of the Proposed Acquisition is subject to, amongst others, the fulfillment of the conditions precedent to the SPA and the delivery of vacant possession by the Vendor before the expiry of the vacant possession period as set out in the SPA. In the event any of the conditions precedent is not fulfilled or waived, or the Vendor is unable to deliver vacant possession before the expiry of the vacant possession period as set out in the SPA, the Proposed Acquisition may not be completed or delayed, which may result in the failure of the Group to achieve the objectives and benefits of the Proposed Acquisition.

Notwithstanding the above, the Board and management of Matang shall use their best endeavours to ensure every effort is taken to procure all necessary approvals to satisfy the conditions precedent.

6.3 Property investment risk

Upon completion of the Proposed Acquisition, the Group will be subject to inherent risks associated to property investment. These may include, amongst others, adverse changes to the general economic, political and regulatory condition, tax rate, taxation method, interest rate, and risks of expropriation of land by the relevant authority. Further, the value of the Property may either be enhanced or diminished depending on factors such as the development and rental yields within the vicinity of the Property, as well as the local and global market conditions. In such event, the Group's financial position may be adversely affected by the relatively illiquid nature or the lack of marketability of the real estate investments whereby the Group may encounter difficulty to or may be unable to lease or sell the Property on terms favourable to them.

Notwithstanding that, after conducting prior assessment and study on the Property with the relevant professionals/ experts, the management of Matang believes that the risks above can be fairly mitigated, after taking into consideration the strategic location of the Property, which is in a mature industrial area that is established and well connected via a host of expressway for logistics and manufacturing business activities.

6.4 Non-completion or delay in the development of the Property

The Property may not be completed or that the vacant possession of the Property is not handed on time as completion of a development project is subject to various factors, such as the Vendor being unable to secure adequate funding for the development, contractors facing difficulties in completing their works according to schedule and shortfall of labour and/ or building materials and utilities supplies.

However, the risk of delay in completion or the handing over of vacant possession of the Property is mitigated given that the terms of the SPA provides for certain safeguard measures to the Purchaser, whereby:-

- i. Vendor may be liable to pay the Purchaser liquidated damages calculated from day to day at the rate of 8% per annum of the Purchase Consideration from the day following the expiry date of the vacant possession period until the date of delivery of the vacant possession of the Property; or
- ii. the Purchaser shall be entitled to call upon the Guarantee whereby the Proprietor shall be required to refund the Purchase Consideration in cash upon termination of the SPA or perform the obligations of the Vendor to complete the development and construction of the Property until the registration of the memorandum of transfer of the Property to the Purchaser.

6.5 Compulsory acquisition by the Government

Pursuant to the Land Acquisition Act 1960 ("**LA 1960**"), the relevant state authority has the power to compulsorily acquire any land within the jurisdiction of such relevant state authority in Malaysia in accordance with the aforesaid LA 1960. In the event of any compulsory acquisition of the Parent Land or any part thereof, the amount of compensation to be awarded will be determined on the basis prescribed in the LA 1960 and other relevant laws. If all or any portion of the Parent Land is compulsorily acquired by the relevant state authority at any point in time, the amount of such compensation may be less than the Purchase Consideration. In the event of any compulsory acquisition of the Parent Land or any part thereof, the Group may seek to minimise any potential losses from such transactions by invoking the relevant provisions in the LA 1960 in relation to its rights to submit an objection in respect of the amount of compensation, where necessary.

6.6 Upfront payment for the Purchase Consideration and the potential risk of opportunity cost in relation thereto

As set out in **Part A, Section 2.7** of this Circular, the settlement of the Purchase Consideration shall be made by the Purchaser on an upfront basis (i.e. on Payment Date) as opposed to on completion and delivery of vacant possession of the Property envisaged by the second quarter of 2026. Such settlement arrangement is not customary per industry norm, as the payment for property under construction and/ or new development would usually be based on a progressive payment schedule in tandem with the construction stages. Therefore, such arrangement (i.e. upfront payment as compared to progressive payment) may present an implicit opportunity cost for Matang Group in relation to other potential investment opportunities that may be foregone to the extent of the Purchase Consideration amount.

Notwithstanding the above, the Board deems that the risk of opportunity cost mentioned above are fairly mitigated premised on the following:-

- the Purchaser will satisfy the main portion of the Purchase Consideration (i.e. 87.52% of total) via issuance of Consideration Shares instead of relying on internally generated funds and/ or bank borrowings, and this in turn provides the Group the financial flexibility in allocating its financial resources and at the same time free up its cash flow for existing and future operational requirements. If and when deemed suitable, such resources may be diverted into other potential investment opportunities including but not limited to, joint venture, business arrangements and/ or acquisition/ investment, with the overall intent to generate and achieve business growth or better prospects for Matang Group moving forward.

- from a commercial standpoint, Purchaser is able to lock in upfront the value of Consideration Shares to be issued as part payment of the Purchase Consideration for the Property. This mitigates the risk of price fluctuation of Matang Shares particularly in the event of lower share price in the future, which may otherwise result in the Company having to pay a larger Shortfall amount in cash to satisfy the remaining Purchase Consideration for the Property as the maximum number of Consideration Shares has been fixed and agreed by both parties.
- the available legal recourse to the Purchaser pursuant to the SPA in the event of delay in completion or the handing over of vacant possession of the Property and/ or the non-fulfilment of obligations by the Vendor can be referred to in **Part A, Section 6.4** of this Circular, which include (i) Vendor may be liable to pay the Purchaser liquidated damages calculated from day to day at the rate of 8% per annum of the Purchase Consideration; or (ii) the Purchaser shall be entitled to call upon the Guarantee whereby the Proprietor shall be required to refund the Purchase Consideration in cash upon termination of the SPA or perform the obligations of the Vendor to complete the development and construction of the Property. Please refer to **Section 12 of Appendix I** of this Circular for further details of the Guarantee.

7. EFFECTS OF THE PROPOSALS

7.1 Issued share capital

The Proposed Diversification will not have any effect on the issued share capital of the Company.

The pro forma effects of the Proposed Acquisition on the share capital of Matang are as follows:-

	No. of Shares	RM
Issued share capital as at the LPD	2,389,200,276	245,070,549
To be issued pursuant to the Proposed Acquisition	357,000,000	28,881,300 ^{*1}
Enlarged issued share capital	2,746,200,276	273,951,849

Note:-

^{*1} Based on the Issue Price of RM0.0809 each

7.2 Earnings and EPS

The Proposals are not expected to have any immediate material effect on the earnings of Matang Group for the FYE 30 June 2023. Nevertheless, barring any unforeseen circumstances, the diversification into property investment may contribute positively to the earnings and EPS of the Group in the future financial years as and when the Property (upon completion and delivery of vacant possession of the Property) is leased or sold.

7.3 Substantial shareholders' shareholdings

The Proposed Diversification will not have any effect on the substantial shareholders' shareholdings in the Company.

The effects of the Proposed Acquisition on the substantial shareholders' shareholdings in Matang as at the LPD are as follows: -

	Shareholdings as at the LPD		After the Proposed Acquisition	
	Direct No. of Shares	Indirect % ¹	Direct No. of Shares	Indirect % ²
Huaren	388,858,000	16.28	388,858,000	14.16
Ang Kian You	202,620,800	8.48	202,620,800	7.38
MCA	-	-	409,676,000 ³	17.15
Allottee	-	-	357,000,000	13.00
SMG Land	-	-	-	-
Star Media	-	-	-	-
			766,676,000 ⁴	27.92
			357,000,000 ⁵	13.00
			357,000,000 ⁵	13.00

Notes:-

¹ Based on the total issued shares of 2,389,200,276 in Matang

² Based on the enlarged issued shares of 2,746,200,276 in Matang, after the completion of the Proposed Acquisition

³ Deemed interested by virtue of its shareholdings in Huaren and Rohua pursuant to Section 8 of the Act

⁴ Deemed interested by virtue of its shareholdings in Huaren, Rohua and Star Media (holding company of the Allottee) pursuant to Section 8 of the Act

⁵ Deemed interested by virtue of its shareholdings in the Allottee pursuant to Section 8 of the Act

Rule 8.02(1) of the Listing Requirements stipulates that a listed issuer must ensure that at least 25% of the total listed shares (excluding treasury shares, if any) are in the hands of public shareholders. As at the LPD, the public shareholding spread of Matang is 73.61%. Strictly for illustrative purpose, assuming the completion of the Proposed Acquisition as at the LPD, the public shareholding spread of Matang will decrease to 64.04%. Accordingly, the public shareholding spread of Matang is not expected to fall below 25% of the enlarged issued share capital after the completion of the Proposed Acquisition.

7.4 NA per Share and gearing level

Barring any unforeseen circumstances, the Proposed Diversification is not expected to have any immediate material effect on the NA and gearing level of Matang Group for the FYE 30 June 2023.

Based on the latest audited consolidated financial statements of the Group for the FYE 30 June 2022, the pro forma effects of the Proposed Acquisition on the NA per Share and gearing of the Group are set out below:-

	Audited FYE 30 June 2022 RM'000	I Subsequent adjustments up to the LPD ¹ RM'000	II After I and the Proposed Acquisition RM'000
Share capital	223,980	245,071	273,952 ²
Reserves	(107,953)	(107,953)	(107,953)
Retained earnings	112,311	112,311	111,811 ³
Total equity	228,339	249,429	277,810
No. of Shares in issue ('000)	2,172,000	2,389,200	2,746,200 ²
NA per Share (RM)	0.11	0.10	0.10
Total borrowings (RM'000)	-	-	-
Gearing ratio (times)	-	-	-

Notes:-

¹ After adjusting for the issuance of the 217,200,020 placement shares at the issue price of RM0.0971 each pursuant to a private placement exercise, which were listed on 6 July 2022

² After accounting for the issuance of 357,000,000 Consideration Shares at the Issue Price each pursuant to the Proposed Acquisition

³ After deducting the estimated expenses of RM500,000 in relation to the Proposals

7.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

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8. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of Matang Shares for the past 12 months from the date of this Circular as traded on Bursa Securities from May 2022 to April 2023 are as follows:-

	High RM	Low RM
2022		
May	0.117	0.103
June	0.112	0.093
July	0.103	0.088
August	0.098	0.088
September	0.093	0.078
October	0.098	0.083
November	0.098	0.088
December	0.098	0.085
2023		
January	0.095	0.085
February	0.095	0.085
March	0.090	0.080
April	0.095	0.080

Last transacted market price of Matang Shares as at 9 February 2023
(being the latest trading day prior to the announcement on the Proposals) 0.085

Last transacted market price on the LPD 0.085

(Source: Bloomberg)

9. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals being obtained:-

- i. Bursa Securities for the listing and quotation of 357,000,000 Consideration Shares to be issued pursuant to the Proposed Acquisition on the ACE Market of Bursa Securities, the approval of which has been obtained vide Bursa Securities' letter dated 8 May 2023 subject to the following conditions:-

Conditions	Status of compliance
a. Matang and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition.	To be complied
b. Matang and UOBKH to inform Bursa Securities upon completion of the Proposed Acquisition.	To be complied
c. Matang to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed.	To be complied
d. Compliance by Matang with the public shareholding spread upon completion of the Proposed Acquisition. In this connection, UOBKH is to furnish a schedule containing the information set out in Appendix 8E, Chapter 8 of the Listing Requirements to Bursa Securities, prior to the issuance of the Consideration Shares.	To be complied

- ii. the non-interested shareholders of Matang at the forthcoming EGM

For shareholders information, the highest percentage ratio applicable to the Proposed Acquisition is approximately 15.89% computed based on the Purchase Consideration over the market capitalisation of Matang as at the last trading day prior to the signing of the SPA; and

- iii. any other relevant authority and/ or party, if required.

The Proposed Acquisition and Proposed Diversification are inter-conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

Note:-

Section 85(1) of the Act provides that:-

"Subject to the Constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 15 of the Constitution of the Company states that:-

"Subject to any direction to the contrary that may be given by the Company in general meeting of Members, all new Shares or other convertible securities shall, before issue be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Security which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities), cannot, in the opinion of the Directors, be conveniently offered under this Constitution in such manner as they think most beneficial to the Company."

In order for the Board to issue any new Shares or other convertible securities without any pre-emptive rights, such pre-emptive rights must be waived. By approving the resolution in relation to the Proposed Acquisition which entails the allotment and issuance of new Shares in the Company, the shareholders of the Company are waiving their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 which must be read together with Clause 15 of the Constitution to first be offered the Shares which, upon waiving the same, will result in a dilution to their shareholding percentage in the Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders, and chief executive of Matang and/ or persons connected to them has any interests, whether direct or indirect, in the Proposals:-

- i. MCA is a common major shareholder in both Matang (as the Purchaser) and Star Media (as the Proprietor and holding company of the Vendor). As at the LPD, MCA holds an indirect shareholding of 17.15% in Matang as well as a direct shareholding of 43.23% and indirect shareholding of 2.16% in Star Media which is held via Huaren and Huaren Management Sdn Bhd;
- ii. Huaren, being a person connected to MCA, holds a direct shareholding of 16.28% in Matang and no indirect shareholding in Matang as at the LPD;

- iii. Rohua, being a person connected to MCA, holds a direct shareholding of 0.87% in Matang and no indirect shareholding in Matang as at the LPD;
- iv. Datuk Ir. Lawrence Low is an Executive Director of Matang and also a Director of Huaren and Huaren Management Sdn Bhd. As at the LPD, he has no interests, whether direct or indirect, in Matang; and
- v. Dato' Ng is an Executive Director of Matang and also a shareholder and Director of Rohua. As at the LPD, he is also a shareholder of Matang (with less than 0.01% direct shareholding and no indirect shareholding in Matang).

By virtue of the above and given that the Proposed Acquisition and Proposed Diversification are inter-conditional upon each other, the Interested Parties are also deemed interested in the Proposed Diversification.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating on the Proposals at the relevant Board meetings. Additionally, the Interested Parties will abstain from voting in respect of its direct and/ or indirect shareholdings, if any, in the Company on the resolutions pertaining to the Proposals to be tabled at the EGM. Further, the Interested Parties have also undertaken to ensure that person(s) connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the resolutions pertaining to the Proposals to be tabled at the EGM.

11. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTIES IN THE PRECEDING 12 MONTHS

Save for the related party transaction as set out in this Circular, Matang Group has not entered into any transactions with the Interested Parties in the 12 months preceding the date of this Circular.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, save for the Interested Directors, having considered and deliberated on all aspects of the Proposals, including but not limited to the terms and conditions of the SPA (which included amongst others, the mode of settlement and terms of payment of the Purchase Consideration as well as the Guarantee to be provided in favour to the Purchaser as discussed in **Part A, Section 2.7** of this Circular), the basis and justification for the Purchase Consideration, the rationale and pro forma effects of the Proposals, and the prospects of the Property, is of the opinion that the Proposals are in the best interests of the Company, and that the Proposals are not detrimental to the interest of the non-interested shareholders of the Company.

Accordingly, the Board, save for the Interested Directors, recommends that you vote **IN FAVOUR** of the ordinary resolutions pertaining to the Proposed Acquisition and Proposed Diversification to be tabled at the forthcoming EGM.

13. AUDIT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of Matang, after taking into consideration the advice of the Independent Adviser, is of the opinion that the Proposals are:-

- i. in the best interests of the Company;
- ii. fair, reasonable and on normal commercial terms; and
- iii. not detrimental to the interest of the non-interested shareholders of the Company.

In forming its views, the Audit and Risk Management Committee of Matang has taken into consideration, amongst others, the following:-

- a. the rationale and justification for the Proposals, as well as the prospects of the Property;
- b. the terms and conditions of the SPA, which included amongst others, the mode of settlement and terms of payment of the Purchase Consideration as well as the Guarantee to be provided in favour to the Purchaser as discussed in **Part A, Section 2.7** of this Circular;
- c. the basis and justification for the Purchase Consideration; and
- d. the pro forma effects of the Proposals.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals being obtained from the relevant authority party and the conditions precedent to the SPA being fulfilled or waived, the Proposals are expected to be completed by the second quarter of 2023.

The tentative timetable in relation to the Proposals is as follows:-

Timeline	Events
31 May 2023	<ul style="list-style-type: none"> • Convening of EGM to obtain approvals for the Proposals • Completion of the Proposed Diversification
Mid June 2023	<ul style="list-style-type: none"> • Fulfilment of all conditions precedent for the SPA for the Proposed Acquisition
End June 2023	<ul style="list-style-type: none"> • Listing of the Consideration Shares on the ACE Market of Bursa Securities • Completion of the Proposed Acquisition

15. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and as disclosed below, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the date of this Circular:-

- i. On 2 May 2023, UOBKH had on behalf of the Board, announced that Matang had on 2 May 2023 entered into a conditional share sale agreement with Tan Chor Wee, Teyu Soo Moi, Lim Pon Chuan, Bu Yau Hoi, Tan Yu Kung, Tan Yue Teck, Tan Yew Hock, Tan Yu Chuan, Tew Han Kiong and Ngah Seng Moe for the proposed acquisition of 2,500,000 ordinary shares in Greencode Farm Sdn Bhd ("**GFSB**"), representing 100% equity interest in GFSB for a purchase consideration of RM30,566,196.61 to be satisfied entirely via cash ("**GFSB Acquisition**"). At this juncture, the GFSB Acquisition is pending fulfilment of the conditions precedent to the abovesaid agreement.

16. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held on a fully virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 31 May 2023 at 2.30 p.m., or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals. Shareholders are to participate remotely at the EGM via the RPV facilities provided by TIIH via its TIIH Online website at <https://tiih.online>. Please follow the procedures of RPV as stated in the Administrative Guide for the EGM.

If you are unable to participate at the EGM, you may appoint a proxy or proxies to participate, on your behalf. In such event, the Proxy Form must be lodged at the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time for holding the EGM or at any adjournment thereof. The completion, signing and return of the Proxy Form will not preclude you from participating at the EGM in person, should you subsequently decide to do so.

17. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
MATANG BERHAD

DATO' FOONG CHEE MENG
Independent Non-Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF
MATANG IN RELATION TO THE PROPOSALS**

EXECUTIVE SUMMARY

All definitions used in this IAL shall have the same meaning as the words and expressions provided in the “**Definitions**” section of this Circular and as defined in the IAL herein, except where the context herein requires otherwise or where otherwise defined in the table below. All references to “you” or “your” are references made to the non-interested shareholders of Matang (“**non-interested shareholders**”), whilst references to “we”, “us” or “our” are references to AER, being the Independent Adviser for the Proposed Acquisition.

“Comparable Companies”	Companies listed on Bursa Securities that are involved in palm oil plantation and with a market capitalisation of less than RM 250 million, as at 8 March 2023
“EBITDA”	Earnings before interest, tax, depreciation and amortisation
“EV”	Enterprise value
“EV/EBITDA”	Enterprise value divided by EBITDA
“P/B”	Share price divided by net asset per share
“P/E”	Share price divided by earnings per share

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Set out hereunder is an executive summary which serves to highlight some of the salient points arising from AER's independent evaluation of the Proposed Acquisition. The non-interested shareholders are advised to read and understand the contents of the IAL and the entire Part A of this Circular, including the appendices thereof, for more comprehensive information, evaluation, and recommendation on the Proposed Acquisition, before voting on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

1. INTRODUCTION

On 10 February 2023, UOBKH had on behalf of the Board, announced the following:-

- i. Matang had on 10 February 2023 entered into an SPA with Star Media and SMG Land, a wholly-owned subsidiary of Star Media to acquire two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor for a total purchase consideration of RM33,000,000 to be satisfied via the allotment and issuance of 357,000,000 Consideration Shares to Allottee, a wholly-owned subsidiary of the Vendor at an issue price of RM0.0809 each and cash payment amounting to RM4,118,700; and
- ii. proposed diversification of the existing principal activities of Matang Group to include property investment.

The Proposed Acquisition is deemed as an RPT under Rule 10.08 of the Listing Requirements by virtue of the interests of the Interested Parties, further details as set out in **Part A, Section 10** of this Circular.

The Board had on 25 November 2022 appointed AER to act as an Independent Adviser to advise the non-interested shareholders of the Company in relation to the Proposed Acquisition, that involves the interest of the Interested Parties, to provide the non-interested shareholders with:

- (i) comments as to: -
 - (a) whether the Proposed Acquisition, that involves the Interested Parties, are fair and reasonable as far as the non-interested shareholders are concerned; and
 - (b) whether the Proposed Acquisition is detrimental to the interest of the minority shareholders; and

our opinion with reasons for the key assumptions made and the factors taken into consideration in forming our opinion.
- (ii) advise minority shareholders on whether they should vote in favour of the Proposed Acquisition; and
- (iii) take all reasonable steps to satisfy ourselves that it has a reasonable basis to make the comments and advise in (i) and (ii) above.

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2. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following:

Section in the IAL	Area of evaluation	AER's comments
Section 6.1	Rationale for the Proposed Acquisition	<p>Matang's present revenue key contributor is its Oil Palm Business, which involves the sale of FFB from its oil palm estate. Revenue from FFB is affected by volatility due to FFB prices which correlate with the world CPO prices. The Proposed Acquisition allows your Company to diversify its future income stream to include revenue from rental income and / or capital gain from appreciation of the Property.</p> <p>The location of the Property is strategic. It is located in mature industrial area surrounded by established and mature townships such as Shah Alam, Subang Jaya, Glenmarie and Ara Damansara, which has existing logistics and manufacturing business activities. It is also surrounded by various infrastructure with access to highways such as GCE, NKVE and Federal Highway as well as various development including office towers, golf courses, housing developments, commercial centres and public amenities.</p> <p>The corporate guarantee is issued by the Proprietor in favour of the Purchaser provides a security for the due performance by the Vendor.</p> <p>We conclude that the rationale for the Proposed Acquisition is reasonable and not detrimental to the interest of the non-interested shareholders.</p>

Section in the IAL	Area of evaluation	AER's comments
Section 6.2	Basis of arriving at the Purchase Consideration	<p>The Purchase Consideration is equal to the value appraised by the Valuer and at a discount of approximately 1.8%, adopting the Comparable Approach and Investment Approach, respectively.</p> <p>We conclude the basis of arriving at the Purchase Consideration is reasonable and not detrimental to the interest of the non-interested shareholders.</p>

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EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	AER's comments
Section 6.3	Fairness and reasonableness of the Issue Price	<p>(i) Comparison between Issue Price and one-year historical share price movement prior to LPD</p> <p>We noted that the Issue Price is lower than Matang's share price for the past one year from 7 March 2022 to 7 March 2023.</p> <p>(ii) Comparison between Issue Price and historical VWAP</p> <p>We noted that the Issue Price represents a discount of approximately 7% to the 5-days VWAP of the ordinary shares of Matang for trades conducted on Bursa Securities immediately preceding the date of the SPA.</p> <p>Although the Issue Price is at a discount, we noted that the discount is less than 10% which is permissible for share issuance for private placement under the general mandate of companies listed on Bursa Securities.</p> <p>We also considered the past one year of low trading volume or illiquid nature of Matang's shares, and hence conclude that the discount of 7% is reasonable to accommodate the illiquidity risk.</p> <p>(iii) Comparison of trading multiples of Matang as compared to the median trading multiples of the Comparable Companies</p> <p>The Issue Price translates to an implied P/E of 31.12 times which represents a premium of 397% when compared with the median P/E of the Comparable Companies of 6.26 times.</p> <p>We conclude that the Issue Price is fair and reasonable and not detrimental to the non-interested shareholders of the Company.</p>

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EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	AER's comments
Section 6.4	Evaluation of the manner of settlement	<p>Total value of Consideration Shares to be issued to the Allottee represents 87.52% of the Purchase Consideration and the Shortfall shall be paid by cash to an Escrow Agent on Payment Date, on which date the Property has not yet been fully constructed. The Proprietor is providing a Guarantee, issued in favour of the Purchaser as a security for the due performance by the Vendor.</p> <p>Payment in the form of shares exposes Matang to the fluctuations of future market prices if consideration shares are issued progressively over time based on the progress of the completion or development. The present payment method of fixing the issue price based on the 5 days VWAP measured one day preceding the date of the SPA, circumvent the situations of Matang having to pay a larger sum of Shortfall when future market prices of Shares are lower due to market factors and becoming a disbenefit to Matang.</p> <p>Hence, we are of the view that though, the payment of the Consideration Shares which is made upfront on Payment Date, may not be customary, the manner of fixing the issue price on Payment Date based on the 5 days VWAP measured one day preceding the date of the SPA is reasonable as it avoids the risk of a higher cash amount to be paid as cash component (as compared to the current level of Shortfall) when future prices of Shares are lower than the issue price based on the 5 days VWAP measured one day preceding the date of the SPA</p> <p>Therefore, we are of the opinion that the terms of settlement, taking into consideration the timing of payment by the Purchaser to the Vendor is reasonable and not detrimental to the non-interested shareholders.</p>

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EXECUTIVE SUMMARY

Section in the IAL	Area of evaluation	AER's comments
Section 6.5	Salient terms of the SPA	<p>We also reviewed the salient terms of the SPA such as clauses on conditions precedent, Area and construction of Property, Default by Purchaser, Default by Vendor, Default by Proprietor, Vacant Possession and Guarantee.</p> <p>We concluded that the salient terms of the SPA are normal commercial terms and are reasonable and not detrimental to the non-interested shareholders.</p>

Section in the IAL	Area of evaluation	AER's comments
Section 6.6	Financial effects of the Proposed Acquisition such as NA per share and gearing	<p>Effects on NA The NA of Matang was RM249.429 million as at LPD. The Proposed Acquisition has the effect of increasing the NA by RM28.381 million, made up of the value of the Consideration Shares and after the estimated expenses of RM0.5 million in relation to the Proposals.</p> <p>Effects on gearing Based on the un-audited quarterly statements for period ended 31 December 2022, Matang has no bank liabilities, with a cash and bank balance of RM108.3 million. The Proposed Acquisition has no effect on the gearing the Company as the Proposed Acquisition is funded by issuance of Consideration Shares and cash based on a ratio of 87.52% and 12.48% respectively.</p>

Section in the IAL	Area of evaluation	AER's comments
Section 6.7	Risk Factors of the Proposals	<p>We are of the view that the potential risk as presented in Circular are commercial risks of the nature of the business arrangement. We also noted that your Company have safeguard measures to address such risk and therefore we are of the view that the measures and safeguards are reasonable.</p>

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition and our evaluation is set out in Section 6 of the IAL. The non-interested shareholders should consider all the merits and demerits of the Proposed Acquisition and, based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

After having considered all the various factors included in our evaluation for the Proposed Acquisition and based on the information made available to us, we are of the opinion that the Proposed Acquisition is **reasonable** insofar as the non-interested shareholders are concerned and it is **not detrimental** to the minority shareholders.

Accordingly, we recommend the non-interested shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Acquisition that is to be tabled at the Company's forthcoming EGM.

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ASIA EQUITY RESEARCH SDN BHD

Registration No.: 201401027762 (1103848-M)

(License Number: eCMSL/A0330/2015)

Licensed to provide advisory services in corporate finance and investment advice

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46-3 Jalan PJU 8/5B.

Damansara Perdana,

47820 Petaling Jaya

Email: contact@aer.finance

Website: www.aer.finance

11 May 2023

To: The non-interested shareholders

Dear Sir/Madam,

MATANG BERHAD

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

1. INTRODUCTION

On 10 February 2023, UOBKH had on behalf of the Board, announced the following:-

- a. Matang had on 10 February 2023 entered into an SPA with Star Media and SMG Land, a wholly-owned subsidiary of Star Media to acquire two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building and other ancillary buildings to be erected on part of the land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor for a total purchase consideration of RM33,000,000 to be satisfied via the allotment and issuance of 357,000,000 Consideration Shares to Allottee, a wholly-owned subsidiary of the Vendor at an issue price of RM0.0809 each and cash payment amounting to RM4,118,700; and
- b. proposed diversification of the existing principal activities of Matang Group to include property investment.

The Proposed Acquisition is deemed as an RPT under Rule 10.08 of the Listing Requirements by virtue of the interests of the Interested Parties, further details as set out in **Part A, Section 10** of this Circular.

The Board had appointed AER on 25 November 2022, as the Independent Adviser to advise the non-interested shareholders of the Company in relation to the Proposed Acquisition, that involves the interest of the Interested Parties, to provide the non-interested shareholders with:

- (i) comments as to: -
 - (a) whether the Proposed Acquisition, that involves the Interested Parties, are fair and reasonable as far as the non-interested shareholders are concerned;
 - (b) whether the Proposed Acquisition is detrimental to the interest of the minority shareholders; andour opinion with reasons for the key assumptions made and the factors taken into consideration in forming our opinion.
- (ii) advise minority shareholders on whether they should vote in favour of the Proposed Acquisition; and
- (iii) take all reasonable steps to satisfy ourselves that it has a reasonable basis to make the comments and advise in (i) and (ii) above.

The purpose of this IAL is to provide the non-interested shareholders with an independent evaluation of the Proposed Acquisition and our opinion and recommendation thereon subject to the scope and limitations specified herein. You should nonetheless rely on your own evaluation of the merits and demerits of the Proposed Acquisition before deciding on the course of action to be taken.

THIS IAL IS PREPARED SOLELY FOR THE USE OF THE NON-INTERESTED SHAREHOLDERS FOR THE PURPOSE OF VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM OF THE COMPANY AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSES WHATSOEVER.

YOU ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY OUR EVALUATION AND RECOMMENDATION BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION, TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. CREDENTIALS, EXPERIENCE AND EXPERTISE OF AER

AER is licensed to provide two regulated activities by the Securities Commission Malaysia, namely advisory services in corporate finance and investment advice.

The past credentials, professional experiences, and expertise of AER where AER had been appointed as an Independent Adviser include, amongst others, the following transactions:

- (a) a proposed debt settlement by Nexgram Holdings Bhd with creditors that involves the interest of interested directors in the proposed debt settlement, to seek the approval from the non-interested shareholders of Nexgram Holdings Bhd where the independent advice letter was issued and dated 7 March 2023.
- (b) a proposed debt settlement by Asdion Bhd with creditors that involves the interest of interested directors in the proposed debt settlement, to seek the approval from the non-interested shareholders of Asdion Bhd where the independent advice letter was issued and dated 20 December 2022.
- (c) a proposed variation to seek the approval from the non-interested shareholders of Pertama Digital Berhad's by removing a condition as set out in Clause 6A.1.3 of the disposal and supplemental share sale agreements for the company to procure an application to seek a waiver pursuant to Paragraph 8.03A of the Main Market Listing Requirements of Bursa Securities where the independent advice letter was issued and dated 26 July 2022.
- (d) a proposed acquisition by Gets Global Berhad of 38% equity interest in One Glove Venture Sdn Bhd from BT Capital Sdn Bhd for a purchase consideration of RM89,356,233 to be satisfied entirely via the issuance 102,708,314 Irredeemable Convertible Preference Shares ("ICPS") in Gets Global Berhad at an issue price of RM0.87 per ICPS of in a single transaction where the independent advice letter was issued and dated 22 June 2022.
- (e) a proposed disposal by Sinmah Capital Berhad of the entire equity interest in SM Broilers Sdn Bhd to F.C.H Holdings Sdn Bhd for a disposal consideration of RM2,900,000 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 13 June 2022
- (f) a proposed disposal by LYC Medicare Sdn Bhd, a wholly owned subsidiary of LYC Healthcare Berhad of a 25% entire equity interest in LYC Medicare (Singapore) Pte Ltd to Kenanga Investors Berhad for a disposal consideration of SGD12,918,466 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 1 June 2022.

- (g) a proposed disposal by PCCS Group Berhad for the entire equity interest in Mega Label (Malaysia) Sdn Bhd for a disposal consideration of RM8,500,000 to be satisfied entirely via cash in a single transaction where the independent advice letter was issued and dated 10 February 2022.

Premised on the above, AER is capable and competent and has the relevant experience in carrying out its role and responsibilities as an Independent Adviser to advise non-interested shareholders in relation to the Proposed Acquisition.

3. DECLARATION OF CONFLICT OF INTEREST

We confirm that there is no existing or potential conflict of interest situation for us to carry out our role as the Independent Adviser in connection with the Proposed Acquisition.

4. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSED ACQUISITION

AER was not involved in the formulation and structuring of the Proposed Acquisition and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Acquisition. In the past two (2) years prior from the date of this IAL, there is no professional relationships between Matang and AER. AER's scope as the Independent Adviser is limited to expressing an opinion on the fairness and reasonableness of the Proposed Acquisition that involves the interest of the interested shareholders of Matang and whether the transaction is to the detriment of the non-interested shareholders, based on the following sources of information and documents:

- (a) information contained in Part A of the Circular, and the appendices enclosed therein;
- (b) other relevant information, documents, confirmations, and representations provided to us by the Board and management of Matang;
- (c) discussions and consultations with the management of Matang;
- (d) a copy of Valuation Certificate and Valuation Report for the Property prepared by the Valuer;
- (e) a copy of the SPA; and
- (f) other publicly available information that we consider relevant for our evaluation.

We have made all reasonable enquiries, performed reasonableness checks, and corroborated relevant information with independent sources, where possible. We are also guided by the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities. In addition, the Board and the management of Matang had undertaken to exercise due care to ensure that all information, data, documents, and representations provided to us to facilitate our evaluation are accurate, valid, complete, reasonable, and free from any material omission in all material respects. Accordingly, AER shall not assume any responsibility or liability whatsoever to any party for any inaccuracies, misstatements or omission of facts and information provided or represented by the Board and the management of Matang.

The directors of Matang have collectively and individually accepted full responsibility for the accuracy, validity and completeness of the information, documents, data and statements provided to us and as contained herein in relation to the Proposed Acquisition (save and except for opinion expressed by AER which do not contain factual information provided by the Company and information procured or developed by AER independently of the Company) and confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant facts and information in relation to the Proposed Acquisition, that are necessary for our evaluation have been completely and accurately disclosed to us and there is no omission of any material fact, the omission of which would render any such information provided to us false, incomplete, misleading and/or inaccurate.

We are satisfied with the information provided by the Board and the management of Matang and are not aware of any facts or matters not disclosed which may render 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. After making all reasonable enquiries and to the best of our knowledge and belief, the information we used is reasonable, accurate, complete, and free from material omission.

The non-interested shareholders should note that the views expressed by AER herein are, amongst others, based on the current economic, market, industry, regulatory, monetary, social-political, and other conditions prevailing up to the LPD. Accordingly, our evaluation and opinion in this IAL do not consider information, events and conditions arising or may occur after the LPD. Our advice should be considered in the context of the entirety of this IAL.

In rendering our advice, we had taken note of pertinent issues which we believe are necessary and of importance to an assessment of the implications of the Proposed Acquisition that are of general concern to the non-interested shareholders.

As such:

- (a) our evaluation and recommendation contained herein are based on the assessment of the fairness and reasonableness of the Proposed Acquisition. Comments or points of consideration which may be commercially oriented such as the rationale, financial effects, potential benefits, and prospects of the Proposed Acquisition are included for our overall evaluation as we deem necessary for disclosure purposes to enable the non-interested shareholders to consider and form their views in a more holistic manner thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Acquisition;
- (b) our views and advice as contained in this IAL only cater to the non-interested shareholders at large and not to any non-interested shareholder individually or any specific group of non-interested shareholders. Hence, in carrying out our evaluation, we have not given due consideration to the specific investment objectives, risk profiles, financials and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and
- (c) we advise that any individual non-interested shareholder or any group of non-interested shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Acquisition in the context of their individual investment objectives, risk profiles, financials and tax situations or needs, to consult their respective stockbrokers, bankers, solicitors, accountants, or other professional advisers immediately.

5. DETAILS OF THE PROPOSED ACQUISITION WHICH INVOLVE THE INTEREST OF THE INTERESTED PARTIES OF MATANG

The summary of the Proposed Acquisition, extracted from Part A of this Circular.

Summarised by AER on the Proposed Acquisition

Subject matter of the Proposed Acquisition

On 10 February 2023, Matang had entered into an SPA with Star Media and SMG Land, a wholly owned subsidiary of Star Media to acquire the Property, held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor for a total purchase consideration of RM33,000,000 to be satisfied via the allotment and issuance of 357,000,000 Consideration Shares to Allottee, a wholly-owned subsidiary of the Vendor at an issue price of RM0.0809 each and cash payment amounting to RM4,118,700.

Vacant possession of the Property shall be delivered by the Vendor to the Purchaser within thirty-six (36) months from the Unconditional Date or such further extended period as the Parties may mutually agree upon in writing.

The Proposed Acquisition is deemed as an RPT under Rule 10.08 of the Listing Requirements by virtue of the interests of the Interested Parties, further details as set out in **Part A, Section 10** of this Circular.

Terms of Settlement by Purchaser to Vendor

The Purchaser shall issue and allot the Consideration Shares to the Allottee within seven (7) business days from the Unconditional Date or such further period as may be mutually agreed in writing by Matang, the Vendor and Star Media, also known as Payment Date.

The Purchaser shall make the Balance Payment in cash and paid to the Escrow Agent to be mutually appointed by the Purchaser and the Vendor on or before the Payment Date.

Corporate Guarantee by Proprietor to Purchaser

The Proprietor shall on the date of allotment and issuance of Consideration Shares to the Allottee, furnish the Purchaser with a corporate guarantee in the agreed form as annexed in the SPA or such further amendments as may be mutually agreed between the Parties in writing as security for the due performance by the Vendor ("**Guarantee**").

Proposed Diversification

As at the LPD, the Group is principally involved in the businesses of investment holding, management of plantation estate, sales of FFB from its oil palm estate and property investment holding.

The Group's financial performance over the financial years/ period under review in Part A of this Circular were mainly reliant on Oil Palm Business, which has been the key revenue and PAT contributor to the Group.

The Proposed Acquisition provides Matang Group an opportunity to venture into the business of property investment, with the objective of earning a return on investment in industrial properties either through rental income, and/ or capital gain from potential resale of such investment properties in the future to derive gain.

Barring any unforeseen circumstances, your Board anticipates that the property investment business may contribute 25% or more of the net profits of the Group and/ or result in a diversion of more than 25% of the NA of the Group moving forward. Accordingly, your Board proposes to seek the approval from the shareholders of Matang for the Proposed Diversification pursuant to Rule 10.13 of the Listing Requirements at an EGM to be convened.

Ordinary Resolution 1 seeks to procure your approval for the Proposed Acquisition and Ordinary Resolution 2 seeks to procure your approval for the Proposed Diversification.

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Proposed acquisition by Matang Berhad of the Property for RM 33 million to be paid via newly issued Matang shares and cash

Star Media, listed on the Main Market of Bursa Securities

Proprietor

Star Media is the registered proprietor and beneficial owner of the Parent Land

100%

Purchase Consideration and mode of settlement by Matang under the SPA

Due date of payment	Amount, RM	Mode
Purchaser shall issue and allot the Consideration Shares to the Allottee within seven (7) business days from Unconditional Date	28,881,300	Consideration Shares
To be satisfied in cash and paid to an escrow agent to be mutually appointed by the Purchaser and the Vendor within the Payment Date	4,118,700	Cash
	33,000,000	

357 million of Matang new shares to be issued at Issue Price shall translate to an equivalent sum of RM 28,881,300

Corporate Guarantee

The Proprietor shall on the date of Allotment and Issuance of Consideration Shares to the Allottee, furnish the Purchaser with a corporate guarantee in the agreed form as annexed in the SPA or such further amendments as may be mutually agreed between the Parties in writing ("Guarantee"), as security for the due performance by the Vendor

SMG Land Vendor

Vendor was granted the development rights by the Proprietor, to among others, develop the Parent Land and sell units to be constructed on the Parent Land, pursuant to the DRA

Purchaser pays Purchase Consideration



Pursuant to the SPA, the Vendor, with the consent of the Proprietor, has agreed to sell and the Purchaser has agreed to purchase the Property with vacant possession free from any charges and encumbrances whatsoever attributable to the Vendor and the Proprietor. Proprietor will on the date of the allotment and issuance of the Consideration Shares, furnish Matang with a corporate guarantee as a form of security for the due performance of the Vendor.

Matang Purchaser

Matang's present business is in the sales of FFB from its oil palm estate in the district of Ledang and Segamat, Johor. The Proposed Acquisition provides Matang Group an opportunity to venture into the business of property investment, with the objective of earning a return on investment in industrial properties either through rental income, and/ or the potential resale of investment properties in the future to derive gain, apart from relying on its Oil Palm Business. Accordingly, your Board proposes to seek the approval from the shareholders of Matang for the Proposed Diversification.

Subject matter of the Proposed Acquisition

The proposed acquisition by the Purchaser from the Vendor for a two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a half (1½) storey office building and other ancillary buildings to be erected on part of the Parent Land, to be constructed by the Vendor, for a purchase consideration of RM 33 million. The sale and purchase of the Property is conditional upon fulfilment of conditions precedent or waiver of the same by parties of the SPA, within nine months from the date of the SPA.

Subject to Force Majeure, vacant possession of the Property shall be delivered by the Vendor to the Purchaser within thirty six (36) months from the Unconditional Date or such further extended period as the Parties may mutually agree upon in writing in the manner provided in the SPA,

Summarised by Asia Equity Research

6. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have taken into consideration the following areas in forming our opinion:

Areas of Evaluation	Section reference in IAL
Rationale for the Proposed Acquisition	6.1
Basis of arriving at the Purchase Consideration	6.2
Fairness and reasonableness of the Issue Price	6.3
Manner of settlement of the Purchase Consideration	6.4
Salient terms of the SPA	6.5
Effects on the substantial shareholder's shareholdings	6.6
Financial effects of the Proposed Acquisition such as the NA per share and gearing	6.6
Future prospects	6.7
Risk factors of the Proposals	6.8

6.1 Rationale for the Proposed Acquisition

<p>As extracted from Part A, Section 5.1 of this Circular</p>	<p>AER's commentary</p>
<p>5.1 Proposed Acquisition</p> <p><i>The Proposed Acquisition is being undertaken in line with Matang Group's future plan to expand and grow its business operations, to reduce the Group's reliance on its Oil Palm Business, and to provide Matang Group with an additional form of income in addition to its present business operations. In line with above, the Proposed Acquisition involving the Property may enable Matang Group to expand its business operations to property investment and obtain additional income through rental income, and/ or the potential resale of such investment properties in the future to derive gain.</i></p> <p><i>As illustrated in Section 2.1 of this Circular, the Property is located in a mature industrial area surrounded by established and mature townships such as Shah Alam, Subang Jaya, Glenmarie and Ara Damansara, which have existing logistics and manufacturing business activities. Furthermore, the Property is surrounded by various infrastructure in the form of highways (i.e. the Guthrie Corridor Expressway ("GCE"), New Klang Valley Expressway ("NKVE") and Federal Highway) as well as various developments including office towers, golf courses, housing developments, commercial centres and public amenities. Additionally, the Property is within an 8-kilometre drive to commercial areas such as Space U8, Laman Seri Business Park, Tadisma Business Park and Worldwide Business Park and is within close proximity to industrial developments such as the Taman Perindustrian Saujana Indah, Hicom-Glenmarie Industrial Park and iParc @ Bukit Jelutong. Pursuant thereto, and in line with the property market outlook as stated later in Section 5.3 of this Circular, the Proposed Acquisition of the Property represents an opportunity for the Group to capitalise on the prime location of the Property and the increasing demands for tenancy present in the vicinity.</i></p> <p><i>Additionally, the Proposed Acquisition represents an opportunity for Matang Group to reduce its reliance on its Oil Palm Business, which involves the sale of FFB from its oil palm estate. Presently, the Group's Oil Palm Business is its key revenue contributor, contributing RM17.63 million for the FYE 30 June 2022. Notwithstanding that the Group's Oil Palm Business has been providing significant revenue to the Group, the Board opines that the Proposed Acquisition will enable</i></p>	<p>Diversification of earnings The rationale by your Board is that the Proposed Acquisition allows your Company to diversify its future income stream from rental income and / or capital gain from appreciation of the Property instead of sole reliance on the Oil Palm Business.</p> <p>Location of Property is strategic. The location of the Property is located at a mature industrial area surrounded by established and mature townships such as Shah Alam, Subang Jaya, Glenmarie and Ara Damansara, which have existing logistics and manufacturing business activities.</p> <p>The Property is surrounded by GCE and NKVE and Federal Highway.</p> <p>Guarantee issued by Proprietor to Purchaser as a security for the due performance by the Vendor. The Proprietor will on the date of the allotment and issuance of the Consideration Shares, furnish Matang with a corporate guarantee as a form of security for the due performance by the Vendor.</p> <p>We noted that the Proprietor's un-audited shareholder's fund as at 31 December 2022 was RM652.2 million with a cash and cash equivalent of RM364.8 million and total debt of RM14.2 million which indicates that the Proprietor has the financial capacity to pay if the Guarantee is exercised.</p> <p>We conclude that the rationale for Proposed Acquisition is reasonable and not detrimental to the interest of the non-interested shareholders.</p>

<p><i>the Group to potentially earn a return on investment from the Property either through rental income, and/ or the potential resale of the Property in the future. In the event the Group decides to rent or lease the Property where deemed appropriate, this will allow the Group to derive an additional form of income stream which is more recurrent in nature.</i></p> <p><i>Barring any unforeseen circumstances and premised on the above, the Board opines that the Proposed Acquisition is expected to contribute positively to Matang Group in the future. Further, the Board takes cognisance that the Proprietor will on the date of the allotment and issuance of the Consideration Shares, furnish Matang with a corporate guarantee as a form of security for the due performance of the Vendor, further details as set out in the salient terms of the SPA in Appendix I of this Circular.</i></p>	
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6.2 Evaluation of the basis of arriving at the Purchase Consideration

<p>As extracted from Part A, Section 2.2 of this Circular</p>	<p>AER's commentary</p>								
<p><i>The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration, assuming the Property is completed (details of which are set out in Section 2.1 of this Circular), the total market value of the Property of RM33,000,000 based on the appraisal as at 12 January 2023, being the date of valuation by Henry Butcher, a firm of independent registered valuer. The valuation appraisal was carried out by the Valuer using the Comparison approach and cross-checked using the Investment method. The breakdown of the market value of the Property is summarised as follows:-</i></p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Parcel</th> <th style="text-align: right;">RM</th> </tr> </thead> <tbody> <tr> <td>Lot no. 3</td> <td style="text-align: right;">16,500,000</td> </tr> <tr> <td>Lot no. 3A</td> <td style="text-align: right;">16,500,000</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">33,000,000</td> </tr> </tbody> </table> <p><i>In addition, the Board is of the view that the Purchase Consideration is justifiable after taking into consideration the following:-</i></p> <ol style="list-style-type: none"> <i>i. the prospects of the Property given its strategic location, accessibility and surrounding amenities; and</i> <i>ii. the rationale and benefits of the Proposed Acquisition as set out in Section 4.1 of this Circular.</i> 	Parcel	RM	Lot no. 3	16,500,000	Lot no. 3A	16,500,000	Total	33,000,000	<p>We reviewed the report dated 13 February 2023 prepared by Henry Butcher, a firm of independent registered valuer.</p> <p>Comparable Approach The Valuer has considered recent sales transactions in the vicinity with the Property and made appropriate adjustments such as comparing the location and size of the comparables with the Property to derive the average selling price per square feet.</p> <p>The value appraised was RM400 per square foot and RM200 per square foot for the land and building value respectively. Based on the size of the land and gross floor area of 26,339 square foot and 29,865 square feet respectively, this shall translate to an aggregate appraised value of RM16.5 million for Lot no. 3. As Lot no.3 and Lot 3A are identical in size of land and gross floor area, the total appraised value is RM33.0 million.</p> <p>Investment approach In this approach, the Property is valued based on the assumption that the Property shall be held solely for investment purpose with an assumed required annual yield of 3.50%. The required annual yield was computed based on the average annual yield of the comparable. In this approach, the total appraised value is RM33.6 million.</p>
Parcel	RM								
Lot no. 3	16,500,000								
Lot no. 3A	16,500,000								
Total	33,000,000								

	<p>Both approaches adopted by the property valuer are commonly used approach and are reasonable.</p> <p>The Purchase Consideration of RM33.0 million is approximately equal to the appraised value of the Property using the Comparable Approach and a discount of approximately 1.8% on the Investment Approach. We therefore conclude that the Purchase Consideration is fair and reasonable.</p>
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6.3 Basis of determining and justification for the Issue Price

As extracted from **Part A, Section 2.4** of this Circular, we noted that the basis for Issue Price is as presented below:-

In accordance with the terms of the SPA, the Issue Price of RM0.0809 was determined based on a discount of approximately 7.00% to the 5-day of Matang Shares immediately preceding the date of the SPA, being RM0.0869.

The Board is of the view that the Issue Price is justifiable after taking into consideration the following:-

- i. the Issue Price translates into an implied price-to-earnings (PE) multiple of 31.12 times based on the audited EPS of Matang of 0.26 sen for FYE 30 June 2022;*
- ii. the Proposed Acquisition will be partially satisfied via issuance of the Consideration Shares, which in turn enables the Group to enhance its asset base without any immediate significant impact on its cash flow position as compared to full settlement via cash. This enables the Group to conserve its cash position which can be channelled towards financing day-to-day operations and/ or pursue other business opportunities, where required; and*
- iii. the Consideration Shares are subject to market risk of Matang Shares to be assumed by the Allottee, which is influenced by factors including market sentiments, liquidity of Matang Shares as well as volatility of the general equity markets.*

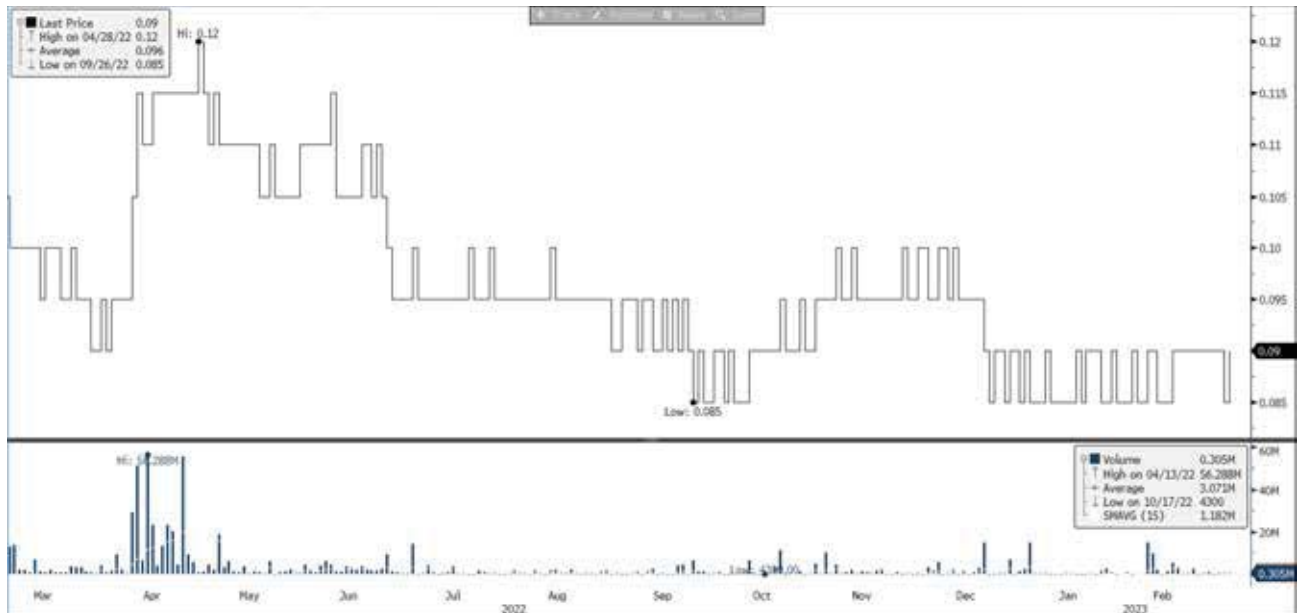
Premised on the above, the Board is of the view that the Issue Price is reasonable.

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AER's Commentary

(i) Comparison of the Issue Price and the one-year historical share price movement prior to the LPD

Matang's historical share price from 7 March 2022 to 7 March 2023



We noted that the Issue Price is lower than the range for the past 12 months of Matang's share price of between RM0.085 to RM0.12 per share which translates to a discount of 4.8% and 32.6% respectively.

To evaluate whether the Issue Price at a discount is reasonable, we have performed other additional evaluations to enable us to form a conclusive view.

(ii) Comparison between the Issue Price and its historical VWAP at various interval days measured on end date 9 February 2023, being one day immediately preceding the date of the SPA.

Issue price of each Consideration Share, RM	VWAP interval in numbers of days measured one day immediately before the date of SPA		(Discount) / Premium on the VWAP, in RM	(Discount) / Premium on the VWAP, in %
A	B		A – B	(A-B)/B x 100
0.0809	5 days	0.0869	(0.0060)	(6.9%)
0.0809	10 days	0.0876	(0.0067)	(7.6%)
0.0809	30 days	0.0872	(0.0063)	(7.2%)
0.0809	60 days	0.0905	(0.0096)	(10.6%)
0.0809	90 days	0.0912	(0.0103)	(11.3%)
0.0809	360 days	0.1026	(0.0217)	(21.2%)

We noted that the Issue Price represents a discount of approximately 7% from its 5-days VWAP one day preceding the date of SPA. We also noted that the discount is increasing over the extended measurement period from 10-days VWAP, 30-days VWAP, 60-days VWAP, 90-days VWAP and 360-days VWAP of 7.6%, 7.2%, 10.6%, 11.3% and 21.2% respectively.

Although the Issue Price is at a discount, we noted that the discount is less than 10% discount on the 5-days VWAP prior to the price-fixing date which is the commonly used approach adopted prior to any private placements by a listed company.

Further, the share price of any company is subjected to external market factors and some of the market factors which includes factors that not directly attributable to company's financial performance such as liquidity and market sentiments. The Issue Price represents a discount of approximately 7% from its 5-days VWAP one day preceding the date of SPA, is reasonable to cater for fluctuations of prices due to market risk factors.

For the period from 7 March 2022 to 7 March 2023, the average daily trading volume for Matang's shares, is 3.07 million shares with a lowest reported on 17 October 2022 of 4,300 shares and highest reported on 13 April 2022 of 56.29 million shares. Total number of shares in issue for Matang as at LPD is 2,389.2 million shares.

Hence, for the period from 7 March 2022 to 7 March 2023, the average daily trading volume is 0.1% with a lowest reported on 17 October 2022 of almost no trading, and highest reported on 13 April 2022 of 2.4% out of the total number of outstanding shares in issue.

Considering the low trading volume or illiquid nature of Matang's shares, the discount of 7% is reasonable to accommodate the illiquidity risk.

Hence, we conclude that the Issue Price is **reasonable**.

(iii) Comparison of the trailing multiples of Matang as compared with its Comparable Companies.

The six (6) companies that meets the category of Comparable Companies as defined are namely Astral Asia Berhad, Sin Heng Chan (Malaya) Berhad, Gopeng Berhad, MHC Plantations Berhad, NPC Resources Berhad and Cepatawawasan Group Berhad.

Tabulated below are the trading multiples of Matang and the median trading multiples of the Comparable Companies determined on 9 March 2023, and the premium or discount of each trading multiple.

Item number	Trading multiple	Abbreviation	Matang Note 1	Median of the trading multiple of the Comparable Companies Note 2	(Discount) / Premium of the trading multiple of Matang relative to the median of the Comparable Companies
			A	B	$[(A/B)-1] \times 100$
1	Share price divided by earnings per share	P/E	35.42	6.26	466%
2	Share price divided by net asset per share	P/B	0.80	0.36	123%
3	Enterprise value divided by earnings before interest, tax, depreciation and amortisation	EV/EBITDA	10.4	7.97	30%
			10.4	5.91 If the EV/EBITDA of Astral Asia Berhad of 435.0 times is excluded as an outlier	76%

Note 1

For Matang, the trailing P/E is computed based on the market capitalisation as at 9 March 2023 as the numerator and the profit after tax attributable to ordinary shareholders for FYE 30 June 2022 as the denominator. If the company reported a loss after tax, then no computation is performed.

For Matang, the trailing P/B is computed based on the market capitalisation as at 9 March 2023 as the numerator and the net assets as at 30 June 2022 as the denominator.

For Matang, the trailing EV/EBITDA is computed based on the enterprise value as at 9 March 2023 as the numerator and the past twelve months EBITDA as the denominator.

Note 2

Trailing P/E is computed based on the market capitalisation as at 9 March 2023 as the numerator and the net profit after tax for FYE 31 December 2022 as the denominator for all the Comparable Companies. A median is then computed for all the Comparable Companies.

Trailing P/B is computed based on the market capitalisation as at 9 March 2023 as the numerator and the net assets as at 31 December 2022 as the denominator for all the Comparable Companies. A median is then computed for all the Comparable Companies.

Trailing EV/EBITDA is computed based on the enterprise value as at 9 March 2023 as the numerator and past twelve months EBITDA as the denominator for all the Comparable Companies. A median is then computed for all the Comparable Companies.

We noted that Matang's trailing P/E, P/B and EV/EBITDA are at a premium when compared with the median of the Comparable Companies with an amount of 466%, 123% and 30% to 76% respectively.

The Issue Price, although at a discount of approximately 7% from its 5-days VWAP, is at a premium of 397% ^{Note 1} when compared with the median of the Comparable Companies of 35.42 times.

Hence, we concluded that the Issue Price is **fair** and **reasonable** as Matang's share is relatively over-valued as compared to its Comparable Companies, with a premium of 397% based on P/E approach.

Note 1

- The implied P/E of the Issue Price is 31.12 times (i.e., $31.12 = \text{Issue Price} \div \text{the audited EPS of Matang of 0.26 sen for FYE 30 June 2022}$).
- The median P/E of the Comparable Companies is 6.26 times.

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Trailing P/E, trailing P/B and trailing EV/EBITDA of Matang as compared with its Comparable Companies determined on 9 March 2023.

Company	Crops production for February 2023, in metric ton			Market Capitalisation as at 9 March 2023, RM million	Price on 9 March 2023, RM	Financial Year Ending (FYE)	Net margin, %	Return of equity, %	Trailing P/E ^{Note 1}	Trailing P/B ^{Note 2}	Trailing EV/EBITDA ^{Note 3}
	FFB	CPO	PK								
Matang Berhad	1,540	-	-	203.1	0.085	FYE 30 June 2022	32.3%	2.49%	35.42	0.80	10.4
Median				167.1			2.7%	2.72%	6.26	0.36	7.97
Average				154.8			-0.8%	2.70%	6.13	0.41	92.02
Minimum				75.9			-28.7%	-1.47%	5.17	0.30	1.62
Maximum				219.4			27.5%	7.81%	6.95	0.57	435.01
Comparable Companies											
Astral Asia Berhad	1,394	278	71	75.9	0.115	FYE 31 December 2022	-18.2%	-1.47%	Not applicable, loss	0.30	435.0
Sin Heng Chan (Malaya) Berhad	2,871	-	-	93.7	0.32	FYE 31 December 2022	27.5%	5.73%	6.26	0.36	11.7
Gopeng Berhad	793	-	-	153.3	0.38	FYE 31 December 2022	-28.7%	-1.38%	Not applicable, loss	0.57	Not applicable
MHC Plantations Berhad	10,130	6,329	1,661	180.8	0.92	FYE 31 December 2022	5.9%	5.81%	5.17	0.30	3.8
NPC Resources Berhad	24,127	7,093	1,384	205.8	1.81	FYE 31 December 2022	-0.4%	-0.30%	Not applicable, loss	0.36	8.0
Cepatwawasan Group Berhad	7,776	3,991	963	219.4	0.71	FYE 31 December 2022	8.8%	7.81%	6.95	0.54	1.6

by Asia Equity Research

Source: Bloomberg and announcements in website

Notes:-

FFB, CPO and PK refers to Fresh Fruit Bunches, Crude Palm Oil and Palm Kernel respectively. The figures as tabulated in the table refers to monthly production for the month of February 2023, except for NPC Resources Berhad which relates to the production output for January 2023.

Note 1

Trailing P/E is computed based on the market capitalisation as at 9 March 2023 as the numerator and the net profit after tax for FYE 31 December 2022 as the denominator for all the Comparable Companies. For Matang, the trailing P/E is computed based on the market capitalisation as at 9 March 2023 as the numerator and the profit after tax for FYE 30 June 2022 as the denominator. If the company reported a loss after tax, then no computation is performed.

Note 2

Trailing P/B is computed based on the market capitalisation as at 9 March 2023 as the numerator and the net assets as at 31 December 2022 as the denominator for all the Comparable Companies. For Matang, the trailing P/B is computed based on the market capitalisation as at 9 March 2023 as the numerator and the net assets as at 30 June 2022 as the denominator.

Note 3

Trailing EV/EBITDA is computed based on the enterprise value as at 9 March 2023 as the numerator and past twelve months EBITDA as the denominator for all the Comparable Companies. For Matang, the trailing EV/EBITDA is computed based on the enterprise value as at 9 March 2023 as the numerator and the past twelve months EBITDA as the denominator.

6.4 Evaluation of the terms of settlement

As extracted from **Part A, Section 2.7** of this Circular, we noted that the manner the Purchaser shall pay to the Vendor for the Purchase Consideration in the following manner:-

Terms	Details	Amount (RM'000)	%
Consideration Shares	The Purchaser shall issue and allot the Consideration Shares to the Allottee within seven (7) business days from the date on which the last of the conditions precedent to the SPA has been fulfilled or waived (" Unconditional Date ") or such further period as may be mutually agreed in writing by Matang, the Vendor and Star Media (" Payment Date ")	28,881	87.52
Balance Payment (cash)	To be satisfied in cash and paid to an escrow agent to be mutually appointed by the Purchaser and the Vendor within the Payment Date	4,119	12.48
		33,000	100.00

AER's commentary

- i. 87.52% of the Purchase Consideration equivalent to a sum of RM28.881 million shall be paid to the Vendor on within seven (7) business days from the Unconditional Date or such further period as may be mutually agreed in writing by the Parties. This portion shall be paid entirely in the form of Consideration Shares issued to the Allottee at Issue Price.
- ii. The remaining balance of 12.48% of the Purchase Consideration equivalent to a sum of RM4.119 million shall be deposited by the Purchaser to the Escrow Agent within seven (7) business days from the Unconditional Date or such further period as may be mutually agreed in writing by the Parties.
- iii. The Proprietor shall, on the date of allotment and issuance of Consideration Shares to the Allottee, furnish the Purchaser with a Guarantee as security for the due performance by the Vendor. This allows your Company to enforce upon the Guarantee in the event that the Vendor is unable to fulfil its obligations to deliver vacant possession of the Property to the Purchaser, as the Consideration Shares had already been issued on Payment Date.

Evaluation of the mode of the settlement

As extracted from Part A, Section 2.7, we noted that *the Purchase Consideration shall be made on upfront basis on Payment Date whilst the completion and delivery of vacant possession of the Property is envisaged by second quarter of 2026*. While the abovesaid mode of settlement is not customary per industry norm (i.e. whereby the payment for property under construction and/ or new development would usually be based on a progressive payment schedule in tandem with the construction stages), such settlement arrangement was commercially agreed upon between the Purchaser and the Vendor after taking into consideration the following factors:-

- i. Composition of the Purchase Consideration to be satisfied via a combination of Consideration Shares (87.52%) and remaining balance in cash (12.48%)

The main portion of the Purchase Consideration will be satisfied via issuance of Consideration Shares instead of relying on internally generated funds and/ or bank borrowings. This provides Matang Group flexibility in allocating its financial resources for its existing and future operational requirements. Thus, the Group will be able to implement prudent planning in its capital management structure and utilise its financial resources in a more efficient manner.

On the other hand, the parties take cognisance that the Vendor (through its Allottee) is agreeable to receive the main portion of the Purchase Consideration in the form of Consideration Shares (as opposed to full settlement in cash), which in turn allows the Vendor to gain investment exposure to Matang's business and prospect. Nevertheless, this in turn will subject the Vendor to market risk of Matang Shares to be assumed by

the Allottee, which is influenced by factors including market sentiments, liquidity of Matang Shares as well as volatility of the general equity markets.

ii. Guarantee to be provided by the Proprietor in favour of the Purchaser

On the Payment Date, the Proprietor will furnish the Purchaser a corporate guarantee as a form of security for the due performance of the Vendor in the event that the Vendor is unable to satisfy its obligations under the SPA. Therefore, in the event that the Vendor is unable to fulfil its obligations under the SPA, the Purchaser is entitled to call upon the Guarantee whereby the Proprietor shall be required to refund the Purchase Consideration in cash upon termination of the SPA or perform the obligations of the Vendor to complete the development and construction of the Property until the registration of the memorandum of transfer of the Property to the Purchaser.

In short, notwithstanding that the settlement of the Purchase Consideration would be made upfront by the Payment Date, the provision of the Guarantee would accord Matang Group certain safeguard measures to mitigate against the risk of non-completion of the Property by the Vendor up till the Property completion/delivery period or non-payment or refund by the Vendor of the Purchase Consideration to the Purchaser. Please refer to Section 12 of Appendix I of this Circular for further details of the Guarantee.

iii. Opportunity for the Purchaser to lock in the value of Consideration Shares to be issued as part payment of the Purchase Consideration for the Property

The main portion of the Purchase Consideration will be satisfied via issuance of Consideration Shares on the Payment Date based on a single Issue Price of the Consideration Shares (i.e. RM0.0809) which was fixed upfront upon execution of the SPA in relation to the acquisition of the Property.

From a commercial standpoint, this allows the Purchaser to lock in upfront the value of Consideration Shares to be issued as part payment of the Purchase Consideration for the Property. This mitigates the risk of price fluctuation in Matang Shares particularly in the event of lower share price in the future, which may otherwise result in the Company having to pay a larger Shortfall amount in cash to satisfy the remaining Purchase Consideration for the Property as the maximum number of Consideration Shares has been fixed and agreed by both parties.

AER's commentary

We noted that Consideration Shares are issued to the Allottee on Payment Date which is before the construction of the Property. The completion and delivery of vacant possession of the Property is envisaged only by second quarter on 2026. Upfront full payment is not customary in commercial practise which payment terms are progressively made over the construction period.

We have considered the following factors for us to express an opinion on the nature of this settlement method:-

1. Composition of the Purchase Consideration is substantially in Consideration Shares in a fixed number that is determined upfront.

Proportion of shares and cash in the Purchase Consideration is approximately 87.52% and 12.48% respectively. Payment in the form of shares consideration allows Matang to conserve cash or avoid having to resort to borrowings.

Payment in the form of shares exposes Matang to the fluctuations of future market prices if consideration shares are issued progressively over time based on the progress of the completion or development. The present payment method of fixing the issue price based on the 5 days VWAP measured one day preceding the date of the SPA, avoids the situations of Matang having to issue more shares when future market prices are lower due to market factors and becoming a disbenefit to Matang. In situations when future prices of Matang are higher relative to the issue price based on the 5 days VWAP measured one day preceding the date of the SPA, this will be a benefit.

However, certainty in number of shares to be issued and amount of cash consideration to be paid by Matang to the Vendor (i.e, determined upfront) is more important than variable number of shares to be issued by Matang to the Vendor if progressive payment is followed.

Hence, we are of the view that though, the payment of the Consideration Shares which is made upfront on Payment Date, may not be customary, the manner of fixing the issue price on Payment Date based on the 5 days VWAP measured one day preceding the date of the SPA is reasonable as it avoids the risk of a higher cash amount to be paid as cash component (as compared to the Shortfall) in the event the future prices of Shares are lower than the Issue Price based on the 5 days VWAP measured one day preceding the date of the SPA.

2. Guarantee to be provided by the Proprietor in favour of the Purchaser.

The issuance of Consideration Shares upfront on Payment Date poses a risk to Matang as the construction and development of the Property is expected to be completed in second quarter of 2026. However, this risk is mitigated / avoided as there are provisions in the SPA requiring the Proprietor to furnish to Matang a corporate guarantee as a form of security for the due performance of the Vendor in the event that the Vendor is unable to satisfy its obligations under the SPA. Therefore, in the event that the Vendor is unable to fulfil its obligations under the SPA, Matang is entitled to call upon the Guarantee whereby the Proprietor shall be required to refund the Purchase Consideration in cash upon termination of the SPA or perform the obligations of the Vendor to complete the development and construction of the Property until the registration of the memorandum of transfer of the Property to the Purchaser.

In view of the abovementioned, we are of the opinion that the terms of settlement is **reasonable** and **not detrimental** to the non-interested shareholders.

6.5 Evaluation of the salient terms of the SPA

The salient terms of the SPA are set out **Appendix I** of this Circular. Our comments on the salient terms are as follows:

Salient terms of the SPA	AER's comments
<p>Condition Precedent <i>The SPA is conditional upon the fulfilment of the following conditions precedent or waiver of the same as the Parties may mutually agree upon within nine (9) months from the date of the SPA or such further extended period as the Parties may mutually agree upon in writing:</i></p> <ul style="list-style-type: none"> <i>(i) the approval of the Appropriate Authority(ies) for the layout approval and development order for the development of the Parent Land (hereinafter referred to as the "Land") being obtained by the Vendor on terms and conditions acceptable to the Vendor;</i> <i>(ii) the approval of the Appropriate Authority(ies) for the building plans approval for the development of the Land being obtained by the Vendor on terms and conditions acceptable to the Vendor;</i> <i>(iii) the approval of the shareholders of the Purchaser at a general meeting for the entry into the SPA and the acquisition of the Property and for the carrying into effect of the same, as well as the approval for the issuance of the Consideration Shares to the Allottee, such approval for the issuance of the Consideration Shares, in the manner satisfactory to the Vendor, being obtained by the Purchaser;</i> <i>(iv) the approval of the shareholders of the Vendor and Proprietor, in the case of the Proprietor at a general meeting and in the case of the Vendor by way of a circular resolution, for the entry into the SPA and for the carrying into effect by the Vendor of the disposal</i> 	<p>If the conditions precedent are not or cannot be fulfilled or waived upon expiry of conditional period of nine (9) months from the date of the SPA (unless further extended by the Vendor, Proprietor and Purchaser), either the Vendor, Proprietor or Purchaser shall be entitled to terminate the SPA by serving a written notice to the other party or the other party's solicitors and the Purchaser or the Purchaser Solicitors shall return all documents (if any) to the Vendor with the interest of the Proprietor remain intact, whereupon the SPA shall be terminated and the Vendor shall be entitled to sell the Property to any other party and the Purchaser shall not have any claims against the Vendor and/or Proprietor in respect of the SPA.</p> <p>We are of the view that the conditions precedent are normal commercial terms of transaction of similar nature and hence are reasonable.</p>

<p>of the Property under the terms hereof to the Purchaser, being obtained by the Vendor and Proprietor respectively;</p> <p>(v) the approval being granted by Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, and such approval not having been revoked or amended, and if the approval is granted subject to conditions, (i) such conditions being reasonably acceptable to the Purchaser and the Vendor, and if any such condition shall be required to be fulfilled on or before completion of the Allotment and Issuance (as hereinafter defined), the fulfilment of such condition on or before the Allotment and Issuance and (ii) such conditions being satisfied or waived by Bursa Securities, and Bursa Securities not having made any ruling, the effect of which is to restrict or impede the listing of and quotation for the Consideration Shares;</p> <p>(vi) the completion of a legal due diligence undertaken by the Vendor on the Purchaser, and the findings and results thereof being satisfactory to the Vendor; and</p> <p>(vii) the completion of a due diligence on the Land undertaken by the Purchaser including a valuation on the Property and the Litigation Matter (as hereinafter defined) and the findings and results of the due diligence thereof being satisfactory to the Purchaser as well as due diligence by the Purchaser on the Vendor and the Proprietor as may be necessary for the Purchaser's submission of draft circular to Bursa Securities for approval and issuance of the circular to the shareholders of the Purchaser.</p>	
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Salient terms of the SPA	AER's comments
<p>Area and construction of the Property <i>The land area shall be subject to approval by the Appropriate Authority(ies) and the gross floor area shall be subject to final measurement by a surveyor. In any event:</i></p> <p>(a) <i>if the difference between (i) the land area as set out in the separate issue document of title when issued to each of the Property and the land area as set out in the SPA; and/or (ii) the actual gross floor area of the Property as measured by the surveyor and the gross floor area as set out in the SPA, in total is five percent (5%) or less than 5% larger or smaller, there shall not be any adjustment in the Purchase Price.</i></p> <p>(b) <i>If the difference between (i) the land area as set out in the separate issue document of title when issued to each of the Property and the land area as set out in the SPA; and/or (ii) the actual gross floor area of the Property as measured by the surveyor and the gross floor area as set out in the SPA, in total is more than five percent (5%) larger or smaller, the Purchase Price shall be adjusted upwards or downwards, as the case may be, calculated at rate of Ringgit Malaysia Two Hundred and Seventeen (RM217.00) per square foot for the gross floor area and Ringgit Malaysia Three Hundred and Eighty (RM380.00) per square foot for the land area. Any payment resulting from the adjustment and required to be paid by either Party shall be so paid in cash</i></p>	<p>Section 5 of the SPA sets out the terms of area and construction of the Property. It dictates how the Purchase Consideration will be adjusted based on actual measurements of the land area and/or the actual gross floor area measured by a surveyor as opposed to the estimated measurements provided in the separate issue document of title to each of the Property and the SPA. If the total difference between the estimated and actual measurements is 5% or less than 5% larger or smaller, there will be no adjustment to the Purchase Consideration. If the total difference is more than 5% larger or smaller, the Purchase Consideration will be adjusted either upwards or downwards based on a predetermined rate per square foot for the gross floor area and land area. The adjustment must be paid in cash by either party within 14 days of notification from the Vendor.</p>

<p><i>within fourteen (14) days of the date of notification of the same from the Vendor.</i></p> <p><i>During the construction of the Property, the Vendor shall furnish the Purchaser with certificates signed by the Vendor's architect to confirm the completion of each stage of construction of the Property, for the Purchaser's reference.</i></p>	<p>Based on the example as illustrated in Section 2, Part A of this Circular, the following points are noted:-</p> <p>Situation one:- difference in the land area as set out in the separate issue document of title when issued to each of the Property and the land area as set out in the SPA results in more than 5%, it shall result in an adjustment in the Purchase Consideration. For illustration, a 5.1% difference whether downward or upward adjustment shall translate to a value of downward or upward adjustment respectively of RM 1,020,900 or 3% of the Purchase Consideration.</p> <p>Situation two:- difference in the gross floor area of the Property as measured by surveyor and the gross floor area as set out in the SPA results in more than 5%, it shall result in an adjustment in the Purchase Consideration. For illustration, a 5.1% difference whether downward or upward adjustment shall translate to a value of downward or upward adjustment respectively of RM 661,031 or 2% of the Purchase Consideration.</p> <p>The provision for the adjustment of the Purchase Consideration is reasonable as it protects the Company in situation when the land area or gross floor area is lesser than the agreed terms between the Company and Vendor which requires the Vendor to compensate the Company. Conversely, if the land area or gross floor area is larger than the agreed terms between the Company and Vendor, it is fair for the Company to compensate the Vendor.</p> <p>We are of the view that the terms are normal commercial terms of transaction of similar nature and hence are <u>reasonable</u>.</p>
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Salient terms of the SPA	AER's comments
<p>Default by the Purchaser <i>If the Purchaser:</i></p> <p>a) <i>fails to allot the Consideration Shares or any part thereof and/or make payment of Shortfall or any part thereof to the Escrow Agent by way of settlement of the Purchase Price on or before the Payment Date and the Purchaser shall fail to remedy such breach in relation to its obligations, representations or warranties under the SPA within 10 business days of a written notice being served on the Purchaser or the Purchaser's solicitors to do so, the Vendor shall be entitled to:</i></p> <p>(i) <i>the remedy of specific performance against the Purchaser and all relief flowing therefrom and all costs and expenses incurred by the Vendor in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Purchaser PROVIDED ALWAYS that nothing herein contained shall be construed in any way so as to prejudice any other rights or remedies which the Vendor may be entitled in law against the Purchaser for such breach or failure and any relief granted by the Court; or</i></p> <p>(ii) <i>terminate the SPA by giving the Purchaser, the Purchaser's solicitors and the Escrow Agent not less than fourteen (14) days' notice in writing ("Vendor Termination Notice") and upon such termination as aforesaid:</i></p> <p>(aa) <i>the Vendor shall be entitled to all rights or remedies in law against the Purchaser arising from the default by the Purchaser;</i></p> <p>(ab) <i>where applicable, the Purchaser shall be entitled to authorize the release of the Shortfall or any part thereof received by the Escrow Agent to the Purchaser and receive payment of such amount together with interest, if any; and</i></p> <p>(ac) <i>subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund a sum equivalent to the Value (as hereinafter defined) in cash to the Purchaser, free of interest, through the Purchaser's solicitors, within thirty (30) days of the Purchaser's or the Purchaser's solicitors' receipt of the Vendor Termination Notice, failing which the Guarantee Clause shall apply; and</i></p> <p><i>For the purpose of the SPA, "Value" is computed based on the following formula:</i></p> <p><i>No. of Consideration Shares allotted and issued to the Allottee multiplied by the Issue Price</i></p> <p>(ad) <i>all documents (if any) delivered to the Purchaser and/or the Purchaser's solicitors, including the Guarantee (as hereinafter defined), shall be returned to the Vendor within ten (10) business days of the Purchaser's or the Purchaser's solicitors' receipt of the Vendor Termination Notice, with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Until the documents (if any) are redelivered to the Vendor, the Purchaser's solicitors shall not be authorized to release such sum equivalent to the Value to the Purchaser,</i></p>	<p>Section 6.1 of the SPA outlined the rights and remedies available to the Vendor in the event of default by the Purchaser. Upon the event of default and the failure of the Purchaser to remedy the defaults, the Vendor shall be entitled to the remedy of specific performance against the Purchaser or to terminate the SPA in the event of default. Upon termination of the SPA, the Vendor shall, amongst others, be entitled to all rights or remedies in law against the Purchaser.</p> <p>We are of the view that the terms are normal commercial terms of transaction of similar nature and hence are <u>reasonable</u>.</p>

and thereafter, none of the Parties, the successors-in-title of the Parties nor any person claiming title under the Parties shall have any claim against the other Parties in respect of the SPA save for antecedent breaches and the Proprietor and Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Proprietor and Vendor shall deem fit as if the SPA had not been entered into; or

If the Purchaser:

- ii) fails to pay any sum or sums payable under the SPA within the time stipulated for payment; or*
- iii) commits any material breach of the terms and conditions contained in the SPA or fails to perform or observe all or any of the Purchaser's covenants herein contained; or*
- iv) commits an act of bankruptcy or enters into any composition or arrangement with its creditors or being a company enters into liquidation whether compulsory or voluntary, and the Purchaser shall fail to remedy such breach in relation to its obligations, representations or warranties under the SPA within ten (10) business days of a written notice being served on the Purchaser or the Purchaser's solicitors to do so, the Vendor shall be entitled to:*
 - (iii) the remedy of specific performance against the Purchaser and all relief flowing therefrom and all costs and expenses incurred by the Vendor in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Purchaser PROVIDED ALWAYS that nothing herein contained shall be construed in any way so as to prejudice any other rights or remedies which the Vendor may be entitled in law against the Purchaser for such breach or failure and any relief granted by the Court; or*
 - (iv) terminate the SPA by giving the Purchaser, the Purchaser's solicitors and the Escrow Agent the Vendor Termination Notice and upon such termination as aforesaid:*
 - (aa) the Vendor shall be entitled to all rights or remedies in law against the Purchaser arising from the default by the Purchaser;*
 - (ab) the Purchaser shall be entitled to authorize the release of the Shortfall received by the Escrow Agent to the Purchaser and receive payment of such amount together with interest, if such Shortfall is not already released by the Escrow Agent to the Vendor pursuant to the Manner of payment of Purchase Price above of the SPA;*
 - (ac) subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund to the Purchaser in cash a sum equivalent to the Value and subject to the release of the Shortfall by the Escrow Agent to the Vendor pursuant to the Manner of payment of Purchase Price above of the SPA, the Shortfall, free of interest, through the Purchaser's solicitors, within thirty (30) days of the Purchaser's or the Purchaser's solicitors' receipt of the Vendor Termination Notice, failing which the Guarantee clause shall apply;*
 - (ad) upon the depositing of a sum equivalent to the Value and Shortfall (as the case may be) with the Purchaser's solicitors, the Purchaser shall redeliver*

<p><i>vacant possession of the Property to the Vendor (if the same has already been delivered to the Purchaser) and all documents (if any) delivered to the Purchaser and/or the Purchaser's solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) business day of the Purchaser's or the Purchaser's solicitors' receipt of the Vendor Termination Notice with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Until vacant possession and the documents (if any) are redelivered to the Vendor, the Purchaser's solicitors shall not be authorized to release such sum equivalent to the Value and Shortfall (as the case may be), to the Purchaser;</i></p> <p><i>and thereafter, none of the Parties, the successors-in-title of the Parties nor any person claiming title under the Parties shall have any claim against the other Parties in respect of the SPA save for antecedent breaches and the Proprietor and Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Proprietor and Vendor shall deem fit as if the SPA had not been entered into.</i></p>	
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Salient terms of the SPA	AER's comments
<p>Default by Vendor</p> <p><i>If the Vendor:</i></p> <p>(a) <i>fails to pay any sum or sums payable under the SPA within the time stipulated for payment; or</i></p> <p>(b) <i>commits any material breach of the terms and conditions contained in the SPA or fails to perform or observe all or any of the Vendor's covenants herein contained; or</i></p> <p>(c) <i>commits an act of bankruptcy or enters into any composition or arrangement with its creditors or being a company enters into liquidation whether compulsory or voluntary,</i></p> <p><i>and the Vendor shall fail to remedy such breach in relation to its obligations, representations or warranties under the SPA within ten (10) business days of a written notice being served on the Vendor or the Vendor's solicitors to do so, the Purchaser shall be entitled to:</i></p> <p>(i) <i>the remedy of specific performance against the Vendor and all relief flowing therefrom and all costs and expenses incurred by the Purchaser in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Vendor PROVIDED ALWAYS that nothing herein contained shall be construed in any way so as to prejudice any other rights or remedies which the Purchaser may be entitled in law against the Vendor for such breach or failure and any relief granted by the Court; or</i></p> <p>(ii) <i>call upon the Guarantee against the Proprietor to perform the obligations of the Vendor to deliver vacant possession of the Property and the registration of the memorandum of transfer of the Property in favour of the Purchaser ("Transfer") at the relevant land registry; or</i></p> <p>(iii) <i>terminate the SPA by giving the Vendor and the Proprietor, the Vendor's solicitors and the Escrow Agent not less than fourteen (14) days' notice in writing ("Purchaser Termination Notice") and upon such termination as aforesaid:</i></p> <p>(aa) <i>the Purchaser shall be entitled to authorize the release of the Shortfall by the Escrow Agent and receive payment of the Shortfall together with interest; and</i></p> <p>(ab) <i>if the Purchaser does not opt to call upon the Guarantee at first instance as set out below, subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund a sum equivalent to the Value in cash to the Purchaser, free of interest, through the Purchaser's solicitors, within thirty (30) days of the Vendor's receipt of the Purchaser Termination Notice, failing which the Guarantee clause shall apply;</i></p> <p>OR</p> <p><i>If the Purchaser is of the reasonable view</i></p>	<p>Section 6.2 of the SPA detailed what actions the Purchaser can take if the Vendor commits any material breaches of the terms and conditions of the SPA or fail to observe any of its covenants, or violates any part of the SPA, amongst others. It also describes the course of action available for Purchaser including enforcing specific performance on the Vendor or calling on the Guarantee provided by the Proprietor.</p> <p>We are of the view that the terms are typical in a commercial transaction and are reasonable.</p>

that the Vendor is or might be unable to satisfy its obligations under this subclause to refund a sum equivalent to the Value to the Purchaser in full, the Purchaser shall be entitled to call on the Guarantee whereupon subject to the Consideration Shares having been issued and allotted to the Allottee, the Proprietor shall refund such sum equivalent to the Value in cash to the Purchaser, free of interest, through the Purchaser's solicitors within sixty (60) days of the Proprietor's receipt of the Purchaser Termination Notice, failing which a late payment interest of eight percent (8%) per annum calculated on daily basis shall apply from the date the refund of such sum equivalent to the Value is due until the receipt of full refund amount by the Purchaser's solicitors;

(ac) upon the depositing of such refund referred to above with the Purchaser's solicitors, the Purchaser shall redeliver vacant possession of the Property to the Vendor (if the same has already been delivered to the Purchaser) and all documents (if any) delivered to the Purchaser and/or Purchaser's solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) business days of the Vendor's receipt of the Purchaser Termination Notice, with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Until vacant possession and the documents are redelivered to the Vendor, the Purchaser's solicitors shall not be authorized to release such sum equivalent to the Value to the Purchaser; and

(ad) the Purchaser shall be entitled to all rights or remedies in law against the Vendor arising from the default by the Vendor.

and thereafter, the SPA shall be terminated and none of the Parties, the successors-in-title of the Parties nor any person claiming title under the Parties shall have any claim against the other Parties in respect of the SPA save for antecedent breaches and the Proprietor and Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Proprietor and Vendor shall deem fit as if the SPA had not been entered into.

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Salient terms of the SPA	AER' comments
<p>Default by Proprietor <i>If the Proprietor:</i></p> <p>(a) <i>commits any material breach of the terms and conditions contained in the SPA or fails to perform or observe all or any of the Proprietor's covenants herein contained; or</i></p> <p>(b) <i>has judgement awarded against the Proprietor after full trial of the legal suit involving a proposed disposal of the Proprietor's land known as H.S. (D) 259880, No. Lot PT 16 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor to JAKS Island Circle Sdn Bhd ("Litigation Matter") with all avenues of appeal to the Court of Appeal and Federal Court in such Litigation Matter is fully and finally exhausted or enters into a settlement with regard to the Litigation Matter whether either such judgement or settlement has a material adverse effect on the Proprietor's ability to perform its obligations herein; or</i></p> <p>(c) <i>commits an act of bankruptcy or enters into any composition or arrangement with its creditors or being a company enters into liquidation whether compulsory or voluntary,</i> <i>and the Proprietor shall fail to remedy such breach in relation to its obligations, representations or warranties under the SPA within ten (10) business days of a written notice being served on the Proprietor to do so, the Purchaser shall be entitled to:</i></p> <p>(i) <i>the remedy of specific performance against the Proprietor and all relief flowing therefrom and all costs and expenses incurred by the Purchaser in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Proprietor PROVIDED ALWAYS that nothing herein contained shall be construed in any way so as to prejudice any other rights or remedies which the Purchaser may be entitled in law against the Proprietor for such breach or failure and any relief granted by the Court; or</i></p> <p>(ii) <i>terminate the SPA by giving the Purchaser Termination Notice to the Vendor, the Proprietor, the Vendor's Solicitors and the Escrow Agent and upon such termination as aforesaid:-</i></p> <p>(aa) <i>the Purchaser shall be entitled to authorize the release of the Shortfall by the Escrow Agent and receive payment of the Shortfall together with interest;</i></p> <p>(ab) <i>if the Purchaser does not opt to call upon the Guarantee at first instance as set out below, subject to the Consideration Shares having been issued and allotted to the Allottee, the Proprietor shall cause the Vendor to refund a sum equivalent to the Value in cash to the Purchaser, free of interest, through the Purchaser's Solicitors, within thirty (30) days of the Vendor's receipt of the Purchaser Termination Notice, failing which the Guarantee clause shall apply;</i> OR <i>If the Purchaser is of the reasonable view that the Vendor is or might be unable to satisfy its obligations under this sub-clause to refund a sum equivalent to the Value to the Purchaser in full, the Purchaser shall be entitled to call upon the Guarantee whereupon subject to the Consideration Shares having been issued and allotted to the Allottee, the Proprietor shall refund a sum equivalent to the Value in cash to the</i></p>	<p>Section 6.3 of the SPA outlined the consequences if the Proprietor commits any material breaches of the terms and conditions of the SPA or fail to observe any of its covenants, or violates any part of the SPA, amongst others. It also describes the course of action available for Purchaser including enforcing specific performance on the Proprietor or calling on the Guarantee provided by the Proprietor and possible outcomes in case such default is/are not remedied accordingly so that Purchaser's interests stay protected and that the Purchaser can have better or more assurance of either the Proposed Acquisition can be completed as per the agreed terms or failing which the Purchaser is compensated appropriately.</p> <p>Upon the termination of the SPA, the Purchaser is entitled to, amongst others, authorize the release of the Shortfall (if any) and receive payment of such from the Escrow Agent or if the Purchaser does not opt to call upon the Guarantee, the Purchaser shall be entitled to a refund for a sum equivalent to the number. of Consideration Shares allotted and issued to the Allottee multiplied by the Issue Price ("Value").</p> <p>We are of the view that the terms are typical in a commercial transaction and are reasonable.</p>

<p>Purchaser, free of interest through the Purchaser's Solicitors, within sixty (60) days of the Proprietor's receipt of the Purchaser Termination Notice, failing which a late payment interest of eight percent (8%) per annum calculated on daily basis shall apply from the date the refund of such sum equivalent to the Value is due until the receipt of full refund amount by the Purchaser's Solicitors,</p> <p>(ac) upon the depositing of such refund with the Purchaser's Solicitors, the Purchaser shall redeliver vacant possession of the Property to the Vendor (if the same has already been delivered to the Purchaser) and all documents (if any) delivered to the Purchaser and/or the Purchaser's Solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) Business Days of the Vendor's receipt of the Purchaser Termination Notice with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Until vacant possession and documents are redelivered to the Vendor, the Purchaser's Solicitors shall not be authorised to release such sum equivalent to the Value to the Purchaser; and</p> <p>(ad) the Purchaser shall be entitled to all rights or remedies in law against the Proprietor arising from the default by the Proprietor.</p> <p>and thereafter, the SPA shall be terminated and none of the Parties, the successors-in-title of the Parties nor any person claiming title under the Parties shall have any claim against the other Parties in respect of the SPA save for antecedent breaches and the Proprietor and Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Proprietor and Vendor shall deem fit as if the SPA had not been entered into.</p>	
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Salient terms of the SPA	AER's comments
<p>Vacant Possession Subject to Force Majeure, vacant possession of the Property shall be delivered by the Vendor to the Purchaser within thirty six (36) months from the Unconditional Date or such further extended period as the Parties may mutually agree upon in writing ("VP Period") in the manner provided in the SPA, subject to the Allotment and Issuance of the Consideration Shares to the Allottee and the Vendor's receipt of all other monies due from the Purchaser to the Vendor under the SPA, if any, (save for the outgoing which are to be apportioned between the Parties as at the date of delivery or deemed delivery of vacant possession of the Property, whichever is the earlier, to the Purchaser) and the release of the Shortfall to the Vendor by the Escrow Agent (if the Shortfall is not already released by the Escrow Agent to the Vendor) above).</p> <p>Subject to the provisions of the SPA, if the Vendor fails to deliver vacant possession of the Property within the VP Period:-</p> <p>(i) the Vendor shall be liable to pay to the Purchaser liquidated damages calculated from day to day at the rate of eight percent (8%) per annum of the Purchase Price from the day next following the expiry of the VP Period until the date of delivery or deemed delivery of vacant possession of the Property, whichever is the earlier, to the Purchaser. Such liquidated damages shall be paid by the Vendor to the Purchaser</p>	<p>Under section 8.1 of the SPA, the Vendor is required to deliver vacant possession of the Property within 36 months from the Unconditional Date or such further extended period as the parties may mutually agree upon in writing ("VP Period"). If the Vendor fails to deliver the vacant possession of the Property within the VP Period, they shall be liable to pay liquidated damages calculated on daily basis to the Purchaser at the rate of 8% per annum of the Purchase Consideration from the day next following the expiry of the VP Period until the date of delivery or deemed delivery of the vacant possession of the Property, whichever is earlier, or the Purchaser shall be entitled to exercise its rights as set out in the Default by the Vendor Clause of the SPA.</p>

<p><i>immediately upon the said date of delivery or deemed delivery of vacant possession, whichever is the earlier; or</i></p> <p>(ii) <i>the Purchaser shall be entitled to exercise its rights as set out in the Default by the Vendor Clause above.</i></p>	<p>We are of the view that the terms are typical in a commercial transaction and are reasonable</p>
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Salient terms of the SPA	AER's comments
<p>Guarantee</p> <p>(i) <i>The Proprietor shall on the date of Allotment and Issuance of Consideration Shares to the Allottee, furnish the Purchaser with a corporate guarantee in the agreed form as annexed in the SPA or such further amendments as may be mutually agreed between the Parties in writing ("Guarantee"), as security for the due performance by the Vendor:</i></p> <p>(a) <i>of the Vendor's obligations to refund to the Purchaser in accordance with the terms of the SPA, of a sum equivalent to the Value and Shortfall (where applicable), in cash, in the manner provided in the SPA; or</i></p> <p>(b) <i>of the Vendor's obligations to deliver vacant possession of the Property and the registration of the Transfer at the relevant land registry, whichever is the earlier;</i></p> <p>(ii) <i>For the avoidance of doubt, the Purchaser shall be entitled to make a demand either under (a) or (b) above.</i></p> <p>(iii) <i>The Purchaser shall be entitled to make a demand under the Guarantee if:</i></p> <p>(a) <i>the Vendor fails to refund to the Purchaser a sum equivalent to the Value and Shortfall (where applicable), in cash, in the manner provided in the SPA; or</i></p> <p>(b) <i>if the Purchaser is of the reasonable view that the Vendor is or might be unable to satisfy its obligations under the SPA to refund a sum equivalent to the Value to the Purchaser in full in the circumstances set out in the Default by the Vendor and the Default by the Proprietor Clause of the SPA above; or</i></p> <p>(c) <i>the Vendor fails to deliver vacant possession of the Property and the registration of the Transfer at the relevant land registry.</i></p> <p><i>Following the Purchaser's written demand under the Guarantee, any failure by the Proprietor to make payment of the sums referred to in 12(iii) above within sixty (60) days of the Proprietor's receipt of the written demand shall result in a late payment interest of eight percent (8%) per annum calculated on daily basis being imposed on the sums due to be paid by the Proprietor from the date the refund or payment is due until the receipt of full refund amount by the Purchaser's Solicitors.</i></p>	<p>The Proprietor shall provide a Guarantee to the Purchaser upon allotment and issuance of Consideration Shares by Matang to the Allottee, as security for the Vendor's due performance.</p> <p>The Guarantee covers either the Vendor's obligation to refund the Value and the Shortfall paid by Matang in cash, or the Vendor's obligation to deliver vacant possession of the Property and the registration of the transfer of the Property to Matang.</p> <p>Under clause 10A.3 of the SPA, The Purchaser shall be entitled to make a demand under the Guarantee if the Vendor fails to perform their obligations or if the Purchaser has reason to believe the Vendor cannot meet their obligations. Following the demand under the Guarantee, any failure to make payment under the Guarantee shall result in a late payment interest of 8% per annum calculated on daily basis being imposed if payment is not made within 60 days of the Proprietor's receipt of the written demand.</p> <p>We are of the view that the terms are typical in a commercial transaction and are reasonable.</p>

Based on our evaluation of the salient terms of the SPA, we are of the view that the salient terms of the SPA are general on normal commercial terms for transactions of such nature and the said terms are **fair and reasonable** and **not detrimental** to the interests of the non-interested shareholders.

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6.6 Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition are as set out in **Part A, Section 7** of this Circular.

Our comments on the financial effects of the Proposed Acquisition on a proforma basis on assumption that the Proposed Acquisition is completed immediately after 30 June 2022 are as follows:

Effects of the Proposed Acquisition	AER's comments
Issued share capital and substantial shareholders' shareholdings.	<p>As at the LPD, the total number of Shares in issue was 2,389,200,276. The Proposed Acquisition involves the issuance of 357,000,000 new ordinary shares of Matang to the Allottee. Hence, the number of Shares after the Proposed Acquisition shall increase to 2,746,200,276.</p> <p>The dilutive effects on the substantial shareholders are as presented on Section 7.3 of Part A of this Circular.</p> <p>Huaren and Ang Kian You's direct shareholding shall be reduced from 16.28% and 8.48% as at the LPD to 14.16% and 7.38% immediately upon completion of the Proposed Acquisition, respectively.</p> <p>MCA's indirect shareholding shall be increased from 17.15% as at the LPD to 27.92% immediately upon completion of the Proposed Acquisition, respectively.</p>
NA and gearing	<p>Effects on NA The Proposed Acquisition is expected to have the effect of increasing the NA of the Company from RM249.429 million to RM277.810 million, as a result of the issuance of Consideration Shares, based on a proforma computation of the NA of the Company immediately before and after the completion of the Proposed Acquisition, measured based on the audited accounts for FYE 30 June 2022 results after considering the effects of the private placement completed on 6 July 2022.</p> <p>Effects on gearing Based on the un-audited quarterly statements for period ended 31 December 2022, Matang has no bank liabilities, with a cash and bank balance of RM108.3 million. The Proposed Acquisition has the no effect on the gearing the Company as the Proposed Acquisition is funded by issuance of Consideration Shares and cash based on a ratio of 87.52% and 12.48% respectively.</p>
Earnings and EPS	<p>Effects on Earnings The Proposed Acquisition is not expected to have any immediate effects on the earnings, save for the estimated expenses of RM500,000 in relation to the Proposals.</p> <p>Effects on EPS The Proposed Acquisition is expected to increase the future EPS due to the contribution of projected earnings from leasing revenue or sales of the Property upon delivery of vacant possession of the Property.</p>

Based on the above, taken as a whole, we are of the view that the overall effect of the Proposed Acquisition is **not detrimental** to the interests of the non-Interested shareholders.

6.7 Future prospects

The future prospects to Matang associated with the Proposed Acquisition are as set out in **Section 2.1**, and **Section 5.4 Part A** of this Circular.

Future Prospects	AER's comments
<p><i>With regard to the future use of the Property, the Group may either lease or sell the Property to derive rental income or gain after the vacant possession of the Property is delivered by the Developer. At this juncture, the Group has not determined its direction with regard to the actual use of the Property, as this would depend on the prevailing property market condition in the future, which may include but are not limited to, surrounding rental yield, prospects of tenancy for the location of the Property as well as market condition for the sale of the Property. Therefore, the management of Matang is unable to provide a reasonable estimate of the expected rental or resale value at this material point in time. (Source: Section 2.1, Part A of this Circular)</i></p> <p><i>Below are some other justifications as summarised from Section 5.4 Part A of this Circular</i></p> <p><i>Presently, Matang's core business is in the Oil Palm Business. The Proposed Acquisition enables Matang to generate additional income through obtaining rental income, leasing the Property or resale of the Property in the future.</i></p> <p><i>The Board also opines that the Property is in a prime location, situated in a mature industrial areas (i.e. Shah Alam, Subang Jaya, Glenmarie and Ara Damansara), and is surrounded by highways (i.e. the GCE, NKVE and Federal Highway), as well as various other developments and public facilities that may potentially increase the attractiveness of the Property to potential tenants/ investors, which will potentially increase the Group's prospects of obtaining rental income, and/ or the potential resale of such investment properties in the future to derive gain.</i></p> <p><i>the Board opines that it is in the best interest of the Group to diversify its business operations to include property investment, which has a positive market outlook as illustrated in Part A, Section 5.3 of this Circular, in order to potentially supplement the Group with further income stream in addition to its Oil Palm Business.</i></p>	<p>We noted that the Proposed Acquisition shall allow Matang to diversify its income stream instead on reliant of the Oil Palm Business.</p> <p>We also noted that upon completion of the Property, Matang could either lease the Property and derive continuous rental yield as the Property is in a mature industrial area.</p> <p>We also noted that Matang may be able to sell the Property and realise a capital gain, by a future sale during a favourable market condition.</p> <p>As the Proposed Acquisition allows Matang to diversify its income stream, and also enable Matang to earn a lock-in rental yield if rented or a capital gain if sold during a favourable market condition, we are of the view that the justifications of the Future Prospects by the Board and management of Matang are reasonable.</p>

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6.8 Risk Factors

The risk factors associated with the Proposed Acquisition are as set out in **Section 6, Part A** of this Circular.

RISK FACTORS	AER's comments
<p>6. RISK FACTORS</p> <p><i>Pursuant to the Proposed Acquisition and Proposed Diversification, Matang Group will be exposed to risks inherent in the property investment business which include, but not limited to, the following:-</i></p> <p>6.1 Acquisition risk</p> <p><i>There is no assurance that the anticipated benefits arising from the Proposed Acquisition will be realised or that the Group will be able to recoup its investment in the Property.</i></p> <p><i>Notwithstanding that, the management of Matang has to an extent undertaken certain mitigation measures by adopting prudent investment strategies and conducting assessments and reviews of the Property, including the independent market valuation conducted on the Property as well as consulting with the relevant professionals/ experts prior to making its investment decisions.</i></p> <p>6.2 Non-completion of the SPA</p> <p><i>The completion of the Proposed Acquisition is subject to, amongst others, the fulfillment of the conditions precedent to the SPA and the delivery of vacant possession by the Vendor before the expiry of the vacant possession period as set out in the SPA. In the event any of the conditions precedent is not being fulfilled or waived, or the Vendor is unable to deliver vacant possession before the expiry of the vacant possession period as set out in the SPA, the Proposed Acquisition may not be completed or delayed, which may result in the failure of the Group to achieve the objectives and benefits of the Proposed Acquisition.</i></p> <p><i>Notwithstanding the above, the Board and management of Matang shall use their best endeavours to ensure every effort is taken to procure all necessary approvals to satisfy the conditions precedent.</i></p> <p>6.3 Property investment risk</p> <p><i>Upon completion of the Proposed Acquisition, the Group will be subject to inherent risks associated to property investment. These may include, amongst others, adverse changes to the general economic, political and regulatory condition, tax rate, taxation method, interest rate, and risks of expropriation of land by the relevant authority. Further, the value of the Property may either be enhanced or diminished depending on factors such as the development and rental yields within the vicinity of the Property, as well as the local and global market conditions. In such event, the Group's financial position may be adversely affected by the relatively illiquid nature or the lack of marketability of the real estate investments whereby the Group may encounter difficulty to or may be unable to lease or sell the Property on terms favourable to them. Notwithstanding that, after conducting prior assessment and study on the Property with the relevant professionals/ experts, the management of Matang believes that the risks above can be fairly mitigated, after taking into consideration the</i></p>	<p>The Proposed Acquisition and Proposed Diversification exposes the Company to inherent risks in the property investment business. These include acquisition risk, non-completion of the SPA, property investment risk, and non-completion or delay in the development of the property. However, the Company has taken certain mitigation measures to minimize these risks, such as conducting assessments and reviews of the Property, consulting with professionals and experts, and adopting prudent investment strategies. In addition, the terms of the SPA provide for safeguard measures to the Purchaser to mitigate the risk of non-completion or delay in the development of the Property.</p> <p>We are of the view that the potential risk as presented in Circular are commercial risks associated with the nature of a business transaction. We also noted that your Company have safeguard measures to address such risk and therefore we are of the view that the measures and safeguards are reasonable.</p>

strategic location of the Property, which is in a mature industrial area that is established and well connected via a host of expressway for logistics and manufacturing business activities.

6.4 Non-completion or delay in the development of the Property

The Property may not be completed or that the vacant possession of the Property is not handed on time as completion of a development project is subject to various factors, such as the Vendor being unable to secure adequate funding for the development, contractors facing difficulties in completing their works according to schedule and shortfall of labour and/ or building materials and utilities supplies. However, the risk of delay in completion or the handing over of vacant possession of the Property is mitigated given that the terms of the SPA provides for certain safeguard measures to the Purchaser, whereby:-

i. Vendor may be liable to pay the Purchaser liquidated damages calculated from day to day at the rate of 8% per annum of the Purchase Consideration from the day following the expiry date of the vacant possession period until the date of delivery of the vacant possession of the Property; or

ii. the Purchaser shall be entitled to call upon the Guarantee whereby the Proprietor shall be required to refund the Purchase Consideration in cash upon termination of the SPA or perform the obligations of the Vendor to complete the development and construction of the Property until the registration of the memorandum of transfer of the Property to the Purchaser.

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7. CONCLUSION AND RECOMMENDATION

The non-interested shareholders, should consider all the merits and demerits of the Proposed Acquisition, based on all relevant pertinent factors including those which are set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

In our evaluation of the Proposed Acquisition and in arriving at our opinion, we have taken into consideration various factors as follows:

- (a) the rationale for the Proposed Acquisition by the Board and the Company, are reasonable and not detrimental to the non-interested shareholders.
- (b) basis of arriving at the Purchase Consideration by making reference to the valuation certificate by the Valuer
- (c) manner of settlement of the Purchase Consideration
- (d) fairness and reasonableness of the Issue Price
- (e) salient terms of the SPA
- (f) financial effects of the Proposed Acquisition on the NA per shar, gearing and EPS
- (g) risk factors of the Proposals.

After having considered all the various factors included in our evaluation for the Proposed Acquisition that is based on the information made available to us, we are of the opinion that the Proposed Acquisition is **fair and reasonable** insofar as to the non-interested shareholders are concerned and it is **not to the detriment** of the non-interested shareholders, taking into consideration that the Proposed Acquisition may provide Matang Group with a valuable additional source of income and contribute to the Group's long-term growth and success.

Accordingly, we recommend the non-interested shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Acquisition which is to be tabled at the Company's forthcoming EGM.

Yours faithfully,
For and on behalf of
ASIA EQUITY RESEARCH SDN. BHD.

ONG TEE CHIN, CFA, FRM, CAIA
Director

KHAIRIL ANUAR BIN MOHD NOR
Director

APPENDIX I – SALIENT TERMS OF THE SPA

1.	Parties Involved	<table border="1"> <thead> <tr> <th data-bbox="505 212 783 264">Purchaser</th> <th data-bbox="783 212 1061 264">Vendor</th> <th data-bbox="1061 212 1331 264">Proprietor</th> </tr> </thead> <tbody> <tr> <td data-bbox="505 264 783 338">Matang Berhad</td> <td data-bbox="783 264 1061 338">SMG Land Sdn Bhd</td> <td data-bbox="1061 264 1331 338">Star Media Group Berhad</td> </tr> </tbody> </table> <p data-bbox="505 338 1331 383">Collectively, known as "Parties".</p>	Purchaser	Vendor	Proprietor	Matang Berhad	SMG Land Sdn Bhd	Star Media Group Berhad
Purchaser	Vendor	Proprietor						
Matang Berhad	SMG Land Sdn Bhd	Star Media Group Berhad						
2.	Allottee	SMG Production & Distribution Sdn Bhd, a wholly-owned subsidiary of the Vendor.						
3.	Purchase Price	A total purchase price of Ringgit Malaysia Thirty-Three Million (RM33,000,000.00) (" Purchase Price "). For the avoidance of doubt, the purchase price in respect of each parcel shall be Ringgit Malaysia Sixteen Million and Five Hundred Thousand (RM16,500,000.00).						
4.	Manner of payment of Purchase Price	<p>The Purchase Price shall be satisfied within seven (7) business days from the date on which the last of the conditions precedent to the SPA has been fulfilled or waived ("Unconditional Date") or such further period as may be mutually agreed in writing by the Parties ("Payment Date") in the following manner by the Purchaser:</p> <ul style="list-style-type: none"> (i) the sum of Ringgit Malaysia Twenty-Eight Million Eight Hundred and Eighty-One Thousand Three Hundred (RM28,881,300.00) shall be paid through the allotment and issuance of new fully paid-up ordinary shares in the share capital of the Purchaser ("Consideration Shares") to the Allottee ("Allotment and Issuance"). The aggregate number of Consideration Shares to be issued by the Purchaser as part payment of the Purchase Price shall be Three Hundred and Fifty-Seven Million (357,000,000) shares determined based on the issue price per Consideration Share of Ringgit Malaysia Zero Point Zero Eight Zero Nine (RM0.0809) ("Issue Price") calculated based on a discount of Seven Percent (7.00%) to the Five (5) day volume weighted average market price of the ordinary shares of the Purchaser for trades conducted on Bursa Securities immediately preceding the date of the SPA. The Parties agree that the Consideration Shares to be issued pursuant to this clause shall not exceed thirteen percent (13.00%) of the total enlarged number of shares of the Purchaser after such issuance ("Threshold Shareholding"); and (ii) the sum of Ringgit Malaysia Four Million One Hundred and Eighteen Thousand Seven Hundred (RM4,118,700.00), being the balance of the Purchase Price not satisfied via the issuance of the Consideration Shares ("Shortfall") shall be deposited by the Purchaser, to an escrow agent to be mutually appointed by both the Purchaser and the Vendor ("Escrow Agent") and placed in an interest bearing account. The Shortfall shall be dealt with in accordance with the terms set out in the SPA or an escrow agreement to be entered into by the Escrow Agent, the Vendor and the Purchaser. In the event of inconsistencies, the provision of the SPA shall prevail. <p>For avoidance of doubt, the Vendor acknowledges and agrees that the Allotment and Issuance of the Consideration Shares to the Allottee and the payment of the Shortfall to the Escrow Agent shall be deemed full and final payment of the Property made by the Purchaser to the Vendor.</p>						
5.	Escrow Agent	<p>For the purposes of the Shortfall, the costs and fees of the Escrow Agent shall be borne by the Purchaser and the Escrow Agent shall be unconditionally and irrevocably authorised to release the Shortfall to:</p> <ul style="list-style-type: none"> (a) the Vendor within five (5) Business Days of receipt by the Escrow Agent of the written notice issued by the Vendor or the Vendor's Solicitors to the Escrow Agent, upon any event of default committed by the Purchaser which is not otherwise remedied as set out in the Default by the Purchaser Clause 						

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		<p>below or upon issuance of the written notice to accept delivery of vacant possession of the Property by the Vendor as set out in the terms of the SPA, which notice to accept delivery of vacant possession may be issued by the Vendor regardless of an event of default by the Purchaser under the Default by the Purchaser Clause (b), (c), or (d) below only provided the Vendor does not terminate the SPA pursuant to the Default by the Purchaser Clause below. Any interest accrued on the Shortfall shall be released to the Purchaser simultaneously with the release of the Shortfall to the Vendor; or</p> <p>(b) the Purchaser within five (5) Business Days of the receipt by the Escrow Agent of the written notice issued by the Purchaser or the Purchaser's Solicitors to the Escrow Agent notifying the Escrow Agent of any of the events of refund set out in the SPA. Any interest accrued on the Shortfall shall be released to the Purchaser simultaneously with the release of the Shortfall to the Purchaser.</p>
6.	Conditions Precedent	<p>The SPA is conditional upon the fulfilment of the following conditions precedent or waiver of the same as the Parties may mutually agree upon within nine (9) months from the date of the SPA or such further extended period as the Parties may mutually agree upon in writing:</p> <p>(i) the approval of any governmental, semi or quasi government department, statutory body, agency or authority for the time being authorized or having liberty and authority to exercise its rights, jurisdiction and/or responsibility in connection with or affecting Property and/or as the case may be all matters referred to under or arising out of the terms of the SPA ("Appropriate Authority(ies)") for the layout approval and development order for the development of the Parent Land (hereinafter referred to as the "Land") being obtained by the Vendor on terms and conditions acceptable to the Vendor;</p> <p>(ii) the approval of the Appropriate Authority(ies) for the building plans approval for the development of the Land being obtained by the Vendor on terms and conditions acceptable to the Vendor;</p> <p>(iii) the approval of the shareholders of the Purchaser at a general meeting for the entry into the SPA and the acquisition of the Property and for the carrying into effect of the same, as well as the approval for the issuance of the Consideration Shares to the Allottee, such approval for the issuance of the Consideration Shares, in the manner satisfactory to the Vendor, being obtained by the Purchaser;</p> <p>(iv) the approval of the shareholders of the Vendor and Proprietor, in the case of the Proprietor at a general meeting and in the case of the Vendor by way of a circular resolution, for the entry into the SPA and for the carrying into effect by the Vendor of the disposal of the Property under the terms hereof to the Purchaser, being obtained by the Vendor and Proprietor respectively;</p> <p>(v) the approval being granted by Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, and such approval not having been revoked or amended, and if the approval is granted subject to conditions, (i) such conditions being reasonably acceptable to the Purchaser and the Vendor, and if any such condition shall be required to be fulfilled on or before completion of the Allotment and Issuance (as hereinafter defined), the fulfilment of such condition on or before the Allotment and Issuance and (ii) such conditions being satisfied or waived by Bursa Securities, and Bursa Securities not having made any ruling, the effect of which is to restrict or impede the listing of and quotation for the Consideration Shares;</p>

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		<p>(vi) the completion of a legal due diligence undertaken by the Vendor on the Purchaser, and the findings and results thereof being satisfactory to the Vendor; and</p> <p>(vii) the completion of a due diligence on the Land undertaken by the Purchaser including a valuation on the Property and the Litigation Matter (as hereinafter defined) and the findings and results of the due diligence thereof being satisfactory to the Purchaser as well as due diligence by the Purchaser on the Vendor and the Proprietor as may be necessary for the Purchaser's submission of draft circular to Bursa Securities for approval and issuance of the circular to the shareholders of the Purchaser.</p>
7.	Area and construction of the Property	<p>The land area shall be subject to approval by the Appropriate Authority(ies) and the gross floor area shall be subject to final measurement by a surveyor. In any event:</p> <p>(a) if the difference between (i) the land area as set out in the separate issue document of title when issued to each of the Property and the land area as set out in the SPA; and/or (ii) the actual gross floor area of the Property as measured by the surveyor and the gross floor area as set out in the SPA, in total is either bigger or smaller in size and when calculated in terms of percentage, it is five percent (5%) or less than five percent (5%), there shall not be any adjustment in the Purchase Price.</p> <p>(b) If the difference between (i) the land area as set out in the separate issue document of title when issued to each of the Property and the land area as set out in the SPA; and/or (ii) the actual gross floor area of the Property as measured by the surveyor and the gross floor area as set out in the SPA, in total is either bigger or smaller in size and when calculated in terms of percentage, it is more than five percent (5%), the Purchase Price shall be adjusted upwards or downwards, as the case may be, calculated at rate of Ringgit Malaysia Two Hundred and Seventeen (RM217.00) per square foot for the gross floor area and Ringgit Malaysia Three Hundred and Eighty (RM380.00) per square foot for the land area. Any payment resulting from the adjustment and required to be paid by either Party shall be so paid in cash within fourteen (14) days of the date of notification of the same from the Vendor*1.</p> <p>During the construction of the Property, the Vendor shall furnish the Purchaser with certificates signed by the Vendor's architect to confirm the completion of each stage of construction of the Property, for the Purchaser's reference.</p> <p>Notes:-</p> <p>*1 <i>For clarification, the payment is to be paid in cash as an additional payment by the relevant party depending on whether it is smaller or larger. The Balance Payment of RM4,118,700 will not be affected.</i></p>

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<p>8.</p>	<p>Default by the Purchaser</p>	<p>If the Purchaser:</p> <ul style="list-style-type: none"> i) fails to allot the Consideration Shares or any part thereof and/or make payment of Shortfall or any part thereof to the Escrow Agent by way of settlement of the Purchase Price on or before the Payment Date and the Purchaser shall fail to remedy such breach in relation to its obligations, representations or warranties under the SPA within 10 business days of a written notice being served on the Purchaser or the Purchaser's solicitors to do so, the Vendor shall be entitled to: <ul style="list-style-type: none"> (i) the remedy of specific performance against the Purchaser and all relief flowing therefrom and all costs and expenses incurred by the Vendor in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Purchaser PROVIDED ALWAYS that nothing herein contained shall be construed in any way so as to prejudice any other rights or remedies which the Vendor may be entitled in law against the Purchaser for such breach or failure and any relief granted by the Court; or (ii) terminate the SPA by giving the Purchaser, the Purchaser's solicitors and the Escrow Agent not less than fourteen (14) days' notice in writing ("Vendor Termination Notice") and upon such termination as aforesaid: <ul style="list-style-type: none"> (aa) the Vendor shall be entitled to all rights or remedies in law against the Purchaser arising from the default by the Purchaser; (ab) where applicable, the Purchaser shall be entitled to authorize the release of the Shortfall or any part thereof received by the Escrow Agent to the Purchaser and receive payment of such amount together with interest, if any*¹; and (ac) subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund a sum equivalent to the Value (as hereinafter defined) in cash to the Purchaser, free of interest, through the Purchaser's solicitors, within thirty (30) days of the Purchaser's or the Purchaser's solicitors' receipt of the Vendor Termination Notice, failing which the Guarantee Clause shall apply; and For the purpose of the SPA, "Value" is computed based on the following formula: <i>No. of Consideration Shares allotted and issued to the Allottee multiplied by the Issue Price</i> (ad) all documents (if any) delivered to the Purchaser and/or the Purchaser's solicitors, including the Guarantee (as hereinafter defined), shall be returned to the Vendor within ten (10) business days of the Purchaser's or the Purchaser's solicitors' receipt of the Vendor Termination Notice, with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Until the documents (if any) are redelivered to the Vendor, the Purchaser's solicitors shall not be authorized to release such sum equivalent to the Value to the Purchaser,
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APPENDIX I – SALIENT TERMS OF THE SPA

		<p>and thereafter, none of the Parties, the successors-in-title of the Parties nor any person claiming title under the Parties shall have any claim against the other Parties in respect of the SPA save for antecedent breaches and the Proprietor and Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Proprietor and Vendor shall deem fit as if the SPA had not been entered into; or</p> <p>If the Purchaser:</p> <ul style="list-style-type: none"> ii) fails to pay any sum or sums payable under the SPA within the time stipulated for payment; or iii) commits any material breach of the terms and conditions contained in the SPA or fails to perform or observe all or any of the Purchaser's covenants herein contained; or iv) commits an act of bankruptcy or enters into any composition or arrangement with its creditors or being a company enters into liquidation whether compulsory or voluntary, <p>and the Purchaser shall fail to remedy such breach in relation to its obligations, representations or warranties under the SPA within ten (10) business days of a written notice being served on the Purchaser or the Purchaser's solicitors to do so, the Vendor shall be entitled to:</p> <ul style="list-style-type: none"> (iii) the remedy of specific performance against the Purchaser and all relief flowing therefrom and all costs and expenses incurred by the Vendor in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Purchaser PROVIDED ALWAYS that nothing herein contained shall be construed in any way so as to prejudice any other rights or remedies which the Vendor may be entitled in law against the Purchaser for such breach or failure and any relief granted by the Court; or (iv) terminate the SPA by giving the Purchaser, the Purchaser's solicitors and the Escrow Agent the Vendor Termination Notice and upon such termination as aforesaid: <ul style="list-style-type: none"> (aa) the Vendor shall be entitled to all rights or remedies in law against the Purchaser arising from the default by the Purchaser; (ab) the Purchaser shall be entitled to authorize the release of the Shortfall received by the Escrow Agent to the Purchaser and receive payment of such amount together with interest, if such Shortfall is not already released by the Escrow Agent to the Vendor pursuant to the Manner of payment of Purchase Price above of the SPA*²; (ac) subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund to the Purchaser in cash a sum equivalent to the Value and subject to the release of the Shortfall by the Escrow Agent to the Vendor pursuant to the Manner of payment of Purchase Price above of the SPA, the Shortfall, free of interest, through the Purchaser's solicitors, within thirty (30) days of the Purchaser's or the Purchaser's solicitors' receipt of the Vendor Termination Notice, failing which the Guarantee clause shall apply*³;
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		<p>(ad) upon the depositing of a sum equivalent to the Value and Shortfall (as the case may be) with the Purchaser's solicitors, the Purchaser shall redeliver vacant possession of the Property to the Vendor (if the same has already been delivered to the Purchaser) and all documents (if any) delivered to the Purchaser and/or the Purchaser's solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) business day of the Purchaser's or the Purchaser's solicitors' receipt of the Vendor Termination Notice with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Until vacant possession and the documents (if any) are redelivered to the Vendor, the Purchaser's solicitors shall not be authorized to release such sum equivalent to the Value and Shortfall (as the case may be), to the Purchaser;</p> <p>and thereafter, none of the Parties, the successors-in-title of the Parties nor any person claiming title under the Parties shall have any claim against the other Parties in respect of the SPA save for antecedent breaches and the Proprietor and Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Proprietor and Vendor shall deem fit as if the SPA had not been entered into.</p> <p>Notes:-</p> <p>*1 <i>The interest rate shall be determined upon the opening of interest-bearing account by the Escrow Agent within seven (7) business days from the Unconditional Date, which is the time required for the Shortfall to be deposited by the Purchaser with the Escrow Agent.</i></p> <p>*2 <i>For clarification, in the case where the Purchaser has already made the Balance Payment to the Escrow Agent, the Purchaser will be entitled to the Shortfall to be released by the Escrow Agent, in the event of such default situation arising</i></p> <p>*3 <i>For clarification, in the case where the Purchaser has already made the Balance Payment to the Escrow Agent and where Consideration Shares have been issued and allotted to the Allottee, the Purchaser will be entitled to the cash refund equivalent to the value of Consideration Shares issued and allotted as well as the Shortfall to be released by the Escrow Agent, in the event of such default situation arising</i></p>
9.	Default by the Vendor	<p>If the Vendor:</p> <p>(a) fails to pay any sum or sums payable under the SPA within the time stipulated for payment; or</p> <p>(b) commits any material breach of the terms and conditions contained in the SPA or fails to perform or observe all or any of the Vendor's covenants herein contained; or</p> <p>(c) commits an act of bankruptcy or enters into any composition or arrangement with its creditors or being a company enters into liquidation whether compulsory or voluntary,</p> <p>and the Vendor shall fail to remedy such breach in relation to its obligations, representations or warranties under the SPA within ten (10) business days of a written notice being served on the Vendor or the Vendor's solicitors to do so, the Purchaser shall be entitled to:</p> <p>(i) the remedy of specific performance against the Vendor and all relief flowing therefrom and all costs and expenses incurred by the Purchaser in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Vendor PROVIDED ALWAYS that nothing herein contained shall be</p>

APPENDIX I – SALIENT TERMS OF THE SPA

		<p>construed in any way so as to prejudice any other rights or remedies which the Purchaser may be entitled in law against the Vendor for such breach or failure and any relief granted by the Court; or</p> <p>(ii) call upon the Guarantee against the Proprietor to perform the obligations of the Vendor to deliver vacant possession of the Property and the registration of the memorandum of transfer of the Property in favour of the Purchaser ("Transfer") at the relevant land registry; or</p> <p>(iii) terminate the SPA by giving the Vendor and the Proprietor, the Vendor's solicitors and the Escrow Agent not less than fourteen (14) days' notice in writing ("Purchaser Termination Notice") and upon such termination as aforesaid:</p> <p>(aa) the Purchaser shall be entitled to authorize the release of the Shortfall by the Escrow Agent to the Purchaser and receive payment of the Shortfall together with interest*1; and</p> <p>(ab) if the Purchaser does not opt to call upon the Guarantee at first instance as set out below, subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund a sum equivalent to the Value in cash to the Purchaser, free of interest, through the Purchaser's solicitors, within thirty (30) days of the Vendor's receipt of the Purchaser Termination Notice, failing which the Guarantee clause shall apply;</p> <p>OR</p> <p>If the Purchaser is of the reasonable view that the Vendor is or might be unable to satisfy its obligations under this sub-clause to refund a sum equivalent to the Value to the Purchaser in full, the Purchaser shall be entitled to call on the Guarantee whereupon subject to the Consideration Shares having been issued and allotted to the Allottee, the Proprietor shall refund such sum equivalent to the Value in cash to the Purchaser, free of interest, through the Purchaser's solicitors within sixty (60) days of the Proprietor's receipt of the Purchaser Termination Notice, failing which a late payment interest of eight percent (8%) per annum calculated on daily basis shall apply from the date the refund of such sum equivalent to the Value is due until the receipt of full refund amount by the Purchaser's solicitors;</p> <p>(ac) upon the depositing of such refund referred to above with the Purchaser's solicitors, the Purchaser shall redeliver vacant possession of the Property to the Vendor (if the same has already been delivered to the Purchaser) and all documents (if any) delivered to the Purchaser and/or Purchaser's solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) business days of the Vendor's receipt of the Purchaser Termination Notice, with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Until vacant possession and the documents are redelivered to the Vendor, the Purchaser's solicitors shall not be authorized to release such sum equivalent to the Value to the Purchaser; and</p> <p>(ad) the Purchaser shall be entitled to all rights or remedies in law against the Vendor arising from the default by the Vendor.</p> <p>and thereafter, the SPA shall be terminated and none of the Parties, the successors-in-title of the Parties nor any person claiming title under the Parties shall have any claim against the other Parties in respect of the SPA save for antecedent breaches and the Proprietor and Vendor shall be entitled to deal with</p>
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APPENDIX I – SALIENT TERMS OF THE SPA

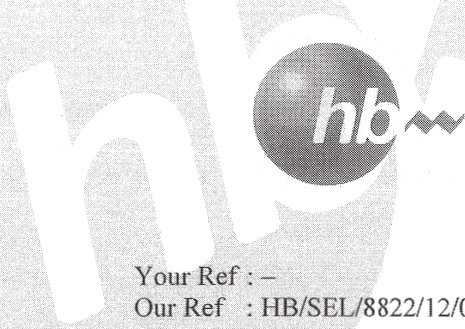
		<p>or otherwise dispose of the Property in such manner as the Proprietor and Vendor shall deem fit as if the SPA had not been entered into.</p>
<p>10.</p>	<p>Default by the Proprietor</p>	<p>If the Proprietor:</p> <ul style="list-style-type: none"> (a) commits any material breach of the terms and conditions contained in the SPA or fails to perform or observe all or any of the Proprietor's covenants herein contained; or (b) has judgement awarded against the Proprietor after full trial of the legal suit involving a proposed disposal of the Proprietor's land known as H.S. (D) 259880, No. Lot PT 16 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor to JAKS Island Circle Sdn Bhd ("Litigation Matter") with all avenues of appeal to the Court of Appeal and Federal Court in such Litigation Matter is fully and finally exhausted or enters into a settlement with regard to the Litigation Matter whether either such judgement or settlement has a material adverse effect on the Proprietor's ability to perform its obligations herein; or (c) commits an act of bankruptcy or enters into any composition or arrangement with its creditors or being a company enters into liquidation whether compulsory or voluntary, <p>and the Proprietor shall fail to remedy such breach in relation to its obligations, representations or warranties under the SPA within ten (10) business days of a written notice being served on the Proprietor to do so, the Purchaser shall be entitled to:</p> <ul style="list-style-type: none"> (i) the remedy of specific performance against the Proprietor and all relief flowing therefrom and all costs and expenses incurred by the Purchaser in connection therewith (including fees on a solicitor and client basis and on full indemnity basis) in bringing such action shall be borne and paid by the Proprietor PROVIDED ALWAYS that nothing herein contained shall be construed in any way so as to prejudice any other rights or remedies which the Purchaser may be entitled in law against the Proprietor for such breach or failure and any relief granted by the Court; or (ii) terminate the SPA by giving the Purchaser Termination Notice to the Vendor, the Proprietor, the Vendor's Solicitors and the Escrow Agent and upon such termination as aforesaid:- <ul style="list-style-type: none"> (aa) the Purchaser shall be entitled to authorize the release of the Shortfall by the Escrow Agent and receive payment of the Shortfall together with interest*¹; (ab) if the Purchaser does not opt to call upon the Guarantee at first instance as set out below, subject to the Consideration Shares having been issued and allotted to the Allottee, the Proprietor shall cause the Vendor to refund a sum equivalent to the Value in cash to the Purchaser, free of interest, through the Purchaser's Solicitors, within thirty (30) days of the Vendor's receipt of the Purchaser Termination Notice, failing which the Guarantee clause shall apply; <p style="text-align: center;">OR</p> <p>If the Purchaser is of the reasonable view that the Vendor is or might be unable to satisfy its obligations under this sub-clause to refund a sum equivalent to the Value to the Purchaser in full, the Purchaser shall be entitled to call upon the Guarantee whereupon subject to the Consideration Shares having been issued and</p>

APPENDIX I – SALIENT TERMS OF THE SPA

		<p>allotted to the Allottee, the Proprietor shall refund a sum equivalent to the Value in cash to the Purchaser, free of interest through the Purchaser's Solicitors, within sixty (60) days of the Proprietor's receipt of the Purchaser Termination Notice, failing which a late payment interest of eight percent (8%) per annum calculated on daily basis shall apply from the date the refund of such sum equivalent to the Value is due until the receipt of full refund amount by the Purchaser's Solicitors,</p> <p>(ac) upon the depositing of such refund with the Purchaser's Solicitors, the Purchaser shall redeliver vacant possession of the Property to the Vendor (if the same has already been delivered to the Purchaser) and all documents (if any) delivered to the Purchaser and/or the Purchaser's Solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) Business Days of the Vendor's receipt of the Purchaser Termination Notice with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Until vacant possession and documents are redelivered to the Vendor, the Purchaser's Solicitors shall not be authorised to release such sum equivalent to the Value to the Purchaser; and</p> <p>(ad) the Purchaser shall be entitled to all rights or remedies in law against the Proprietor arising from the default by the Proprietor.</p> <p>and thereafter, the SPA shall be terminated and none of the Parties, the successors-in-title of the Parties nor any person claiming title under the Parties shall have any claim against the other Parties in respect of the SPA save for antecedent breaches and the Proprietor and Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Proprietor and Vendor shall deem fit as if the SPA had not been entered into.</p>
11.	Vacant Possession	<p>Subject to Force Majeure, vacant possession of the Property shall be delivered by the Vendor to the Purchaser within thirty six (36) months from the Unconditional Date or such further extended period as the Parties may mutually agree upon in writing ("VP Period") in the manner provided in the SPA, subject to the Allotment and Issuance of the Consideration Shares to the Allottee and the Vendor's receipt of all other monies due from the Purchaser to the Vendor under the SPA, if any, (save for the outgoings which are to be apportioned between the Parties as at the date of delivery or deemed delivery of vacant possession of the Property, whichever is the earlier, to the Purchaser) and the release of the Shortfall to the Vendor by the Escrow Agent (if the Shortfall is not already released by the Escrow Agent to the Vendor pursuant to 5(a) above).</p> <p>Subject to the provisions of the SPA, if the Vendor fails to deliver vacant possession of the Property within the VP Period:-</p> <p>(i) the Vendor shall be liable to pay to the Purchaser liquidated damages calculated from day to day at the rate of eight percent (8%) per annum of the Purchase Price from the day next following the expiry of the VP Period until the date of delivery or deemed delivery of vacant possession of the Property, whichever is the earlier, to the Purchaser. Such liquidated damages shall be paid by the Vendor to the Purchaser immediately upon the said date of delivery or deemed delivery of vacant possession, whichever is the earlier; or</p> <p>(ii) the Purchaser shall be entitled to exercise its rights as set out in the Default by the Vendor Clause above.</p>

APPENDIX I – SALIENT TERMS OF THE SPA

12.	Guarantee	<p>(i) The Proprietor shall on the date of Allotment and Issuance of Consideration Shares to the Allottee, furnish the Purchaser with a corporate guarantee in the agreed form as annexed in the SPA or such further amendments as may be mutually agreed between the Parties in writing ("Guarantee"), as security for the due performance by the Vendor:</p> <p>(a) of the Vendor's obligations to refund to the Purchaser in accordance with the terms of the SPA, of a sum equivalent to the Value and Shortfall (where applicable), in cash, in the manner provided in the SPA; or</p> <p>(b) of the Vendor's obligations to deliver vacant possession of the Property and the registration of the Transfer at the relevant land registry.</p> <p>whichever is the earlier;</p> <p>(ii) For the avoidance of doubt, the Purchaser shall be entitled to make a demand either under 12(i)(a) or 12(i)(b) above.</p> <p>(iii) The Purchaser shall be entitled to make a demand under the Guarantee if:</p> <p>(a) the Vendor fails to refund to the Purchaser a sum equivalent to the Value and Shortfall (where applicable), in cash, in the manner provided in the SPA; or</p> <p>(b) if the Purchaser is of the reasonable view that the Vendor is or might be unable to satisfy its obligations under the SPA to refund a sum equivalent to the Value to the Purchaser in full in the circumstances set out in the Default by the Vendor and the Default by the Proprietor Clause of the SPA above; or</p> <p>(c) the Vendor fails to deliver vacant possession of the Property and the registration of the Transfer at the relevant land registry.</p> <p>Following the Purchaser's written demand under the Guarantee, any failure by the Proprietor to make payment of the sums referred to in 12(iii) above within sixty (60) days of the Proprietor's receipt of the written demand shall result in a late payment interest of eight percent (8%) per annum calculated on daily basis being imposed on the sums due to be paid by the Proprietor from the date the refund or payment is due until the receipt of full refund amount by the Purchaser's Solicitors.</p>
13.	Governing Law	<p>The SPA shall be deemed to have been made, executed and delivered in Malaysia, and shall be governed by and enforced in accordance with the laws of Malaysia and the Parties hereby submit to the exclusive jurisdiction of the courts of Malaysia.</p>



HENRY BUTCHER MALAYSIA

International Asset Consultants

Your Ref : –
Our Ref : HB/SEL/8822/12/0583/Wdy-001

February 13 2023

The Board of Directors
M/S MATANG BERHAD
Unit 39.02, Level 39, Menara Multi-purpose
Capital Square, 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Dear Sirs,

CERTIFICATE OF VALUATION OF TWO (2) UNITS OF DOUBLE STOREY SEMI-DETACHED FACTORY AND WAREHOUSE ANNEXED WITH A ONE-AND-A-HALF (1½) STOREY OFFICE BUILDING KNOWN AS DEVELOPER'S LOT NOS. 3 & 3A, BOTH FORM PART OF THE LAND HELD UNDER PARENT TITLE NO. GRN 204624, PARENT LOT NO. 78658, MUKIM OF DAMANSARA, DISTRICT OF PETALING, STATE OF SELANGOR.

We were instructed by M/s Matang Berhad (“Matang”) to conduct a valuation on the abovementioned properties (hereinafter referred to as the “Subject Property”). The full details of the valuation are included in our Valuation Report bearing reference no. HB/SEL/8822/12/0583/Wdy-001 dated February 13, 2023.

This certificate has been prepared for the purpose of submission to Bursa Malaysia Securities Berhad (“Bursa Securities”) and inclusion into the circular to the shareholder in relation to the proposed acquisition of the Subject Property (“Proposed Acquisition”) by Matang.

The Subject Property was inspected and referenced on January 12, 2023. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. January 12, 2023.

The valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers and with the necessary professional responsibility and due diligence.

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

HENRY BUTCHER MALAYSIA (SEL) Sdn Bhd 199901020603 (495503-K)

Firm's Registration No.: VEPM (1) 0079/4

No. 36-1, 2 & 3, Jalan SS 15/4D, 47500 Subang Jaya, Selangor, Malaysia.

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Project Marketing | Asset Management | Retail Planning & Consultancy | Auctions | Plant & Machinery | Art Consultancy



V0481, E1457, PM0481
V0441, E1341, PM0441

Terms of Reference

The parent land has been approved by Majlis Bandaraya Shah Alam (“MBSA”) to develop into four (4) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building (within which the Subject Property is located) via a Development Order Approval Letter bearing reference no. (25)MBSA/PRG/KP/600-3/SEK.U8/0116/2022 dated October 26, 2022 and Approved Building Plan bearing reference no. MBSA/BGN/BB/600-1(PB)/SEK:U8/0206-2022 dated January 20, 2023 (“Approved Building Plan”). As at the date of valuation, the construction works are yet to commence.

FOR THE PURPOSE OF THIS VALUATION, WE HAVE VALUED THE SUBJECT PROPERTY BASED ON THE FOLLOWING BASIS WHICH IN ACCORDANCE TO THE DRAFT SALE AND PURCHASE AGREEMENT MADE BETWEEN SMG LAND SDN BHD (THE VENDOR), STAR MEDIA GROUP BERHAD (THE PROPRIETOR) AND MATANG (THE PURCHASER):-

- i. THE SUBJECT PROPERTY HAS BEEN CONSTRUCTED IN ACCORDANCE TO THE APPROVED BUILDING PLAN;**
- ii. DELIVER THE SUBJECT PROPERTY TO MATANG WITH VACANT POSSESSION WITHIN THIRTY SIX (36) CALENDAR MONTHS FROM THE UNCONDITIONAL DATE;**
- iii. THE ISSUANCE OF THE CERTIFICATE OF COMPLETION AND COMPLIANCE BY THE RELEVANT AUTHORITIES;**
- iv. THE SUBJECT PROPERTY WILL EVENTUALLY BE ISSUED WITH GOOD, MARKETABLE AND REGISTRABLE TWO (2) INDIVIDUAL TITLES AND FREE FROM ENCUMBRANCES; AND**
- v. DETAILS OF THE SUBJECT PROPERTY:-**

LOT NO.	UNIT NO.	LAND AREA	GROSS FLOOR AREA
3	3	26,339 SQUARE FEET	29,865 SQUARE FEET
3A	5	26,339 SQUARE FEET	29,865 SQUARE FEET

The brief description of the Subject Property and our opinion of the current MV are as follows: -

Property Description

- Property Type/
Interests Valued : Two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building.
- Address of the
Subject Property : Nos. 3 & 5, Jalan Tiang U8/94, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan.
- Location : The Subject Property is located at Jalan Tiang U8/94 within Bukit Jelutong, Shah Alam which are approximately twenty five (25) kilometres due south-west of Kuala Lumpur City Centre. It is accessible from Kuala Lumpur City Centre via Lebuhraya Persekutuan heading towards Klang, thence exiting at the Batu Tiga Interchange to enter onto Jalan Batu Tiga – Sungai Buloh, followed by Jalan Monfort, Jalan Tiang U8/92, Jalan Tiang U8/93 and finally onto Jalan Tiang U8/94 which leads to the Subject Property.

Site : The Subject Property consists of two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building known as Developer’s Lot Nos. 3 & 3A, both form part of the land held under Parent Title No. GRN 204624, Parent Lot No. 78658, Mukim of Damansara, District of Petaling, State of Selangor.

According to Development Order Plan, the parent land will sub-divided into four (4) plots of industrial land. Developer’s Lot Nos. 3 & 3A (the Subject Property) is rectangular in shape encompassing a provisional land of approximately 26,339 square feet each.

The physical terrain of the parent land is generally flat and lies about the level of the frontage road (Jalan Tiang U8/93).

We were informed by the Vendor that the subject development (within which the Subject Property is located) is targeted to be commenced in the second quarter of 2023 and the expected completion date is first quarter of 2026.

Building Description : The building erected thereon for each unit will comprises main building (a double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building) and ancillary buildings (a refuse chamber and a guardhouse).

The main building will be constructed of reinforced concrete framework with masonry wall/metal deck cladding supporting a pitched metal deck roof and concrete flat roof with water proofing membrane.

The ancillary buildings will be constructed using reinforced concrete frameworks with plastered infill brickwalls and supporting a reinforced concrete flat roof with water proof membrane.

Gross Floor Area : 29,865 square feet each.

Occupancy Status : The construction works are yet to commence.

Title Particular (Parent Lot)

Title No. : GRN 204624, Lot 78658, Mukim of Damansara, District of Petaling, State of Selangor

Tenure : Term in Perpetuity

Surveyed Land Area : 2.55 acres

Registered Owner : Star Media Group Berhad

Category of land use : “Industri”

Planning Approvals

Planning Approval : The parent land has been approved by MBSA to develop into four (4) units of semi-detached factory.

APPENDIX II – VALUATION CERTIFICATE FROM HENRY BUTCHER

We have adopted the Comparison Approach and Investment Method in formulating our opinion of the current MV of the Subject Property.

Comparison Approach

The Comparison Approach is the market approach of comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

In arriving at our opinion of market value, we have taken into consideration amongst others, the following transactions which were extracted from the Valuation and Property Services Department (JPPH) and stamped Sale and Purchase Agreement: -

	Comparable 1	Comparable 2	Comparable 3
Property	Lot 3, Jalan Pemaju U1/15, Novus Business Park, Glenmarie Park, Shah Alam	No. 12, Jalan Pemaju U1/15, Novus Business Park, Glenmarie Industrial Park, Shah Alam	No. 10, Jalan Penyajak U1/45B, Temasya Industrial Park, Shah Alam
Land Area	8,698 square feet	11,270 square feet	10,313 square feet
Gross Floor Area	11,205 square feet	13,682 square feet	12,226 square feet
Type	Four-and-a-half (4½) storey semi-detached factory	Four-and-a-half (4½) storey semi-detached factory	Three (3) storey semi-detached factory
Tenure	Freehold	Freehold	Freehold
Date of Transaction	May 28, 2021	January 05, 2022	April 14, 2022
Consideration	RM8,800,000.00	RM10,700,000.00	RM9,500,000.00
Building Cost (per square foot)	RM200.00	RM200.00	RM200.00
Building Depreciation Rate	0%	0%	5%
Land Value (per square foot)	RM754.12	RM706.61	RM695.91
Adjusted Land Value (per square foot)	RM414.77	RM388.64	RM382.75
Remarks on Adjusted Value	Adjustments made on location and size factors		

Notes:

1. Based on the JUBM & Arcadis Construction Cost Handbook Malaysia 2022, the construction cost for an industrial premises ranges from RM128.20 per square foot to RM218.78 per square foot. However, our checks with contractors revealed that the current construction cost of a similar building is within the range of RM180.00 per square foot and RM220.00 per square foot. Adjustments were made to incorporate buildings specifications such as floor levels, floor finishes, ceiling, roofs and etc. Pursuant to the adjustments, we have adopted RM200.00 per square foot for the construction cost before depreciation of the buildings.

2. We have adopted RM400.00 per square foot for the valuation of the land calculation based on the following facts: -

- RM400.00 is close to the average adjusted value which is RM395.38.
- Comparable 1 & 2 were under construction whilst Comparable 3 is newly completed (within three (3) years) semi-detached industrial development. All three (3) comparables are located within the nearby vicinity of the Subject Property.
- Comparable 1, 2 & 3 have newer design, concept and bigger gross floor area compared to the conventional semi-detached factories. Hence, we are of the opinion that the value of RM400.00 is most appropriate to be adopted.

Investment Method

In the Investment Method, the capital value of the Subject Property is derived from an estimate of the Market Rental which the Subject Property can reasonably be let for. Rental evidence may be obtained from current passing or contractual rents for the term interest and the market rent based on similar properties for the reversionary interest. Outgoings, such as property taxes, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalised at an appropriate current market yield to arrive at its indicative capital value.

1. We noted that there is no concluded rental in the Department of Property Valuation and Services (JPPH) record. However, our verbal checking with the local real estate agents revealed that the asking rentals of semi-detached factory and detached factory located within Bukit Jelutong are in the range of RM2.50 per square foot to RM3.00 per square foot and RM2.00 per square foot to RM2.30 per square foot respectively depending on the building specifications.

We have adopted the asking rental of RM2.20 per square foot in our calculation due to the Subject Property is double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½) storey office building with a bigger gross floor area. We have further allocated about RM0.10 per square foot for negotiation purposes and therefore, the adjusted rental is RM2.10 per square foot.

2. We have adopted the following parameters for the Investment Method:-

Item	Amount	Remarks
Void	10%	We have allocated a void factor of 10% to accommodate the vacant and/or rent free period during the transition of exchanging tenant.
Monthly Outgoings	RM0.25 per square foot	Our in-house research revealed that the outgoing for similar semi-detached factory are in the range of RM0.20 to RM0.30 per square foot depending on the efficiencies of the management of the building owner. We had adopted RM0.20 per square foot in the calculation of outgoing to accommodate for other unexpected cost.
Net Yield	3.50%	Based on our research, the net yield for comparables in the market is ranging from 3.47% to 3.50%. We are of the opinion that the Subject Property is located at preferred/established area, therefore, the net yield of 3.50% is adopted.

Reconciliation of Value

The market value from both approaches of valuation and the reconciliation rationale are as follows:-

Unit No.	MV (RM)	
	Comparison Approach	Investment Method
Lot 3	RM16,500,000.00	RM16,800,000.00
Lot 3A	RM16,500,000.00	RM16,800,000.00
Total MV (RM)	RM33,000,000.00	RM33,600,000.00

Conclusion

In this valuation, we have adopted figures derived from Comparison Approach and used Investment Method as a cross check method.

We are of the opinion that the Comparison Approach is a more appropriate method as this approach is comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

The Investment Method involves the conversion of an income flow from property into an appropriate capital sum. The assessment of a rental value is an important process and a reasonably accurate estimate is therefore vital. The lack of concluded rental evidences have resulted in us to depend on asking rental to arrive at the notional income flow. Hence, these factors reduce the accuracy of the Investment Method as compared to the Comparison Approach in terms of the value in this exercise.

Taking into consideration all the relevant factors, we are of the opinion that the current MV of the freehold unencumbered interest in the Subject Property and with the benefits of vacant possession is: -

		<u>Market Value</u>
Lot 3	: RM16,500,000.00	(Ringgit Malaysia: Sixteen Million and Five Hundred Thousand Only)
Lot 3A	: RM16,500,000.00	(Ringgit Malaysia: Sixteen Million and Five Hundred Thousand Only)
Total	<u>RM33,000,000.00</u>	(Ringgit Malaysia: Thirty Three Million Only)

Yours faithfully,
HENRY BUTCHER MALAYSIA (SEL) SDN BHD

DATUK SRI TEW KOK HUAT
 B.Surv., MRISM, APEPS
 Registered Valuer (V-481)

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 herein 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 herein misleading.

Information relating to Star Media and SMG Land in this Circular was obtained from publicly available sources and/ or provided by Star Media as well as directors and/ or management of Star Media. The responsibility of our Board is therefore limited to ensuring that such information has been accurately reproduced in this Circular and our Board accepts no further or other responsibility in respect of such information.

2. CONSENT

UOBKH, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Henry Butcher, being the Valuer to Matang in relation to the valuation of the Property, has given and has not subsequently withdrawn its written consent to the inclusion of this Circular of its name, Valuation Certificate, and all references thereto in the form and context in which they appear in this Circular.

AER, being the Independent Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser for the Proposals.

Henry Butcher has given its written confirmation that there is no situation of conflict of interest that exists nor is likely to exist in relation to its role as the Valuer to Matang in relation to the valuation of the Property.

AER has given its written confirmation that there is no situation of conflict of interest that exists nor is likely to exist in relation to its role as the Independent Adviser to Matang for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Board is not aware of any material litigation, claims or arbitration, proceedings pending or threatened involving the Property, or of any facts likely to give rise to any proceedings involving the Property.

Further, as at the LPD, the Board is not aware of any material litigation, claims or arbitration, proceedings pending or threatened against the Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of the Group.

APPENDIX III – FURTHER INFORMATION

5. MATERIAL COMMITMENT

As at the LPD, the Board confirms that there are no material commitments incurred or known to be incurred by the Group that has not been provided for which, may have a material impact on the financial results/ position of the Group.

6. CONTINGENT LIABILITIES

As at the LPD, the Board confirms that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Matang at 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- i. Constitution of Matang;
- ii. Audited consolidated financial statements of Matang Group for the past 2 financial years up to the FYE 30 June 2022, and its latest unaudited quarterly report for the 6-month FPE 31 December 2022;
- iii. letters of consent and declaration of conflict of interest referred to in **Part A, Sections 2 and 3** above respectively.
- iv. SPA as referred to in **Appendix I** of this Circular; and
- v. Valuation Certificate and Valuation Report for the Property prepared by the Valuer.

APPENDIX IV – ADDITIONAL INFORMATION

1. Current financial performance and financial position of the Group

The financial summary of the Group for the past 3 financial years up to the latest audited FYE 30 June 2022 and for the latest unaudited 6-month FPE 31 December 2022 is set out below:-

	←-----Audited-----→			←--Unaudited--→
	FYE 30 June 2020 RM'000	FYE 30 June 2021 RM'000	FYE 30 June 2022 RM'000	6-month FPE 31 December 2022 RM'000
Revenue	9,614	13,695	17,625	8,610
Gross profit	7,443	11,237	13,264	5,871
PBT	2,923	6,261	8,615	3,737
PAT	1,614	4,105	5,689	3,080
EPS (sen)	0.09	0.22	0.26	0.13
Gross profit margin (%)	77.42	82.05	75.26	68.19
Total interest-bearing borrowings	-	-	-	-
Total cash, bank balances and short term funds	40,806	83,020	85,081	108,331
Net cash generated from/ (used in) operating activities	3,181	5,464	7,374	2,819
Non-current assets	146,477	145,683	144,923	145,687
Current assets	42,261	85,725	88,669	111,529
Non-current liabilities	1,778	2,072	2,393	1,853
Current liabilities	1,552	2,360	2,860	2,833
Shareholders' funds/ NA	185,408	226,975	228,339	252,530
Number of Shares outstanding ('000)	1,810,000	2,172,000	2,172,000	2,389,200
NA per Share (RM)	0.10	0.10	0.11	0.11
Current ratio (times)	27.23	36.32	31.00	39.37
Gearing ratio (times)	-	-	-	-

FYE 30 June 2020

For the FYE 30 June 2020, the Group recorded revenue of RM9.61 million which represents a decrease of RM0.14 million or 1.44% as compared to the preceding financial year of RM9.75 million. The decrease in revenue was mainly due to the decrease in the Group's FFB production from 24,029 tonnes for the FYE 30 June 2019 to 20,677 tonnes for the FYE 30 June 2020 as a result of lower crop pattern due to lower rainfall in Matang Estate for a number of months immediately preceding the financial year under review. The impact on revenue from the decrease in the Group's FFB production was partially offset by the increase in average selling price of the Group's FFB from RM406 per tonne for the FYE 30 June 2019 to RM465 per tonne for the FYE 30 June 2020 in line with the increase in CPO prices in Malaysia during the financial year under review.

The Group recorded PBT of RM2.92 million for the FYE 30 June 2020 which represents a decrease of RM0.18 million or 5.81% as compared to the preceding financial year of RM3.10 million. The decrease in PBT was mainly due to the increase in the Group's administrative expenses of RM0.59 million from RM6.03 million for the FYE 30 June 2019 to RM6.62 million for the FYE 30 June 2020. The increase in administrative expenses was primarily due to the increase in depreciation of bearer plant (i.e. oil palm trees) of RM0.45 million as a result of a one-time depreciation charge for oil palm trees that were felled and cleared for the Group's first durian plantation during the financial year under review.

APPENDIX IV – ADDITIONAL INFORMATION

FYE 30 June 2021

For the FYE 30 June 2021, the Group recorded revenue of RM13.70 million which represents an increase of RM4.09 million or 42.56% as compared to the preceding financial year of RM9.61 million. The increase in revenue was mainly due to the increase in the average selling price of FFB per tonne from RM465 per tonne for the FYE 30 June 2020 to RM728 per tonne for the FYE 30 June 2021 in line with the increase in CPO prices in Malaysia during the financial year under review.

The Group recorded PBT of RM6.26 million for the FYE 30 June 2021 which represents an increase of RM3.34 million or 114.38% as compared to the preceding financial year of RM2.92 million. The increase in PBT was primarily arising from the increase in gross profit in line with the increase in revenue of RM4.09 million recorded by the Group as explained above during the financial year under review.

FYE 30 June 2022

For the FYE 30 June 2022, the Group recorded revenue of RM17.63 million which represents an increase of RM3.93 million or 28.69% as compared to the preceding financial year of RM13.70 million. The increase in revenue was mainly due to the increase in the average selling price of FFB per tonne from RM728 per tonne for the FYE 30 June 2021 to RM1,206 per tonne for the FYE 30 June 2022 in line with the increase in CPO prices in Malaysia during the financial year under review.

The Group recorded PBT of RM8.61 million for the FYE 30 June 2022 which represents an increase of RM2.35 million or 37.54% as compared to the preceding financial year of RM6.26 million. The increase in PBT was primarily arising from the increase in gross profit in line with the increase in revenue of RM3.93 million recorded by the Group as explained above during the financial year under review.

6-month FPE 31 December 2022

For the 6-month FPE 31 December 2022, the Group recorded revenue of RM8.61 million which represents an increase of RM0.68 million or 8.58% as compared to the preceding financial period of RM7.93 million. The increase in revenue was mainly attributable to the increase in FFB production from 7,663 tonnes for the 6-month FPE 31 December 2021 to 10,363 tonnes for the 6-month FPE 31 December 2022.

The Group recorded PBT of RM3.74 million for the 6-month FPE 31 December 2022 which represents a decrease of RM0.61 million or 14.02% as compared to the preceding financial period of RM4.35 million. The decrease in PBT was due to a slight drop in gross profit of RM0.07 million, which was compensated by the increase in other income of RM0.40 million while the administrative expenses increased by about RM0.94 million in the financial period under review.

2. Value creation and impact of the Proposals to the Group and its shareholders

As set out in **Part A, Section 4** of this Circular, the Proposals are intended to reduce the Group's reliance on its Oil Palm Business, and to provide Matang Group with an additional form of income. The Proposed Acquisition may enable the Group to expand its business operations to property investment and obtain additional income that is more recurrent in nature through rental income and/ or the potential resale of such investment properties in the future. Furthermore, the Purchase Consideration shall be substantially satisfied through the allotment and issuance of 357,000,000 Consideration Shares to the Allottee with a small Balance Payment which shall be made in cash. The Consideration Shares will allow the Group to partially finance the Proposed Acquisition and expand its business operations without relying solely on internally generated funds and/ or bank borrowings, thereby providing the Group flexibility in respect of allocations of its financial resources for its operational requirements. Such financial flexibility is expected to enable the Group to carry out its future operations in property investment in a more efficient manner.

For information purposes, the Property is intended to be used by the Group to venture into the property investment business. However, as set out in **Part A, Section 4** of this Circular, on the date of allotment and issuance of the Consideration Shares, the Proprietor will also furnish the Group with a corporate guarantee as a form of security for the due performance of the Vendor in the event that the Vendor is unable to satisfy its obligations under the SPA.

The Proposed Acquisition will allow the Group to acquire the Property without incurring interest expense as compared to conventional bank borrowings. As set out in **Part A, Section 7** of this Circular, the Proposals are expected to enlarge the share capital of the Company from approximately RM245.07 million to RM273.95 million and increase its shareholders' funds/ NA from approximately RM249.43 million to RM277.81 million.

Notwithstanding that the Proposed Acquisition may potentially result in a dilution to the shareholdings of the existing shareholders' shareholdings, as a result of the issuance of Consideration Shares to the Allottee, the management of Matang deems that such mode of settlement will allow the Group to complete the Proposed Acquisition in an expedient manner and conserve its cash for working capital purposes, without having to incur any indebtedness arising from bank borrowings and financing cost.

3. Adequacy of the Proposals in addressing the Group's financial concerns

The Proposals form part of the Group's initiatives to seek opportunities in other ventures to generate additional source of income, with the aim to improve its overall financial performance in the future.

Accordingly, the Company is undertaking the Proposals to expand and grow its business operations to reduce the Group's reliance on its Oil Palm Business, and to provide Matang Group with an additional form of income in addition to its present business operations. The Board opines that the acquisition of the Property will enable the Group to generate additional income through rental income, leasing of the Property or the resale of the Property in the future. As at the LPD, the Property is still yet to be developed and erected on the Parent Land pursuant to the DRA. Barring any unforeseen circumstances, the expected commencement date of construction of the Property is second quarter of 2023, and the expected completion date is second quarter of 2026. Furthermore, the Proposals will allow the Group to kick start its property investment business in a cautious manner, and assuming successful completion of the Property, the Group may be able to undertake viable opportunities arising from the property investment business in the future.

Barring any unforeseen circumstances and premised on the above, the Board is of the view that the above steps may reposition the Group in a better financial position moving forward and allow the Group to pursue further growth opportunities in the new venture (i.e. property investment business). The Board is currently not considering any other corporate exercises to address the Group's financial concerns and/ or financial performance. Nevertheless, the Board will continue to monitor funding requirements (including a consideration of the Group's capital structure and cost of funds) and financial performance, and may consider undertaking future corporate exercises should the need/ opportunity arise.

4. Steps or actions taken to improve the financial condition of the Group

As mentioned in **Section 3** of this Appendix, the Board is of the view that the Proposals will allow the Group to expand and grow its business operations to reduce the Group's reliance on its Oil Palm Business, and to provide the Group with an additional income stream to its existing business operations. As set out in **Part A, Section 2.4** of this Circular, the Proposed Acquisition will be partially satisfied via the issuance of Consideration Shares, which in turn enables the Group to enhance its asset base without any immediate significant impact on its cash flow position as compared to full settlement of the Purchase Consideration via cash. This would enable the Group to ensure sufficient cash liquidity to sustain and grow its Oil Palm and Durian Business.

In addition, the Company had undertaken the Proposed Diversification to include property investment into the Group's principal activities, with the intention of growing the Group's future earnings. The Board opines that through the Proposed Acquisition and/ or any potential further acquisitions of properties in the future, the Proposed Diversification may provide the Group with a recurrent income stream, through rental income and/ or potential resale of such investment properties.

Barring any unforeseen circumstances, the Board is of the view that the abovementioned steps may improve the Group's financial performance in the future. Moving forward, the Board will continue to evaluate the Group's financial performance and will consider undertaking future corporate exercises should the need/ opportunity arise. Should the Board identify any suitable and viable corporate exercises, the Board shall make the requisite announcements and/ or shall seek shareholders' approval in accordance with the Listing Requirements.



MATANG BERHAD

Registration No. 201501017043 (1142377-X)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting ("**EGM**") of Matang Berhad ("**Matang**" or the "**Company**") will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") using the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**") via TIIH Online website at <https://tiih.online> on Wednesday, 31 May 2023 at 2.30 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF TWO (2) UNITS OF DOUBLE STOREY SEMI-DETACHED FACTORY AND WAREHOUSE ANNEXED WITH A ONE-AND-A-HALF (1½) STOREY OFFICE BUILDING AND OTHER ANCILLARY BUILDINGS ("PROPERTY") TO BE ERECTED ON PART OF THE LAND HELD UNDER GERAN 204624, LOT 78658, MUKIM DAMANSARA, DAERAH PETALING, NEGERI SELANGOR FOR A TOTAL PURCHASE CONSIDERATION OF RM33,000,000 ("PURCHASE CONSIDERATION") TO BE SATISFIED VIA THE ALLOTMENT AND ISSUANCE OF 357,000,000 NEW ORDINARY SHARES IN MATANG AT AN ISSUE PRICE OF RM0.0809 EACH AND CASH PAYMENT AMOUNTING TO RM4,118,700 ("PROPOSED ACQUISITION")

"**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals from all relevant authorities and/ or parties being obtained in respect of the Proposed Acquisition, approval be and is hereby given for the Company to acquire the Property from SMG Land Sdn Bhd ("**SMG Land**") at the Purchase Consideration upon the terms and subject to the conditions set out in the sale and purchase agreement dated 10 February 2023 entered into by Matang and Star Media Group Berhad and SMG Land ("**SPA**").

THAT approval be and is hereby given for the issue and allotment of 357,000,000 new ordinary shares in the Company at an issue price of RM0.0809 each ("**Consideration Shares**") to SMG Production and Distribution Sdn Bhd, a wholly owned subsidiary of SMG Land, being part of the Purchase Consideration for the Proposed Acquisition and for the balance Purchase Consideration to be paid in cash. Such Consideration Shares shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company ("**Shares**"), save and except that the Consideration Shares will not be entitled to any dividends, rights, allotment and/ or other forms of distributions where the entitlement date of such dividends, rights, allotments and/ or any other forms of distribution precedes the date of allotment and issuance of the Consideration Shares.

THAT in connection with Section 85(1) of the Companies Act 2016 and Clause 15 of the Constitution of the Company, the shareholders agree to irrevocably waive their pre-emptive rights to be first offered the new Consideration Shares to be allotted and issued by the Company pursuant to the Proposed Acquisition which will rank equally to the existing Shares, with such waiver resulting in a dilution to their shareholding percentage in the Company **AND THAT** the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Consideration Shares pursuant to the Proposed Acquisition.

AND THAT the Board be and is hereby authorised and empowered to give full effect to the Proposed Acquisition with full power to deal with all matters incidental, ancillary to and/ or relating thereto and take all such steps and to execute and deliver and/ or caused to be executed and delivered all the necessary documents, including the SPA, corporate guarantee and all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/ or guarantees to or with any party or parties, and to do all acts, deeds and things as they may consider necessary or expedient or 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 and to deal with all matters relating 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 Proposed Acquisition."

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF MATANG AND ITS SUBSIDIARIES TO INCLUDE PROPERTY INVESTMENT ("PROPOSED DIVERSIFICATION")

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals of the relevant authorities and/ or parties being obtained, approval be and is hereby given to the Company and its subsidiaries to diversify its existing principal activities to include property investment;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Diversification with full power to assent to any conditions, variations, modifications, and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matter relating thereto and to take all such steps to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Diversification."

By Order of the Board

LIM HOOI MOOI (MAICSA No. 0799764) (SSM PC No. 201908000134)

LAU YEN HOON (MAICSA No. 7061368) (SSM PC No. 202008002143)

Company Secretaries

Kuala Lumpur

15 May 2023

Notes:

1. *The EGM of the Company will be conducted virtually through live streaming with online remote voting via the RPV facilities provided by TIIH. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Member(s), proxy(ies), attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (including posing questions via real time submission of typed texts) and vote (collectively "**participate**") remotely at the EGM via the RPV provided by TIIH. A member who has appointed a proxy or attorney or authorised representative to participate in this EGM via the RPV must request his/ her proxy or attorney or authorised representative to register himself/herself for RPV via Tricor's TIIH Online website at <https://tiih.online>.*

Please refer to the procedures set out in the Administrative Guide for the EGM to register and participate remotely via the RPV.

*For the purpose of determining a member who shall be entitled to attend and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **23 May 2023** and only a depositor whose name appears in the Record of Depositors shall be entitled to participate at EGM or to appoint proxy(ies) to participate on his/her behalf .*

2. Appointment of Proxy

- *A member of the Company who is entitled to attend and vote at this meeting shall be entitled to appoint not more than 2 proxies to exercise all or any of his/her rights to participate in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*
- *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.*
- *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:*

In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Please refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar's office at the above address not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment of authorised representative with the Share Registrar of the Company at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Explanatory Notes to Ordinary Resolution 1:

- Section 85(1) of the Companies Act 2016 states that:

"Subject to the Constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

- Clause 15 of the Constitution of the Company states that:

"Subject to any direction to the contrary that may be given by the Company in general meeting of Members, all new Shares or other convertible Securities shall, before issue be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Security which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities), cannot, in the opinion of the Directors, be conveniently offered under this Constitution in such manner as they think most beneficial to the Company."

In order for the Board to issue any new Shares or other convertible securities without any pre-emptive rights, such pre-emptive rights must be waived. By approving the resolution in relation to the Proposed Acquisition which entails the allotment and issuance of new Shares in the Company, the shareholders of the Company are waiving their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 which must be read together with Clause 15 of the Constitution to first be offered the Shares which, upon waiving the same, will result in a dilution to their shareholding percentage in the Company.



PROXY FORM

MATANG BERHAD

Registration No. 201501017043 (1142377-X)
(Incorporated in Malaysia)

CDS Account No. (for Nominees Account only)	
No. of Shares Held	

I/We, _____ NRIC/Passport No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

contact no. _____ email address _____ being a member/ members of **Matang Berhad ("Company")** hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company which will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**") using the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**") via TIIH Online website at <https://tiih.online> on Wednesday, 31 May 2023 at 2.30 p.m., or at any adjournment thereof.

PROXY 1	
Full Name (in capital letters):	NRIC/Passport No.:
Full Address:	Contact No.:
	Email Address:

*and/or

PROXY 2	
Full Name (in capital letters):	NRIC/Passport No.:
Full Address:	Contact No.:
	Email Address:

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the EGM of the Company.

**Strike out whichever is not applicable*

I/We direct my/our proxy to vote for or against the resolutions to be proposed at the EGM as indicated hereunder:-

ORDINARY RESOLUTION		FOR	AGAINST
1.	PROPOSED ACQUISITION		
2.	PROPOSED DIVERSIFICATION		

Dated this.....day of.....2023.

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

Signature/Common Seal of Member(s)

No. of Shares		
Proxy 1	_____	%
Proxy 2	_____	%
Total		100%



Notes:

1. *For the purpose of determining a member who shall be entitled to attend and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **23 May 2023** and only a depositor whose name appears in the Record of Depositors shall be entitled to participate at the EGM or to appoint proxy(ies) to participate on his/her behalf .*
2. *A member of the Company who is entitled to attend and vote at this meeting shall be entitled to appoint not more than 2 proxies to exercise all or any of his/her rights to participate in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
5. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.*
6. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:*

In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Please refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

3. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar's office at the above address not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
4. *For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment of authorised representative with the Share Registrar of the Company at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Registrar
MATANG BERHAD
Registration No.: 201501017043(1142377-X)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Registration No.:197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold here

