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

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STAR MEDIA GROUP BERHAD

[Registration No.: 197101000523 (10894-D)]

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED DISPOSAL 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 BY SMG LAND SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF STAR MEDIA GROUP BERHAD ("STAR MEDIA" OR "COMPANY"), TO MATANG BERHAD AT THE AGGREGATE DISPOSAL CONSIDERATION OF RM33,000,000.00 TO BE SATISFIED VIA A COMBINATION OF CASH PAYMENT OF RM4,118,700.00 AND VIA ISSUANCE OF 357,000,000 NEW ORDINARY SHARES OF MATANG BERHAD AT THE ISSUE PRICE OF RM0.0809 EACH ("PROPOSED DISPOSAL")

PART B

INDEPENDENT ADVICE LETTER FROM ALLIANCE ISLAMIC BANK BERHAD TO OUR NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Adviser for Part B



ALLIANCE ISLAMIC BANK

Alliance Islamic Bank Berhad 200701018870 (776882-V)

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 Cyberhub, Level 2, Menara Star, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 31 May 2023 at 10:00 a.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 typed 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 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://tiih.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 10:00 a.m.

Date and time of the EGM : Wednesday, 31 May 2023 at 10:00 a.m.

This Circular is dated 16 May 2023

DEFINITIONS

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

“Act”	: Companies Act, 2016
“AIS” or “Independent Adviser”	: Alliance Islamic Bank Berhad [Registration No.: 200701018870 (776882-V)], the independent adviser in relation to the Proposed Disposal
“Board”	: The existing board of Directors of Star Media as at the LPD
“Bursa Securities”	: Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)]
“CBRE I WTW” or “Independent Valuer”	: CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as <i>C H Williams Talhar Sdn Bhd</i>) [Registration No. 197401001098 (18149-U)], the independent valuer for the Property
“Circular”	: This circular dated 16 May 2023 in relation to the Proposed Disposal
“Consideration Shares”	: 357,000,000 new Matang Shares to be issued and allotted at the Issue Price to satisfy RM28,881,300.00 of the Disposal Consideration
“CPO”	: Crude palm oil
“Director(s)”	: Shall have 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 six (6) months of the date on which the terms of the Proposed Disposal were agreed upon: (i) a director of Star Media and its subsidiaries (ii) a chief executive of Star Media and its subsidiaries
“Disposal Consideration”	: The aggregate consideration of Ringgit Malaysia Thirty-Three million (RM33,000,000.00) for the disposal of the Property payable by the Purchaser
“DRA”	: The development rights agreement dated 18 August 2021 between our Company and the Vendor in respect of the Parent Land
“EGM”	: Extraordinary General Meeting of Star Media
“Escrow Agent”	: The escrow agent to be mutually appointed by the Purchaser and the Vendor for the Proposed Disposal
“EPS”	: Earnings per share
“FFB”	: Fresh fruit bunches
“FPE”	: Financial period ended/ending, as the case may be
“ft”	: Feet
“FYE”	: Financial year ended/ ending, as the case may be
“Guarantee”	: The corporate guarantee to be provided by our Company in favour of the Purchaser pursuant to the SPA

DEFINITIONS (CONT'D)

“IAL”	: Independent Advice Letter dated 16 May 2023 from the Independent Adviser in relation to the Proposed Disposal, as set out in Part B of this Circular
“Issue Price”	: RM0.0809 per Consideration Share
“Interested Director”	: Tan Sri Dato’ Sri Kuan Peng Ching @ Kuan Peng Soon
“Interested Major Shareholders”	: Collectively, Malaysian Chinese Association and Huaren Holdings Sdn Bhd
“Interested Parties”	: Collectively, the Interested Director and Interested Major Shareholders
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 17 April 2023, being the latest practicable date prior to the printing of this Circular
“MAP”	: Matang Agriculture and Plantation (Segamat) Sdn Bhd [Registration No.: 198201010122 (89846-T)], a wholly-owned subsidiary of MHB, which in turn is a wholly-owned subsidiary of Matang
“Matang” or the “Purchaser”	: Matang Berhad [Registration No.: 201501017043 (1142377-X)], a public limited company listed on the ACE Market of Bursa Securities
“Matang Group”	: Collectively, Matang and its subsidiaries
“Matang Share(s)”	: Ordinary share(s) of Matang
“MHB”	: Matang Holdings Berhad [Registration No.: 197801001551 (38557-X)], a wholly-owned subsidiary of Matang
“NA”	: Net assets
“Parent Land”	: Industrial land held under Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor
“PAT”	: Profit after tax
“Payment Date”	: The date on which the Disposal Consideration shall be satisfied by the Purchaser via the cash payment of Shortfall to be deposited with the Escrow Agent and via the issuance and allotment of Consideration Shares to the Allottee, which shall take place within seven (7) business days from the date that the SPA becomes unconditional or such further period as mutually agreed in writing by the Vendor, the Purchaser and the Proprietor
“PBT”	: Profit before tax
“PE”	: Price to earnings
“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
“Proposed Disposal”	: The proposed disposal of the Property by the Vendor to the Purchaser at the Disposal Consideration to be satisfied via a combination of cash payment of Shortfall and via the allotment and issuance of Consideration Shares

DEFINITIONS (CONT'D)

“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“RM psf”	: RM per sq ft
“Shareholders”	: Registered holder of Star Media Share(s)
“Shortfall”	: The sum of RM4,118,700.00 to be paid by Matang in cash to satisfy the balance of the Disposal Consideration not satisfied via the issuance of Consideration Shares
“SMG Land” or the “Vendor”	: SMG Land Sdn Bhd [Registration No. 200001004440 (507045-H)], a wholly-owned subsidiary of our Company
“SMG Production” or the “Allottee”	: SMG Production and Distribution Sdn Bhd [Registration No. 201701021435 (1235601-U)], a wholly-owned subsidiary of the Vendor
“Star Media” or “Company” or “Proprietor”	: Star Media Group Berhad [Registration No. 197101000523 (10894-D)]
“Star Media Group” or “Group”	: Collectively, Star Media and its subsidiaries
“Star Media Share(s)”	: Ordinary share(s) of Star Media
“SPA”	: The conditional sale and purchase agreement dated 10 February 2023 entered into between the Vendor, the Proprietor and the Purchaser for the Proposed Disposal
“sq ft”	: Square feet
“sq m”	: Square metre
“Unconditional Date”	: The date on which the last of the conditions precedent of the SPA has been duly fulfilled or waived and the SPA accordingly becomes unconditional
“Valuation Certificate”	: The valuation certificate dated 14 February 2023 issued by the Independent Valuer in relation to the Property, as set out in Appendix IV of this Circular
“Value”	: The sum of RM28,881,300.00 taken as the value of the Consideration Shares, being the number of Consideration Shares allotted and issued to the Allottee multiplied by the Issue Price
“VWAP”	: Volume weighted average market price

References to “**our Company**” and “**our**” in this Circular are to Star Media and where the context otherwise requires, shall include our subsidiaries. References to “**our Group**” are to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to “**you**” and “**your**” in this Circular are to our Shareholders.

Words incorporating the singular only shall include the plural and *vice versa* and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Any reference to persons shall include a corporation, unless otherwise specified.

DEFINITIONS (CONT'D)

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.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures included in this Circular and the figures published by our Company, such as quarterly results or annual reports (as the case may be), are due to rounding adjustment.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by your Board after due inquiry, which are nevertheless subject to known or unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's and/or our Group's plans and objectives will be achieved.

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NOTICE OF EGM**ENCLOSED****FORM OF PROXY****ENCLOSED**

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE PERTINENT INFORMATION OF THE PROPOSED DISPOSAL AS SET OUT IN THIS CIRCULAR. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE ENTIRE CONTENTS OF THIS CIRCULAR INCLUDING THE IAL TOGETHER WITH THE APPENDICES FOR FURTHER DETAILS BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM

Salient information	Description	Reference to Circular
Details of the Proposed Disposal	<p>Our Company is the registered proprietor and the beneficial owner of the Parent Land. Pursuant to the DRA, the Vendor was granted the development rights by our Company to, among others, develop the Parent Land and sell units to be constructed on the Parent Land.</p> <p>The Property is to be developed and erected on part of the Parent Land. The Proposed Disposal entails, with the consent of our Company pursuant to the DRA, the disposal by the Vendor to the Purchaser of the Property.</p>	Section 2.1, Part A of this Circular
Disposal Consideration and the basis and justification in arriving at the Disposal Consideration	<p>The disposal consideration for each parcel is RM16,500,000.00 and the aggregate disposal consideration of the Property is RM33,000,000.00, to be satisfied in the following manner:</p> <ul style="list-style-type: none"> (i) the sum of RM28,881,300.00, representing approximately 87.5% of the Disposal Consideration, shall be paid by way of the issuance of the Consideration Shares to the Allottee; and (ii) the sum of RM4,118,700.00 being the Shortfall, representing approximately 12.5% of the Disposal Consideration, shall be paid by cash to the Vendor. <p>The Disposal Consideration was arrived at via mutual agreement between the Vendor and the Purchaser, supported by market value of the Property as derived by the Independent Valuer. The Independent Valuer has adopted the Comparison Approach of valuation as the main method of valuation and also considered the Income Approach (Investment Method) as a cross check in deriving the market value.</p> <p>Both the Comparison Approach and the Income Approach (Investment Method) yield a similar market value of the Property of RM16,500,000.00 per unit.</p>	Section 2.2, Part A of this Circular
Settlement of Disposal Consideration	<p>The Disposal Consideration shall be satisfied partly through the allotment and issuance of the Consideration Shares to the Allottee and partly in cash to the Vendor:</p> <ul style="list-style-type: none"> (i) <u>Settlement via issuance of Consideration Shares</u> <p>The Issue Price for the Consideration Shares was calculated based on a discount of seven percent (7%) to the five (5) day VWAP of Matang Shares for trades conducted on Bursa Securities immediately preceding the date of the SPA. The five (5) day VWAP per Matang Share immediately preceding the date of SPA is RM0.0869.</p>	Section 2.3, Part A of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
	<p>It is our Group's intention to retain the Consideration Shares as a strategic investment, which will provide our Group an opportunity to benefit from the additional income stream via the holding of thirteen percent (13%) of Matang Shares and derive returns from such investment in the Purchaser in the near future.</p> <p>(ii) <u>Settlement via payment of Shortfall</u></p> <p>On or before the Payment Date, the Shortfall shall be deposited by the Purchaser with the Escrow Agent and placed in an interest bearing account and which shall be dealt with in accordance with the terms as set out in the SPA and the escrow agreement to be entered into by the Escrow Agent, the Vendor and the Purchaser.</p>	
Listing status of the Consideration Shares	The Consideration Shares to be issued to the Allottee shall be listed and quoted on the ACE Market of Bursa Securities which Matang has obtained the approval of Bursa Securities on 8 May 2023 for such Consideration Shares to be listed on the ACE Market of Bursa Securities.	Section 2.4, Part A of this Circular
Guarantee	Pursuant to the SPA, our Company will provide the Guarantee in favour of the Purchaser on the date of allotment and issuance of the Consideration Shares as a security for the due performance of the Vendor's obligations under the SPA.	Section 2.5, Part A of this Circular
Expected gain from the Proposed Disposal	Our Group is expected to realise a net pro forma gain of approximately RM15.6 million pursuant to the Proposed Disposal.	Section 2.8, Part A of this Circular
Proposed utilisation of proceeds	Our Group intends to utilise the Shortfall to fund its working capital requirements within twelve (12) months from the receipt thereof. This will be for our Group's daily operations including for the payment of staff-related expenses, sales and marketing expenses and any other operating expenditures.	Section 2.11, Part A of this Circular
Rationale and benefits of the Proposed Disposal	<p>The Proposed Disposal is expected to allow our Group to:</p> <p>(i) unlock the value of its investment in the Property which our Group is expected to record a net pro forma gain of RM15.6 million;</p> <p>(ii) receive the Consideration Shares which will provide our Group an opportunity to benefit from the additional income stream via the investment in the Purchaser; and</p> <p>(iii) diversify its interest by investing into oil palm/ plantation sectors, which may potentially provide returns to our Group and enhance our Group's business portfolio.</p>	Section 3, Part A of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Risk factors for the Proposed Disposal	<p>The risk factors which may arise from the Proposed Disposal include:</p> <p>(i) <u>Investment risk relating to Consideration Shares</u></p> <p>There is no assurance that the anticipated benefits as outlined in Section 3, Part A of this Circular arising from the receipt of the Consideration Shares will be realised or that positive returns will be generated for our Group.</p> <p>(ii) <u>Volatility and liquidity of Matang Shares</u></p> <p>The Issue Price of RM0.0809 per Matang Share may not be indicative of the future share prices of Matang that will prevail in the stock market.</p> <p>The trading prices of Matang Shares could be subject to fluctuations in response to, among others, changes in CPO prices, variations in the results of operations, changes in general economic conditions or other developments affecting Matang Group. In effect, the investment in Matang may expose our Company to certain risks inherent in the plantation industry being its principal activity. Further, volatility in the market prices of Matang Shares may be caused by factors beyond the control of our Company and/or Matang and may be unrelated and disproportionate to the operating results of Matang.</p> <p>Our Company may face difficulty should it decide to dispose of the Consideration Shares in the stock market if at the relevant time, the trading volume of Matang Shares is low.</p> <p>(iii) <u>Non-completion of the Proposed Disposal and termination of the SPA</u></p> <p>The completion of the Proposed Disposal is subject to the fulfilment of the conditions precedent as stipulated in the SPA and there is no assurance that all such conditions precedent will be fulfilled within the timeframe stipulated. Our Company will not be able to complete the Proposed Disposal if any of these conditions precedent are not fulfilled or waived. The SPA may also be terminated in the event of a material breach of the terms by the Vendor and/or the Purchaser. In such situation where the SPA is terminated arising from the material default of any party, a sum equivalent to the Value and, where applicable, the Shortfall (together with the interest accrued thereon) would be refundable to the Purchaser subject to the terms of the SPA.</p> <p>(iv) <u>Compulsory acquisition by the Government</u></p> <p>The Malaysian Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960. If the Parent Land or part thereof is compulsorily acquired by the Malaysian Government at any point in time after the date</p>	Section 4, Part A of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
	of the SPA and before the presentation of the instrument of transfer for registration, the Purchaser has the right to terminate the SPA whereupon the Vendor shall, subject to the Consideration Shares having been issued and allotted to the Allottee, refund to the Purchaser a sum equivalent to the Value in cash to the Purchaser free of any interest in accordance with the terms of the SPA.	
Approvals required and conditionality	<p>The Proposed Disposal is subject to and conditional upon the following being obtained:</p> <ul style="list-style-type: none"> (i) the approval of our Company's non-interested shareholders present and voting either in person or by proxy for the Proposed Disposal at the forthcoming EGM to be convened; and (ii) the approval of any other relevant authorities and/or parties outlined as conditions precedent to the SPA and set out in Appendix I of this Circular. <p>The Proposed Disposal is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.</p>	Section 7, Part A of this Circular
Interests of Directors, Major Shareholders and/or persons connected to them	<p>Save for the following Interested Parties, our Company is not aware of any other Directors and/or major shareholders of our Company and/or any persons connected with them who have any direct or indirect interest in the Proposed Disposal:</p> <ul style="list-style-type: none"> (i) Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon, being the Interested Director who is the Deputy Chairman and the Non-Independent Non-Executive Director of our Company with a direct interest of 3.64% and indirect interest of 0.46% in Matang held through Unique Bay Sdn Bhd pursuant to Section 8(4) of the Act; (ii) Malaysian Chinese Association, being a substantial shareholder of our Company with a direct interest of 43.23% in our Company, also has an indirect interest of 17.15% in Matang held through each of Huaren Holdings Sdn Bhd and Rohua Sdn Bhd; and (iii) Huaren Holdings Sdn Bhd has a direct interest of 2.13% in our Company and as noted above, is a substantial shareholder of Matang with a direct interest of 16.28% in Matang. <p>Rohua Sdn Bhd does not hold any shares in our Company as at the LPD. It has a direct interest of 0.87% in Matang.</p> <p>As such, the Interested Parties will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Disposal at the forthcoming EGM.</p> <p>The Interested Parties have also undertaken to ensure that the persons connected with them, will abstain from voting in respect</p>	Section 9, Part A of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
	of their direct and/or indirect shareholdings, if any, on the resolution pertaining to the Proposed Disposal at the forthcoming EGM.	
Audit Committee's statement	<p>The Audit Committee after having considered the evaluation and recommendation of the Independent Adviser and all aspects of the Proposed Disposal, including but not limited to the following:</p> <ul style="list-style-type: none"> (i) the rationale and benefits of the Proposed Disposal; (ii) the salient terms of the SPA; (iii) the Valuation Report from the Independent Valuer; and (iv) the financial effects of the Proposed Disposal, <p>concurred with the Independent Adviser's recommendation that the Proposed Disposal is (a) fair, reasonable and on normal commercial terms as well as (b) not detrimental to the interest of the non-interested shareholders. The Audit Committee has also carefully deliberated other aspects of the Proposed Disposal such as the rationale and effects as well as the salient terms of the SPA which includes the condition precedent relating to due diligence on the Purchaser. The Audit Committee (save for the Independent Non-Executive Director, Mr Choong Tuck Oon whose reservation is as set out in Section 14, Part A of this Circular) opines that the Proposed Disposal is also in the best interest of our Company.</p>	Section 13, Part A of this Circular
Directors' statement and recommendation	<p>Our Board (save for the Interested Director Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon and Mr Choong Tuck Oon), having considered all aspects of the Proposed Disposal, including but not limited to the terms of the SPA, the rationale and the evaluation and recommendation of the Independent Adviser, is of the opinion that the Proposed Disposal is in the best interest of our Company.</p> <p>Mr Choong Tuck Oon is unable to state a recommendation due to the provision of the Guarantee by our Company and the risk exposures associated with the holding of the Consideration Shares.</p> <p>Accordingly, our Board (save for the Interested Director Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon and the Independent Non-Executive Director, Mr Choong Tuck Oon) recommends that you VOTE IN FAVOUR of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of our Company.</p>	Section 14, Part A of this Circular

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STAR MEDIA GROUP BERHAD

[Registration No.: 197101000523 (10894-D)]
(Incorporated in Malaysia)

Registered Office

Level 15, Menara Star
15, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan

16 May 2023

Board of Directors

Tan Sri Dato' Seri Chor Chee Heung (*Chairman & Independent Non-Executive Director*)
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon (*Deputy Chairman & Non-Independent Non-Executive Director*)
Dato' Dr Mohd Aminuddin Bin Mohd Rouse (*Non-Independent Non-Executive Director*)
Mr Choong Tuck Oon (*Independent Non-Executive Director*)
Madam Wong You Fong (*Independent Non-Executive Director*)
Mr Chan Seng Fatt (*Independent Non-Executive Director*)
Mr Loh Chee Can (*Independent Non-Executive Director*)
Ms Christina Foo (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

PROPOSED DISPOSAL 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 BY SMG LAND SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, TO MATANG BERHAD AT THE AGGREGATE DISPOSAL CONSIDERATION OF RM33,000,000.00 TO BE SATISFIED VIA A COMBINATION OF CASH PAYMENT OF RM4,118,700.00 AND VIA ISSUANCE OF 357,000,000 NEW ORDINARY SHARES OF MATANG BERHAD AT THE ISSUE PRICE OF RM0.0809 EACH ("PROPOSED DISPOSAL")

1. INTRODUCTION

On 10 February 2023, the Board announced that our Company and SMG Land, our wholly-owned subsidiary, had on the said date entered into the SPA with Matang for the Proposed Disposal.

In view of the interests of the Interested Parties as set out in Section 9 of this Circular, the Proposed Disposal is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, AIS has been appointed since 27 November 2022 as the Independent Adviser to advise the non-interested shareholders of our Company on:

- (i) whether the Proposed Disposal is fair and reasonable so far as the non-interested shareholders are concerned;

- (ii) whether the Proposed Disposal is to the detriment of the non-interested shareholders; and
- (iii) whether the non-interested shareholders should vote in favour of the Proposed Disposal.

The IAL from the Independent Adviser in relation to the Proposed Disposal is set out in Part B of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AND TO SEEK THE APPROVAL FROM THE NON-INTERESTED SHAREHOLDERS OF OUR COMPANY FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF OUR COMPANY. 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 INCLUDING THE IAL (AS SET OUT IN PART B OF THIS CIRCULAR) TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Description of the Property

Our Company is the registered proprietor and the beneficial owner of the Parent Land which has been acquired by our Company since 30 December 2003.

In year 2021, our Group ventured into property development as part of our Group's strategic plans to maximise the value of the land and property assets held by our Group and to generate revenue from the property development sector.

In this respect and as part of this strategy, the DRA was entered into pursuant to which the Vendor was granted the development rights by our Company to, among others, develop the Parent Land and sell units to be constructed on the Parent Land. For the salient terms of the DRA, please refer to Paragraph 3(i)(a), Appendix V of this Circular.

Vacant possession of the Parent Land was delivered to the Vendor on 20 August 2021. With this, SMG Land or the Vendor embarked on its principal activity namely the construction and development of property.

The Proposed Disposal entails, with the consent of our Company pursuant to the DRA, the disposal by the Vendor to the Purchaser of the Property, details of which are set out below. The Property which is the subject matter of the SPA is to be developed and erected on part of the Parent Land. It is located within the Star Business Hub, an industrial development project undertaken by the Vendor in Bukit Jelutong, Shah Alam, Selangor.

The construction work on the Parent Land has commenced in May 2023. Pursuant to the terms of the SPA, the Vendor has a timeframe of thirty-six (36) months from the Unconditional Date to complete the development and construction of the Property. In this respect, the construction of the Property is expected to be completed in April 2026. As such, the construction of the Property will be completed after the Proposed Disposal.

The arrangement such as the one under the SPA allows the Vendor to secure a buyer for the Property to be constructed pending the completion of the development on the Parent Land and at the same time, enables our Group to derive and enjoy the income

distribution if any from the Consideration Shares as outlined in more detail in Section 3, Part A of this Circular below.

(i) Details of the Parent Land are as follows:

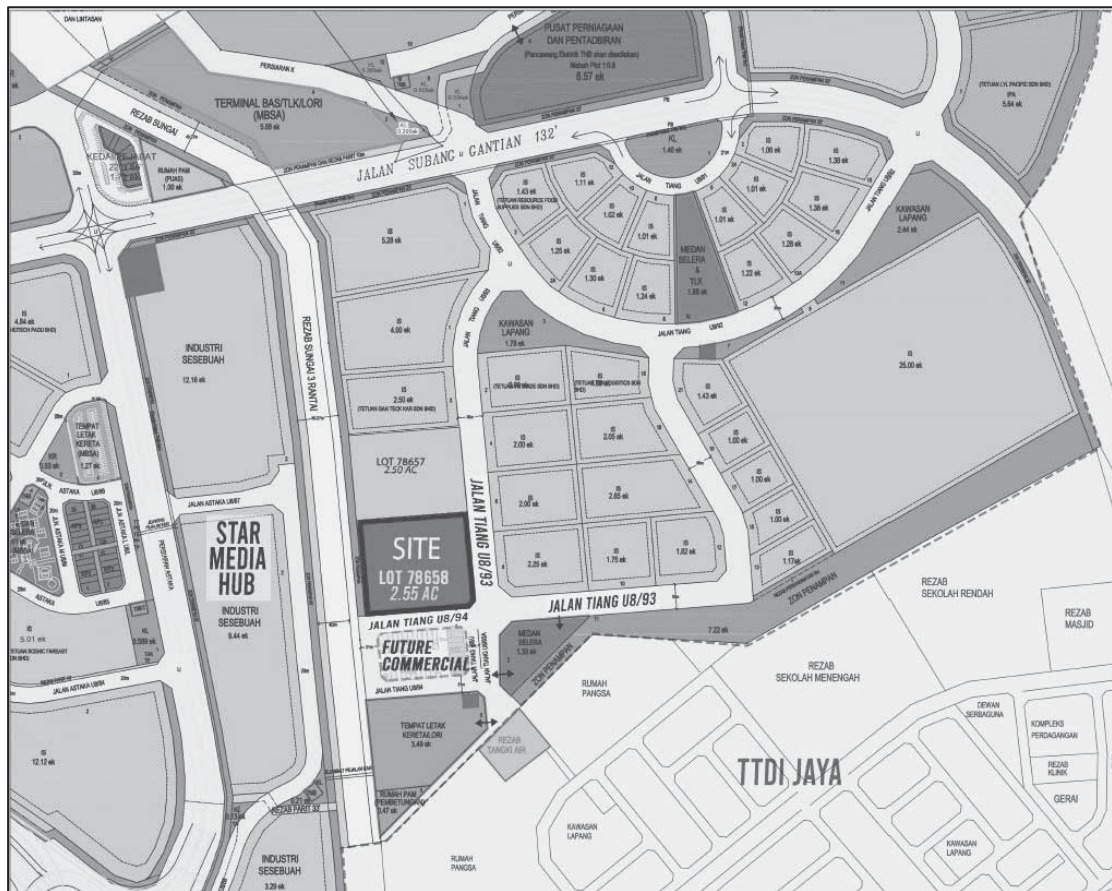
Title particulars of the Parent Land	Geran 204624, Lot 78658, Mukim Damansara, Daerah Petaling, Negeri Selangor
Tenure	Freehold
Registered owner	Star Media
Beneficial owner	Star Media
Category of Land use	Industrial
Express Condition	Industrial
Encumbrances	Nil
Location/ Postal address	No. 9, Jalan Tiang U8/93, Section U8, Bukit Jelutong Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan. Located about 35km southwest of Kuala Lumpur city centre and about 10 km northeast of Shah Alam town centre, with industrial, commercial and residential developments in the immediate vicinity.
Condition of Parent Land	Land is vacant, flat and near rectangular in shape, covering an area of 111,008 sq ft.
Assessment	Property Assessment under local authority Majlis Bandaraya Shah Alam

(ii) Details of the Property are as follows:

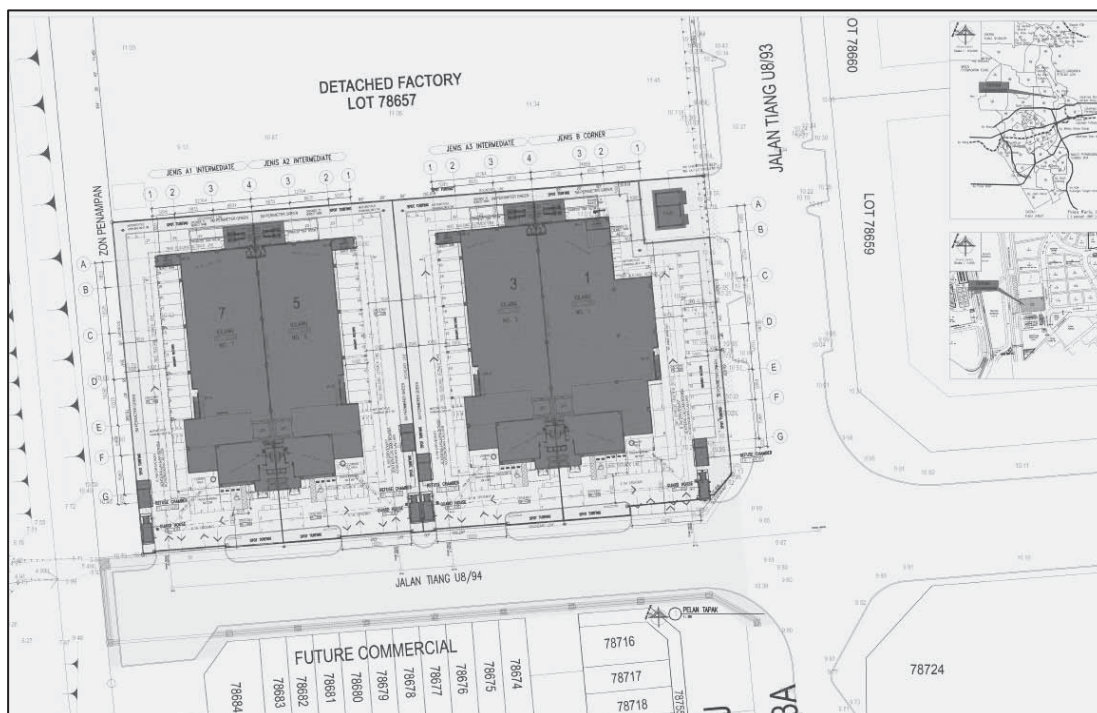
Description of the Property	Two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½)-storey office building and other ancillary buildings
Location/ Postal address	Unit Nos. 3&5, Jalan Tiang U8/94, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan Located on part of the Parent Land
Details of the Parcel	<u>1st Parcel:</u> (i) Type: semi-detached factory and warehouse – A3 (ii) Lot number: 3 (iii) Unit number: 3 (iv) Property Unit Number: 3 (v) Land area: 26,339 sq ft (vi) Gross floor area: 29,865 sq ft

	<p><u>2nd Parcel:</u></p> <p>(i) Type: semi-detached factory and warehouse – A2</p> <p>(ii) Lot number: 3A</p> <p>(iii) Unit Number: 5</p> <p>(iv) Land area: 26,339 sq ft</p> <p>(v) Gross floor area: 29,865 sq ft</p>
Approximate age of building(s)	Development works have commenced in May 2023 but the building has yet to be completed.
Audited net book value as at FYE 31 December 2022	RM2,153,000.00

For illustration purpose, the map below shows the approximate location of the Parent Land



For illustration purpose, the layout plan below indicates the site where the Property i.e. Units No.3 and No. 5 will be constructed within the Parent Land:



- (iii) Some further information regarding the proposed development of the Parent Land is as follows:

Name and description of the development/ project on the Parent Land	Star Business Hub being an industrial development
Type of development - commercial, industrial or mixed and no. of unit for each type	Industrial development which comprises 1 unit of detached factory/warehouse and office as well as 4 units of semi-detached factory/warehouse and office
Estimated total development cost of the entire development	RM73 million
Estimated total development cost for the two (2) units of property next to the Property	RM18 million
Estimated gross development value of the entire development	RM130 million
Estimated gross development value of the Property	RM33 million
Date of commencement	2 May 2023
Expected completion date	April 2026
Stage or percentage of completion	Works commenced recently in May 2023 and are progressing as planned.

Source of funding for development	Internally generated fund
Approvals required for development and status	<p>Development order approval was obtained on 26 October 2022 whereas the building plan approval was obtained on 20 January 2023 subject to the conditions stated therein. The conditions imposed by the local authority, Majlis Bandaraya Shah Alam generally relate to operational and technical matters to be complied with in relation to the development of the Parent Land.</p> <p>In Management's view the conditions stated in the approval letter are not unusual nor onerous on the Vendor.</p>

2.1A The execution of the SPA and salient terms

In line with the Vendor's venture into property development sector, the Vendor entered into the SPA with the Purchaser to secure the Purchaser's commitment to purchase the Property, pending the completion of the construction of the Property. Other than as set out in Part A of this Circular, the salient terms of the SPA are also set out in Appendix I of this Circular.

2.2 The Disposal Consideration and the basis and justification in arriving at the Disposal Consideration

The disposal consideration for each parcel is RM16,500,000.00 and the aggregate disposal consideration of the Property is RM33,000,000.00.

Pursuant to the terms of the SPA, the Disposal Consideration is to be satisfied in the following manner and as further described in Section 2.3, Part A of this Circular:

- (i) the sum of RM28,881,300.00, representing approximately 87.5% of the Disposal Consideration, shall be paid by way of the issuance of the Consideration Shares to the Allottee; and
- (ii) the sum of RM4,118,700.00 being the Shortfall, representing approximately 12.5% of the Disposal Consideration, shall be paid by cash to the Vendor.

The Vendor and the Purchaser negotiated and mutually agreed that the mode of satisfaction of the Disposal Consideration under the SPA shall be primarily by way of issuance of Matang Shares, which would provide our Group an opportunity to venture into oil palm/ plantation sector through the investment in the Purchaser. In order to ensure that the number of Matang Shares to be issued will not trigger a takeover offer obligation pursuant to the Rules on Takeovers, Mergers and Compulsory Acquisitions, the Vendor and the Purchaser further agreed that the number of Consideration Shares shall not exceed thirteen percent (13%) of the total enlarged number of shares of the Purchaser after such issuance, at the Issue Price agreed on a willing-buyer willing-seller basis as further explained in Section 2.3(i), Part A of this Circular.

Following therefrom, the balance of the Disposal Consideration not satisfied via the issuance of the Consideration Shares (i.e. the Shortfall) is to be satisfied by way of cash payment to the Vendor.

The Disposal Consideration was arrived at via mutual agreement between the Vendor and the Purchaser, supported by market value of the Property as derived by the Independent Valuer. In this respect, the Vendor has on 27 November 2022 appointed the Independent Valuer, a firm of valuers registered with the Board of Valuers,

Appraisers, Estate Agents and Property Managers, Malaysia to conduct an independent valuation in respect of the Property.

The market value as computed by the Independent Valuer is generally taken as 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.

In arriving at the market value of the Property, the Independent Valuer has adopted the Comparison Approach of valuation as the main method of valuation. The Comparison Approach entails analysing recent transactions and asking prices for comparable properties within the locality of the Property with adjustments made for differences for e.g. in location, accessibility, size, tenure and other relevant characteristics.

In addition to the Comparison Approach, the Independent Valuer has also considered the Income Approach (Investment Method) as a cross check in deriving the market value. Under the Income Approach, the net current annual income is determined by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

Both the Comparison Approach and the Income Approach (Investment Method) yield a similar market value of the Property of RM16,500,000.00 per unit. Accordingly, the total market value of the Property as certified by the Independent Valuer and as reported in the Valuation Certificate is RM33,000,000.00.

Following from the above, the Disposal Consideration is a fair representation of the market value of the Property, supported by the market value derived by the Independent Valuer and taking into account the rationale and benefits of the Proposed Disposal as set out in Section 3, Part A of this Circular.

2.3 Settlement of Disposal Consideration

As set out in Section 2.2, Part A of this Circular above, the Disposal Consideration shall be satisfied partly through the allotment and issuance of the Consideration Shares to the Allottee and partly in cash to the Vendor:

(i) Settlement via issuance of Consideration Shares

The Vendor has nominated its wholly-owned subsidiary, SMG Production or the Allottee, to hold the Consideration Shares to be issued by the Purchaser. In this respect, the Allottee will be registered as the legal holder of the Consideration Shares and will hold the beneficial rights and interests thereto.

The Issue Price for the Consideration Shares was calculated based on a discount of seven percent (7%) to the five (5) day VWAP of Matang Shares for trades conducted on Bursa Securities immediately preceding the date of the SPA. The five (5) day VWAP per Matang Share immediately preceding the date of the SPA is RM0.0869.

The aggregate number of Consideration Shares to be issued by the Purchaser is 357,000,000 which would constitute thirteen percent (13%) of the total enlarged share capital of the Purchaser upon issuance on the Payment Date and shall result in the Allottee holding a substantial shareholding in the Purchaser. Multiplying the number of the Consideration Shares with the Issue Price of RM0.0809 per Matang Share, the portion of the Disposal Consideration satisfied via the issuance of the Consideration Shares is therefore RM28,881,300.00.

The Consideration Shares to be issued shall rank *pari passu* in respect with all other shares in the share capital of the Purchaser then in issue (save for any dividend, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of the allotment and issuance of the Consideration Shares).

It is our Group's intention to retain the Consideration Shares as a strategic investment, which will provide our Group an opportunity to benefit from the additional income stream via the holding of thirteen percent (13%) of Matang Shares and derive returns from such investment in the Purchaser as further explained in Section 3, Part A of this Circular.

(ii) Settlement via payment of Shortfall

The balance of the Disposal Consideration not satisfied via the issuance of the Consideration Shares, i.e. the Shortfall, is to be paid in cash. On or before the Payment Date, the Shortfall shall be deposited by the Purchaser with the Escrow Agent and placed in an interest bearing account and which shall be dealt with in accordance with the terms as set out in the SPA and the escrow agreement to be entered into by the Escrow Agent, the Vendor and the Purchaser.

The Escrow Agent shall be irrevocably and unconditionally authorised to release the Shortfall to the Vendor within five (5) business days of the receipt by the Escrow Agent of the written notice issued by the Vendor or its solicitors to the Escrow Agent, upon any event of default committed by the Purchaser which is not otherwise remedied or upon issuance of the written notice to accept delivery of vacant possession of the Property by the Vendor, 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 SPA.

As the Shortfall is to satisfy the balance of the Disposal Consideration not satisfied via the issuance of the Consideration Shares, it is to be paid on the Payment Date when the construction of the Property is yet to be completed. Accordingly, it is agreed between the Vendor and the Purchaser that the Shortfall is to be held by the Escrow Agent and only be released to the Vendor upon the delivery of the vacant possession of the Property to the Purchaser.

In the instant case, both components of the Disposal Consideration would be fully satisfied on the Payment Date i.e. upon the conditions precedent under the SPA having been fulfilled or waived as the case may be resulting in the SPA becoming unconditional. The structure of the SPA is such that payments will not be made progressively based on the stages of the construction of the Property but would instead be made by the Purchaser subject only to the SPA becoming unconditional. Taking this into account, under the agreed terms of the SPA, no deposit would be paid on the execution of the SPA.

In the event that any of the conditions precedent is not or cannot be fulfilled or waived by the expiry of the period of nine (9) months from the date of the SPA, either party may terminate the SPA without any recourse to each other. However, in the event that there is a breach by the Purchaser which is not remedied as stipulated in the SPA, the Vendor shall be entitled to the remedies under the SPA which include the right to bring an action for specific performance against the Purchaser unless the Vendor elects to terminate the SPA, in which event, the Vendor shall be entitled to all rights and remedies in law against the Purchaser.

2.4 Listing status of the Consideration Shares

The Consideration Shares to be issued to the Allottee shall be listed and quoted on the ACE Market of Bursa Securities. In this respect, Matang has made an application to

Bursa Securities for the listing and quotation of such Consideration Shares to be listed on the ACE Market of Bursa Securities of which approval has been granted by Bursa Securities on 8 May 2023, subject to the following conditions:

- (i) Matang and its principal adviser must fully comply with the relevant provisions under the Listing Requirements;
- (ii) Matang and its principal adviser shall inform Bursa Securities upon completion of the transaction;
- (iii) Matang to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once its acquisition of the Property to be erected on the Parent Land is completed; and
- (iv) Compliance by Matang with the public shareholding spread upon completion of the acquisition.

2.5 Guarantee

As part of the terms of the SPA, our Company will provide the Guarantee in favour of the Purchaser on the date of allotment and issuance of the Consideration Shares as a security for the due performance of the Vendor's obligations under the SPA.

Our Company unconditionally and irrevocably guarantees to the Purchaser:

- (i) the due and punctual refund or payment by the Vendor a sum equivalent to the Value and the Shortfall (where applicable) to the Purchaser in the manner provided in the SPA; and
- (ii) the performance by the Vendor of its obligations under the SPA to deliver vacant possession of the Property and the registration of the unstamped memorandum of transfer of the Property in favour of the Purchaser ("**Transfer**") at the relevant land registry.

For the avoidance of doubt, the Purchaser shall be entitled to make a demand under this Guarantee either under item (i) or (ii) above.

The Purchaser shall be entitled to make a demand under this Guarantee if:

- (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
- (b) 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 as set out in the SPA; or
- (c) the Vendor fails to deliver vacant possession of the Property and the registration of the Transfer at the relevant land registry.

As the provision of the Guarantee by the Company is an integral feature of the SPA and the Proposed Disposal, it is to be considered alongside the other terms.

The underlying rationale for the Guarantee to be given to the Purchaser is the settlement and performance by the Purchaser of its obligation to issue the Consideration Shares and to deposit the Shortfall with the Escrow Agent ahead of the completion of the construction of the Property and delivery of vacant possession by the Vendor. In this regard, the Guarantee is requested to be issued to secure the Vendor's obligations and it is in the best interest of our Company as the Disposal Consideration would have been fully satisfied by the Purchaser on the Unconditional Date, which is prior to the delivery of the vacant possession of the Property to the Purchaser.

Our Company does not consider the issuance of the Guarantee as a provision of financial assistance to the Purchaser. The Guarantee is a security for the due performance of the Vendor's contractual obligation under the SPA and is therefore to be issued by our Company as the holding company for the benefit of the Vendor as part of the terms of the SPA. Our Company does not consider the issuance of such Guarantee to fall within the ambit of provision of financial assistance under the Listing Requirements by virtue of the nature and characteristics of the Guarantee in this case.

2.6 Liabilities to be assumed

Save for the Guarantee, there are no other liabilities, contingent liabilities and guarantees to be assumed by our Group pursuant to the Proposed Disposal.

2.7 Original cost of investment

Our Company had acquired the Parent Land on 30 December 2003. The original cost of investment and the total cost of investment by our Company in the Property as at the LPD is RM2,153,000.00.

2.8 Expected gain from the Proposed Disposal

Our Group is expected to realise a net pro forma gain of approximately RM15.6 million pursuant to the Proposed Disposal, calculated as follows:

	Amount (RM' million)
Disposal Consideration	33.0
Less:	
Estimated development costs and expenses comprising:-	
Original land cost	2.2
Estimated development costs	14.8
Other expenses attributable to the Proposed Disposal*	0.4
Pro Forma/ Net gain from the Proposed Disposal	15.6

** Other expenses attributable to the Proposed Disposal comprise the professional fees payable to the Independent Adviser, the Independent Valuer and our solicitors for the Proposed Disposal as well as the expenses arising from the EGM and other incidental expenses.*

2.9 Changes to the approved development plans (if any)

Under the SPA, the Vendor reserves the right to make changes, amendments or deviations to any approved plans if directed or required by any appropriate authority without incurring any liability to the Purchaser.

Nevertheless, based on the terms of the SPA as also set out in Paragraph 4.1, Appendix I of this Circular, if there is any change in the land area and the gross floor area after final measurement by a surveyor and the difference between (i) the land area as set out in the separate document of title issued in respect of 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, and the difference is more than five percent (5%) larger or smaller, the Disposal Consideration will be revised upwards or downwards calculated at the adjustment rates of RM380.00 per sq. ft. for the land area and RM217.00 per sq. ft. for the gross floor area accordingly.

The adjustment rate of RM380.00 per sq. ft. (for the land area) was commercially agreed upon by the Vendor and the Purchaser after taking into consideration the rate applicable to 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 RM217.00 per sq. ft. (for the gross floor area) was commercially agreed upon by the Vendor and the Purchaser 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.

Save for the above, there will be no revision to the Disposal Consideration in the event of any changes to the development plan or any costs overrun.

2.10 Cash Company or PN 17 Implication

The Proposed Disposal is not expected to result in our Company becoming a Cash Company or a PN17 Company under the Listing Requirements.

2.11 Proposed utilisation of proceeds

Our Group intends to utilise the Shortfall being the cash proceeds to fund our working capital requirements for our Group's daily operations within twelve (12) months from the receipt thereof in the following manner:

Proposed utilisation	Amount (RM' million)
Payment of staff-related expenses	1
Sales and marketing expenses	2
Other operating expenditures*	1

** Other operating expenditures comprise day-to-day operating and other miscellaneous expenses.*

2.12 Information on the Vendor

SMG Land or the Vendor was incorporated in Malaysia on 3 March 2000 as a private company limited by shares. SMG Land is a wholly-owned subsidiary of our Company. As at the LPD, the issued share capital of SMG Land is RM55,000,000.00 comprising 55,000,000 ordinary shares. The principal activity of SMG Land is property development and money lending business.

As at the LPD, the directors of SMG Land are Soh Sze Jean and Hoh Yik Siew.

2.13 Information on the Allottee

SMG Production or the Allottee was incorporated in Malaysia on 16 June 2017 as a private company limited by shares. SMG Production is a wholly-owned subsidiary of the Vendor. As at the LPD, the issued share capital of the Allottee is RM2.00 comprising 2 ordinary shares.

The principal activity of the Allottee is investment holding company and hence, the nomination of the Allottee to hold the Consideration Shares is in line with its principal activity. As at the LPD, the Allottee has not commenced its business operations.

As at the LPD, the directors of the Allottee are Esther Ng Sek Yee and Soh Sze Jean.

2.14 Information on the Purchaser

Matang or the Purchaser was incorporated on 28 April 2015 as a public limited company. On 17 January 2017, Matang Shares were quoted and listed on the ACE Market of Bursa Securities.

As at the LPD, the total issued share capital of Matang is RM245,070,549.00 comprising 2,389,200,276 Matang Shares. The principal activity of Matang is investment holding.

As at the LPD, the directors of Matang are Dato' Foong Chee Meng, Datuk Ir. Low Ah Keong, Dato' Ng Keng Heng, Sophia Lim Chia Hui, Datuk Tew Boon Chin and Datuk Teoh Sew Hock.

Further information on Matang is set out in Appendix II of this Circular.

3. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the existing core business operations of the Vendor being the business of undertaking development and sale of properties. The Proposed Disposal is expected to allow our Group to:

- (i) unlock the value of its investment in the Property. In this respect, our Group is expected to record a net pro forma gain on disposal of RM15.6 million as set out in Section 2.8, Part A of this Circular;
- (ii) receive the Consideration Shares which will be allotted and issued upfront as compared to in stages or progressively, in turn providing an opportunity for our Group to benefit from the additional income stream via the investment in the Purchaser. Unlike in the case where progressive payments will be made to commensurate with the construction progress, all the Consideration Shares will be issued after the conditions precedent are satisfied enabling the Allottee to acquire full rights title and interest to a substantial portion of the Disposal Consideration ahead of time and irrespective of the actual progress of construction works which may span across the construction timeframe of thirty-six (36) months. With the Consideration Shares being issued upfront, any dividends payable on the Consideration Shares during this time will be paid to the Allottee; and
- (iii) diversify its interest by investing into oil palm/ plantation sectors. As the Disposal Consideration is to be satisfied by issuance of Consideration Shares to the Allottee, the Proposed Disposal gives our Group an opportunity to venture into the plantation sector which may potentially provide returns to our Group and enhance our Group's business portfolio. In this regard, the Purchaser is noted to have carried out private placement exercises in 2021 and 2022 and has announced its intention to utilise the proceeds raised from such exercises to fund its potential future acquisition of oil palm plantation(s), durian plantation(s) and/or additional land bank for the development of new oil palm plantations and/ or durian plantations within Malaysia. The proposed diversification of Matang into other businesses such as durian plantation and investment and property holding business are seen as positive steps to enable Matang to be more resilient and less susceptible to the specific risks in the palm oil plantation sector whilst at the same time retaining as its core business oil palm/ plantation activities.

In light of the above, the Proposed Disposal appears to be an attractive offer that is in line with our Company's objective to enhance the shareholders' value.

4. RISK FACTORS FOR THE PROPOSED DISPOSAL

You should consider the following risk factors (which may not be exhaustive) associated with the Proposed Disposal:

4.1 Investment risk relating to Consideration Shares

There is no assurance that the anticipated benefits as outlined in Section 3, Part A of this Circular above arising from the receipt of the Consideration Shares will be realised or that positive returns will be generated for our Group. With the issuance of the Consideration Shares to the Allottee, our Group is exposed to an inherent general risk in the ownership of Matang.

Notwithstanding that, our Company will seek to mitigate such risks by conducting periodic assessments and reviews at the quarterly board of directors' meetings or as and when necessary, as well as to monitor the financial performance of Matang in order to make the necessary investment decision.

4.2 Volatility and liquidity of Matang Shares

The Issue Price of RM0.0809 per Matang Share may not be indicative of the future share prices of Matang that will prevail in the stock market.

The trading prices of Matang Shares could be subject to fluctuations in response to, among others, changes in CPO prices, variations in the results of operations, changes in general economic conditions or other developments affecting Matang Group. In effect, the investment in Matang may expose our Company to certain risks inherent in the plantation industry being its principal activity, such as outbreaks of oil palm plantation diseases, damage from pests, fire or other natural disasters. Further, volatility in the market prices of Matang Shares may be caused by factors beyond the control of our Company and/or Matang and may be unrelated and disproportionate to the operating results of Matang.

In addition, our Company may face difficulty should it decide to dispose of the Consideration Shares in the stock market if at the relevant time, the trading volume of Matang Shares is low.

Since our Company's investment via the Allottee in Matang is nevertheless intended to be a strategic holding as opposed to a short-term investment, our Company is expected to benefit from the dividend income contribution from Matang in the future given Matang's historically consistent dividend payout for the FYE 30 June 2019 to FYE 30 June 2022 as tabulated below:

		FYE			
		30 June 2019	30 June 2020	30 June 2021	30 June 2022
Dividends declared (RM)		2,715,000	2,715,000	4,344,000	4,778,401
Net PAT (RM)		1,831,813	1,613,527	4,105,447	5,689,321
Dividend payout ratio (Dividend/ Net PAT)		1.48	1.68	1.06	0.84

In this respect, since the Issue Price of the Consideration Shares to the Allottee is below Matang's net assets value per share of RM0.11 based on the latest audited financial statement of Matang Group for the FYE 30 June 2022, the downside to the Allottee is mitigated in contrast to the upside potential of the share price. Our Company will continue to monitor the financial performance of Matang and shall take necessary steps to address such risks as they arise.

4.3 Non-completion of the Proposed Disposal and termination of the SPA

The completion of the Proposed Disposal is subject to the fulfilment of the conditions precedent as stipulated in the SPA. Please refer to the salient terms set out in Appendix I of this Circular.

There is no assurance that all such conditions precedent will be fulfilled or obtained within the timeframe stipulated in the SPA or at all.

If any of these conditions precedent are not fulfilled or waived, the SPA may be terminated. Pursuant thereto, our Company will not be able to complete the Proposed Disposal.

For the information of Shareholders, as at the LPD, the Vendor is in receipt of the approvals in respect of the conditions under Paragraphs 2.1(a) and (b) of Appendix I of this Circular and is in the position to confirm that these conditions are fulfilled. On 8 May 2023, the Purchaser has obtained the approval of the Bursa Securities for the quoting and listing of the Consideration Shares on ACE Market of Bursa Securities as referred to in Paragraph 2.1(e) of Appendix 1 of this Circular, subject to the conditions as set out in Section 2.4, Part A of this Circular.

Apart from this, the SPA is still pending the fulfilment of the other conditions precedent as listed in Paragraphs 2.1(c) to (g) of Appendix I of this Circular. For the avoidance of doubt, the conditions precedent as listed in Paragraph 2.1 (c) to (e) are not intended to be and shall not be waived by either party.

In relation to the condition precedent listed in Paragraph 2.1(g), Appendix I of this Circular, the Purchaser's solicitors have completed the necessary due diligence exercise in relation to the Parent Land. The Purchaser had also appointed an independent registered valuer to carry out valuation of the Property in which the valuation exercise has been completed and that the valuation report was issued on 13 February 2023. With these, the Purchaser is satisfied with the results of the due diligence exercise on the Parent Land including the valuation of the Property.

Shareholders will note that another aspect to the condition precedent listed in Paragraph 2.1(g), Appendix I of this Circular relates to the outstanding Litigation Matter. This condition is added at the Purchaser's request to allow for the Purchaser to review and satisfy itself on the background and facts relating to this material litigation matter against our Company in light of our Company's obligation under the SPA and the Guarantee. Our Company as the Proprietor of the Parent Land agreed to this condition precedent as this Litigation Matter has been announced to the public and after taking into consideration the view of the solicitors-in-charge of this matter that our Company has a strong arguable case at trial against JAKS.

The Purchaser's review in respect of the outstanding Litigation Matter is still ongoing as at LPD and it has yet to confirm satisfaction of this condition precedent. Please refer to Section 4(i) of Appendix V of this Circular for further background of the outstanding Litigation Matter and its latest status.

Additionally, the SPA may also be terminated in the event of, among others, a material breach of the terms and conditions, in the case of the Purchaser's obligations, by the Vendor and in the case of the obligations of the Vendor or the Proprietor, by the Purchaser. In the situation where the SPA is terminated arising from the material default of any party as stipulated in the SPA, a sum equivalent to the Value and, where applicable, the Shortfall (together with the interest accrued thereon) would be refundable to the Purchaser subject to the terms of the SPA.

Notwithstanding this, our Company and the Vendor will take all reasonable steps to ensure the fulfilment of the conditions precedent, including obtaining the approvals/consents required which are within its control, for the purpose of completing the

Proposed Disposal. Nonetheless, in the event that the Proposed Disposal does not materialise for any reason, our Company will still continue with its existing businesses and continue to seek for other opportunities for disposal.

4.4 Compulsory acquisition by the Government

The Malaysian Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960. In such event, the amount of compensation to be awarded may be based on the market value of the Property and is assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. If the Parent Land or part thereof is compulsorily acquired by the Malaysian Government at any point in time after the date of the SPA and before the presentation of the instrument of transfer for registration, the Purchaser has the right to terminate the SPA whereupon the Vendor shall, subject to the Consideration Shares having been issued and allotted to the Allottee, refund to the Purchaser a sum equivalent to the Value in cash to the Purchaser free of any interest in accordance with the terms of the SPA.

5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

5.1 Overview and outlook for the Malaysian economy

The Malaysian 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%)

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

For 2023, the Malaysian economy is expected to expand at a more moderate pace, amid a challenging external environment. This projection is supported by stable domestic demand, mainly from household spending in line with the labour market recovery. Additionally, the contribution of the tourism-related sector is expected to improve following an increase in tourist arrivals. The acceleration of infrastructure projects with high multiplier effects, robust growth in private investment and continuous external demand particularly among major trading partners will further support the economy. Looking ahead, efforts will be intensified to position Malaysia as a major investment destination. Various measures will be implemented to uplift and enhance economic potential for Malaysia to become more competitive, sustainable and inclusive. Furthermore, the Government will continue to provide counter-cyclical policy support as well as expedite structural reforms to strengthen the country's growth prospects and resilience.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

5.2 Overview and outlook of the Malaysian property sector

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

(Source: Press Release, Property Market 2022, Valuation & Property Services Department, Ministry of Finance Malaysia)

The industrial sub-sector recorded 8,082 transactions worth RM21.16 billion in 2022. Compared to 2021, the market activity increased by 44.5% in volume and 24.8% in

value. Selangor continued to dominate the market, with 33.8% of the nation's volume, followed by Johor and Perak, each with 14.0% and 8.1% market share.

(Source: Property Market Report 2022, Valuation & Property Services Department, Ministry of Finance Malaysia)

Overall, 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 the Twelfth 12th Malaysian Plan are expected to remain supportive of the property sector.

(Source: Press Release, Property Market 2022, Valuation & Property Services Department, Ministry of Finance Malaysia)

5.3 Overview and outlook of the Malaysian palm oil industry

The agriculture sector turned around by 0.1% in 2022, mainly driven by the recovery in the oil palm subsector following firmer prices, the gradual return of foreign workers to the plantation industry and improved fresh fruit bunches yield, particularly in the second half of the year 2022. The production of CPO increased by 1.9% to 18.5 million tonnes, mainly attributed to higher output from Peninsular Malaysia and Sarawak.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

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 Malaysia 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, published online on 30 June 2022)

The agriculture sector is projected to expand by 1.1% in 2023 following continuous improvement in oil palm, livestock and fishing subsectors. The oil palm subsector is expected to grow supported by an increase in CPO production, as a result of the improved labour supply. In line with the expectation of better production, the average CPO price is forecast around RM4,000.00 per tonne. Furthermore, external factors

including availability of other edible oils also projected to weigh on CPO price. The livestock and fishing subsectors are expected to increase further and continue to support the sector, backed by concentrated efforts to strengthen food security. Nevertheless, the rubber as well as forestry and logging subsectors are projected to post negative growth for the year.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

5.4 Prospects of Matang

As at the LPD, Matang Group is principally involved in the following:

- i. ownership and management of oil palm plantation as well as sale of FFB ("**Oil Palm Business**");
- ii. ownership, operation and management of durian plantation, processing, production and distribution of durian, and any related downstream business activities ("**Durian Business**"); and
- iii. investment holding and property investment holding.

Oil Palm Business and Durian Business

Within its principal activities, Matang Group is primarily focused on its Oil Palm Business, i.e. the ownership and management of oil palm plantation as well as the sale of FFB from the estate of Matang. Matang Group had also diversified its principal activities to include the Durian Business since 2020, in order to expand and diversify its earning base. Presently, Matang Group's existing oil palm plantation estate together with durian plantations measures a total of 1,092.19 hectares in Johor.

Matang Group has completed development work for the first durian plantation measuring 46.60 hectares for which planting of durian trees have been completed in February 2021 followed with the completion of grafting of all durian trees in August 2021. At the same time, Matang Group had also embarked on its second durian plantation measuring approximately 58.01 hectares with the commencement of earthwork in June 2021 for which the development works had been completed in August 2022 and the planting of all durian trees for second durian plantation was completed in October 2022. Barring any unforeseen circumstances, the management of Matang anticipates that Matang Group's first durian plantation and second durian plantation may start flowering and bearing durian fruits by 2026 and 2027 respectively.

At this juncture, Matang Group continues to evaluate potential investment opportunities for the expansion of its core Oil Palm Business via the acquisition of suitable and viable oil palm estates and/ or land for the development of new oil palm estates. In addition, Matang Group is also seeking suitable opportunities for the expansion of Matang Group's durian plantations to accelerate the Durian Business. Potential acquisitions of land for the development of new durian plantations of Matang Group may also be considered.

Accordingly, Matang Group had in 2021 and 2022 raised proceeds from three (3) private placement exercises for the future acquisition of oil palm/ durian plantation(s) or additional land bank for the development of new oil palm/ durian plantations within Malaysia as well as for the working capital requirements of the oil palm plantations and durian plantations of Matang Group. The future acquisitions are intended to grow the existing businesses of Matang Group and contribute positively to future profitability.

Investment holding and property investment holding

The proposed acquisition of the Property by Matang potentially enables Matang Group to generate additional income through obtaining rental income, leasing the Property or the resale of the Property in the future. Matang Group has identified the Property which is in a prime location, being located in a mature industrial area surrounded by established and mature townships 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 Matang Group's prospects of obtaining rental income, and/or the potential resale of such investment properties in the future to derive gain.

Matang Group intends to reduce its reliance on its Oil Palm Business by undertaking diversification of the existing principal activities of Matang Group to include property investment, which has a positive market outlook in order to potentially supplement Matang Group with further income stream in addition to its Oil Palm Business. Further, Matang Group intends to kick start its property investment business on a cautious manner, and assuming successful completion of the Property, Matang Group may undertake further viable opportunities arising from the property investment business in the future.

Premised on the positive outlook of the property market and barring any unforeseen circumstances, Matang Group views that the proposed acquisition of the Property from the Vendor is in the best interest of Matang 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 future prospects of the property investment business shall contribute positively to Matang Group's financial performance, strengthen its financial position and deliver value to the shareholders of Matang in the future.

(Source: Management of Matang)

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Issued share capital

The Proposed Disposal will not have any effect on our Company's issued share capital as no Star Media Shares will be issued in connection with the Proposed Disposal.

6.2 Substantial shareholders' shareholdings

The Proposed Disposal is not expected to have any effect on the substantial shareholders' shareholdings of our Company as no Star Media Shares will be issued in connection with the Proposed Disposal.

6.3 NA and gearing

For illustrative purposes, assuming that the Proposed Disposal was completed on 31 December 2022, the pro forma effect of the Proposed Disposal on the NA of our Group is as follows:

	Audited as at 31 December 2022	After the Proposed Disposal
NA (RM'000)	652,151	667,751 ⁽¹⁾
Number of shares in issue	738,563,602	738,563,602
NA per share (RM)	0.88	0.90

⁽¹⁾ After taking into consideration the net gain of RM15.6 million arising from the Proposed Disposal.

The Proposed Disposal is not expected to have any effect on the gearing of our Company.

6.4 Profit and EPS

For illustrative purposes, assuming that the Proposed Disposal was completed at the beginning of the FYE 2022, the pro forma effect of the Proposed Disposal on the EPS of our Group is as follows:

	FYE 2022 (RM' 000)	Basic EPS (sen)
Profit after tax attributable to owners of our Company for the FYE 31 December 2022	6,921	0.96
Add: Net pro forma gain from the Proposed Disposal	15,600	2.15
Pro forma profit after tax attributable to owners of our Company for the FYE 31 December 2022	22,521	3.11

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Disposal is subject to and conditional upon the following being obtained:

- (i) the approval of our Company's non-interested shareholders present and voting either in person or by proxy for the Proposed Disposal at the forthcoming EGM to be convened; and
- (ii) the approval of any other relevant authorities and/or parties outlined as conditions precedent to the SPA and set out in Appendix I of this Circular.

As stated in earlier sections of this Circular, upon the occurrence of the Unconditional Date, the Disposal Consideration will be payable in the manner as set out in Section 2.3, Part A of this Circular. Notwithstanding this, the Vendor is not obliged to complete the construction of the Property and to deliver vacant possession of the Property to the Purchaser until the stipulated timeframe for it to do so which is the expiry of thirty-six (36) months from the Unconditional

Date. The SPA can be terminated in case of breach of these obligations or non-registration of the Transfer.

The Proposed Disposal is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 14.89% and this is based on the market capitalisation test/ ratio under Paragraph 10.02(g)(v).

This test is applied in the context of the Disposal Consideration being in the form of listed shares issued to or received by the Allottee.

The denominator that is applied is the market value of all the Star Media Shares although pursuant to the Proposed Disposal, there is no issuance of any new shares of our Company.

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

Save as disclosed below, our Company is not aware of any other Directors and/or major shareholders of our Company and/or any persons connected with them who have any interest, direct or indirect, in the Proposed Disposal.

9.1 Interested Director

As at the LPD, Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon, being the Interested Director is the Deputy Chairman and the Non-Independent Non-Executive Director of our Company with a direct interest of 3.64% and indirect interest of 0.46% in Matang held through Unique Bay Sdn Bhd pursuant to Section 8(4) of the Act.

Accordingly, the Interested Director has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of our Company in relation to the Proposed Disposal.

9.2 Interested Major Shareholders

- (i) As at the LPD, Malaysian Chinese Association, being a substantial shareholder of our Company with a direct interest of 43.23% in our Company, also has an indirect interest of 17.15% in Matang held through each of Huaren Holdings Sdn Bhd and Rohua Sdn Bhd;
- (ii) As at the LPD, Huaren Holdings Sdn Bhd has a direct interest of 2.13% in our Company, is a substantial shareholder of Matang with a direct interest of 16.28% in Matang.

Rohua Sdn Bhd does not hold any shares in our Company as at the LPD. It has a direct interest of 0.87% in Matang.

As such, the Interested Parties will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Disposal at the forthcoming EGM.

The Interested Parties have also undertaken to ensure that the persons connected with them, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolution pertaining to the Proposed Disposal at the forthcoming EGM.

10. HISTORICAL SHARE PRICES

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

	Highest	Lowest
	RM	RM
<u>2022</u>		
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
<u>2023</u>		
January	0.095	0.085
February	0.095	0.085
March	0.090	0.080
April	0.095	0.080
Last transacted market price on 9 February 2023, being the last trading day preceding the execution of the SPA and the announcement of the Proposed Disposal		0.085
Last transacted market price as at the LPD		0.085

(Source: Bloomberg)

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposal, there is no other corporate exercise which our Company has announced on Bursa Securities but is pending completion as at the LPD.

12. TRANSACTIONS WITH THE RELATED PARTIES IN THE PAST 12 MONTHS

Save for the Proposed Disposal, there were no other transactions entered into by our Group with the Interested Parties and/or with the parties connected to them for the preceding 12 months up to the LPD.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has considered the evaluation and recommendation of the Independent Adviser and all aspects of the Proposed Disposal, including but not limited to the following:

- (i) the rationale and benefits of the Proposed Disposal as set out in Section 3, Part A of this Circular;
- (ii) the salient terms of the SPA as set out in Appendix I of this Circular;
- (iii) the Valuation Report from the Independent Valuer; and
- (iv) the financial effects of the Proposed Disposal.

The Audit Committee concurred with the Independent Adviser's recommendation that the Proposed Disposal is (a) fair, reasonable and on normal commercial terms as well as (b) not detrimental to the interest of the non-interested shareholders. The Audit Committee has also carefully deliberated other aspects of the Proposed Disposal such as the rationale and effects as well as the salient terms of the SPA which includes the condition precedent relating to due diligence on the Purchaser.

The Audit Committee (save for the Independent Non-Executive Director, Mr Choong Tuck Oon whose reservation is as set out in Section 14, Part A of this Circular) opines that the Proposed Disposal is also in the best interest of our Company.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for the Interested Director Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon who has abstained from all deliberation on the Proposed Disposal and Mr Choong Tuck Oon, an Independent Non-Executive Director whose view is set out below) having considered all aspects of the Proposed Disposal, including but not limited to the terms of the SPA, the rationale and the evaluation and recommendation of the Independent Adviser, is of the opinion that the Proposed Disposal is in the best interest of our Company.

Mr Choong Tuck Oon is unable to state a recommendation due to the provision of the Guarantee by our Company and the risk exposures associated with the holding of the Consideration Shares.

Accordingly, our Board (save for the Interested Director Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon and Mr Choong Tuck Oon, an Independent Non-Executive Director) recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of our Company.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained from the relevant authorities and/or parties, the estimate timeframes are as follows:

Event	Estimate timeframe
EGM in connection with the Proposed Disposal	31 May 2023
Unconditional Date	Within Q2 2023
Allotment and issuance of the Consideration Shares to the Allottee	Within seven (7) business days from the Unconditional Date, expected to be in Q2 2023
Delivery of vacant possession of the Property to the Purchaser	Within thirty-six (36) months from the Unconditional Date
Release of the Shortfall to the Vendor by the Escrow Agent	Upon the delivery of vacant possession of the Property to the Purchaser, expected to be within thirty-six (36) months from the Unconditional Date

16. EGM AND NOTICE OF EGM

The notice convening the EGM and the Form of Proxy are enclosed in this Circular. The EGM will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting Facilities from the broadcast venue at Cyberhub, Level 2, Menara Star, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 31 May 2023 at 10:00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution, with or without modifications, to give effect to the Proposed Disposal.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote for and on your behalf. In such event, the Form of Proxy should be completed and lodged at Tricor'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, Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the stipulated time fixed for the EGM or any adjournment thereof.

The completion and lodgement of the Form of Proxy shall not preclude you from attending, and voting in person at the EGM should you subsequently wish to do so and in such event, your Form of Proxy shall be deemed to have been revoked.

17. FURTHER INFORMATION

You are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board
STAR MEDIA GROUP BERHAD

Tan Sri Dato' Seri Chor Chee Heung
Chairman and Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER FROM ALLIANCE ISLAMIC BANK BERHAD
TO OUR NON-INTERESTED SHAREHOLDERS
IN RELATION TO THE PROPOSED DISPOSAL**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the Definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein. All references to “we”, “us” or “our” in this IAL are references to AIS, being the Independent Adviser in relation to the Proposed Disposal.

This Executive Summary highlights the salient information from our evaluation of the Proposed Disposal. We advise you to read carefully and understand both Part A: Circular to shareholders of Star Media, including the appendices thereof and this Part B: IAL from AIS in its entirety in relation to the Proposed Disposal. You should not rely solely on this Executive Summary in forming an opinion on the Proposed Disposal.

You are also advised to carefully consider the recommendation contained in this IAL before voting on the resolution to be tabled at the forthcoming EGM of the Company. If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

1. INTRODUCTION

On 10 February 2023, Star Media announced that SMG Land, a wholly-owned subsidiary of Star Media, had on even date, entered into a conditional SPA with Matang in relation to the Proposed Disposal. For information purposes, the Proposed Disposal is subject to the completion of the Property (including the transfer of the Property in favour of Matang) which is to be developed and erected on the Parent Land pursuant to the DRA.

The Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, in view of the interests of the Interested Director and Interested Major Shareholders of Star Media as set out in Section 9, Part A of the Circular and shall be subject to, among others, the approval of the non-interested shareholders of Star Media on the Proposed Disposal.

On 27 December 2022, in accordance with Paragraph 10.08(2) of the Listing Requirements, the Board had appointed AIS as the Independent Adviser to advise the non-interested shareholders of Star Media on the fairness and reasonableness of the Proposed Disposal.

The purpose of this IAL is to provide you with our independent evaluation on the Proposed Disposal together with our recommendation on whether the non-interested shareholders should vote in favour or against the resolution in relation to the Proposed Disposal at the forthcoming EGM of Star Media, subject to the scope of our role and limitations as specified in Section 4 of this IAL.

2. EVALUATION OF THE PROPOSED DISPOSAL

In arriving at our conclusion and recommendation, we have considered the following factors in forming our opinion:

Area of evaluation	Section in the IAL	Our comments
Rationale of the Proposed Disposal	Section 5.1	<p>The Proposed Disposal will afford the Company the opportunity to achieve the following:</p> <ul style="list-style-type: none">▪ to unlock the sale of two (2) units of Property;▪ to invest into oil palm/plantations industry; and▪ to receive Matang Shares upfront. <p>We are of the opinion that the rationale for the Proposed Disposal is reasonable and not detrimental to the interest of the non-interested shareholders of Star Media.</p>

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	Section in the IAL	Our comments												
Mode of settlement of the Disposal Consideration	Section 5.2	<p>The Disposal Consideration will be satisfied in the following manner:</p> <table border="1"> <thead> <tr> <th>Mode of settlement</th><th>(RM)</th><th>(%)</th></tr> </thead> <tbody> <tr> <td>Consideration Shares</td><td>28,881,300</td><td>87.52</td></tr> <tr> <td>Cash</td><td>4,118,700</td><td>12.48</td></tr> <tr> <td>Total</td><td>33,000,000</td><td>100.00</td></tr> </tbody> </table> <p>We are of the view that the mode of settlement of the Disposal Consideration is fair and not detrimental to the interest of the non-interested shareholders of Star Media Group due to the following:</p> <ul style="list-style-type: none"> (i) the Threshold Shareholding will ensure that the total shareholdings of the Allottee and the existing persons acting in concert falls below 33.00% as it is not the intention of Star Media Group to trigger a mandatory general offer; (ii) the receipt of Consideration Shares is in line with the Group's strategies to venture into oil palm/plantation industry, as detailed in Section 5.1(b) of this IAL; and (iii) as at 31 December 2021, being the date which the last consolidated financial statements of the Company have been made up to the signing of the SPA, the Group' cash and bank balances stood at RM343.09 million. 	Mode of settlement	(RM)	(%)	Consideration Shares	28,881,300	87.52	Cash	4,118,700	12.48	Total	33,000,000	100.00
Mode of settlement	(RM)	(%)												
Consideration Shares	28,881,300	87.52												
Cash	4,118,700	12.48												
Total	33,000,000	100.00												
Basis and justification in arriving at the Disposal Consideration	Section 5.3	<p>The methodology adopted by the Independent Valuers in ascribing the market value of the Property are as follows:</p> <ul style="list-style-type: none"> ▪ Comparison Approach as the primary approach in valuing the Property as there are adequate recent transactions available within the vicinity; and ▪ Income Approach (Investment Method) as counter-check for the valuation of the Property. <p>We are of the opinion that the market value of the Property of RM33,000,000 as appraised by the Independent Valuers is fair and reasonable after taking into consideration of both the valuation methodologies, justifications and key assumptions adopted by the Independent Valuers.</p>												
Basis and justification in arriving at the Issue Price of the Consideration Shares	Section 5.4	<p>Based on our analysis, we noted that the Issue Price represents a discount to Matang Shares ranging from 6.90% to 21.00% based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of Matang Shares up to and including the LTD.</p> <p>Premised on the above, we are of the opinion that the Issue Price is fair and justifiable.</p>												
Salient terms of the SPA	Section 5.5	<p>The salient terms of the SPA are mutually agreed upon between Parties and we are of the view that they are reasonable and not detrimental to the interest of the non-interested shareholders of Star Media Group.</p>												

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	Section in the IAL	Our comments
		<p>The Guarantee is a commercial decision based on negotiation between the Parties. We are of the view that the Guarantee is a reasonable request and not detrimental to the interest of the non-interest shareholders of Star Media Group due to the following:</p> <ul style="list-style-type: none"> the entire Disposal Consideration would be settled by Matang on or before the Payment Date; the entitlement to receive the Consideration Shares upfront as compared to in stages or progressively, in turn providing an opportunity for Star Media Group to participate in future dividend declaration by Matang, if any; and the construction of the Property commenced on 2 May 2023 and is expected to be completed in April 2026. As such, the Guarantee serves as the security for the due performance by the Vendor.
Industry overview, outlook and prospects of Matang Group	Section 5.6	<p>The Proposed Disposal represents a strategic opportunity for the Group to invest into new businesses that have a promising outlook and it is in line with the Group's strategies to venture into property development business.</p> <p>We are of the view that the Proposed Disposal has sufficient merits and is not detrimental to the interest of the non-interested shareholders of Star Media Group, after taking into consideration the industry overview and outlook as well as prospects of the Matang Group.</p>
Risk factors in relation to the Proposed Disposal	Section 5.7	<p>The non-interested shareholders of Star Media are advised to give due and careful consideration with regard to the risk factors as mentioned in Section 5.7 of this IAL and Section 4, Part A of the Circular.</p> <p>Although measures may be taken by the Board to mitigate the risks, no assurance can be given to the non-interested shareholders of Star Media Group that such risk factors will not materialise and give rise to any material and adverse impact on the financial performance of the Group.</p>
Effects of the Proposed Disposal	Section 5.8	<p>The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of Star Media.</p> <p>The pro forma NA per Star Media Share as at 31 December 2022 will increase from RM0.88 to RM0.90 upon completion of the Proposed Disposal.</p> <p>Assuming the Proposed Disposal has been completed on 1 January 2022, the Proposed Disposal will result in a pro forma gain of RM15.60 million. The pro forma EPS of Star Media for the FYE 31 December 2022 will improve from 0.96 sen to 3.11 sen after the completion of the Proposed Disposal.</p> <p>Premised on the above, we are of the opinion that the pro forma effects of the Proposed Disposal are not detrimental to the interests of the non-interested shareholders of Star Media.</p>

3. CONCLUSION AND RECOMMENDATION

Premised on our overall evaluation for the Proposed Disposal as set out in Section 5 of this IAL and based on information available to us up to the LPD, we are of the opinion that the Proposed Disposal is **FAIR** and **REASONABLE** insofar as the non-interested shareholders of Star Media are concerned and are **NOT DETRIMENTAL** to the interest of the non-interested shareholders of Star Media.

Accordingly, we recommend the non-interested shareholders of Star Media to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Disposal that is to be tabled at the Company's forthcoming EGM.



Date: 16 May 2023

To: The Non-Interested Shareholders of Star Media Group Berhad

Dear Sir/Madam,

STAR MEDIA GROUP BERHAD ("STAR MEDIA" OR THE "COMPANY")

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF STAR MEDIA
IN RELATION TO THE PROPOSED DISPOSAL**

This IAL is prepared for inclusion in Part B of the Circular and should be read in conjunction with Part A of the Circular. All definitions used in this IAL shall have the same meanings as the words and expressions defined in the Definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein. All references to "we", "us" or "our" in this IAL are references to AIS, being the Independent Adviser in relation to the Proposed Disposal.

1. INTRODUCTION

On 10 February 2023, Star Media announced that SMG Land, a wholly-owned subsidiary of Star Media, had on the even date, entered into a conditional SPA with Matang in relation to the Proposed Disposal. For information purposes, the Proposed Disposal is subject to the completion of the Property (including the transfer of the Property in favour of Matang) which is to be developed and erected on the Parent Land pursuant to the DRA.

The Proposed Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, in view of the interests of the Interested Director and Interested Major Shareholders of Star Media as set out in Section 9, Part A of the Circular and shall be subject to, among others, the approval of the non-interested shareholders of Star Media on the Proposed Disposal.

On 27 December 2022, in accordance with Paragraph 10.08(2) of the Listing Requirements, the Board had appointed AIS as the Independent Adviser to advise the non-interested shareholders of Star Media on the fairness and reasonableness of the Proposed Disposal.

The purpose of this IAL is to provide you with our independent evaluation on the Proposed Disposal together with our recommendation on whether the non-interested shareholders should vote in favour or against the resolution in relation to the Proposed Disposal at the forthcoming EGM of Star Media, subject to the scope of our role and limitations as specified herein.

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL, THE LETTER TO SHAREHOLDERS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION IN RESPECT OF THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

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



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2. DETAILS OF THE PROPOSED DISPOSAL

The full details of the Proposed Disposal are set out in Section 2, Part A of the Circular and should be read and fully understood in their entirety by the non-interested shareholders of Star Media.

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

The details of the Interested Director, namely, Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon and Interested Major Shareholders, namely, Malaysian Chinese Association and Huaren Holdings Sdn Bhd are set out in Section 9, Part A of the Circular.

The Interested Director has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of Star Media in relation to the Proposed Disposal.

The Interested Parties will also abstain from voting in respect of their direct and/or indirect shareholdings in Star Media, if any, on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

Further, the Interested Parties have undertaken that they will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in Star Media, if any, on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

We note that Mr Choong Tuck Oon ("**Mr Choong**"), being the Independent Non-Executive Director of Star Media and also a member of the Audit Committee, is of the view that the Proposed Disposal is:

- (i) fair, reasonable and based on normal commercial terms; and
- (ii) not detrimental to the interest of the non-interested shareholders.

Notwithstanding the above, Mr Choong's view in respect of the Proposed Disposal is in the best interest of Star Media is qualified in so far as, (a) the Guarantee to be provided by the Company to the Purchaser; and (b) risks associated in holding the Consideration Shares. Accordingly, Mr Choong is unable to provide a recommendation to the non-interested shareholders of Star Media Group pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of the Company.

We take note of Mr Choong's view as stated above. We note that the Guarantee to be provided by the Company to the Purchaser is a commercial decision mutually agreed by Star Media Group, Matang and SMG Land (collectively referred to as the "**Parties**"). In view that the entire Disposal Consideration would be settled by Matang within seven (7) business days from the Unconditional Date or such other period as may be mutually agreed in writing by the Parties ("**Payment Date**") as compared to in stages or progressively, the Guarantee to be provided is deemed as a security to Matang for the due performance by the Vendor.

We note that the construction of the Property commenced on 2 May 2023 and is expected to be completed in April 2026. Premised on this, we are of the view that the Guarantee is reasonable and not detrimental to the interest of non-interested shareholders of Star Media Group.

Further, we note that the Group is on the lookout for merger and acquisition opportunities as well as to venture into new businesses that have promising outlook amid the challenging media industry landscape. The receipt of Consideration Shares will enable the Company to invest into oil palm/plantation industry, property investment, if approved by the shareholders of Matang and participate in future dividend declaration by Matang, if any.

However, we also note that the receipt of Consideration Shares is subject to volatility and liquidity risks which in turn will be affected by the development in the plantation industry. In addition, there is no guarantee that the expected benefits from the Proposed Disposal arising from the receipt of the Consideration Shares will be materialised. Notwithstanding this, we note that the Board will monitor the financial performance of Matang by conducting periodic assessments at the quarterly Board's meetings and/or as and when required to safeguard its investment. Hence, we are of the view that the risks associated with holding the Consideration Shares is reasonable and not detrimental to the interest of the non-interested shareholders of Star Media Group.

4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED DISPOSAL

AIS was not involved in the formulation of the Proposed Disposal and/or any deliberation and negotiation on the terms and conditions of the Proposed Disposal. The terms of reference of our appointment as Independent Adviser are in accordance with the requirements set out in Paragraph 10.08(3) of the Listing Requirements and the Best Practice Guide in relation to IALs ("**IAL Guide**") issued by Bursa Securities.

We have evaluated the Proposed Disposal and in rendering our advice, we have considered various factors which we believe are relevant and important in assessing the Proposed Disposal and would be of general concern to the non-interested shareholders of Star Media.

Our scope as the Independent Adviser is limited to providing comments, opinions, information and recommendation on the Proposed Disposal as to whether the Proposed Disposal is fair and reasonable insofar as the non-interested shareholders of Star Media are concerned based on information and documents provided to us or which are made available to us and making enquiries as were reasonable in the circumstances. In performing our evaluation, we have relied on the following sources of information:

- (i) information contained in Part A of the Circular as well as the accompanying appendices;
- (ii) the SPA;
- (iii) the Valuation Certificate and Valuation Report prepared by the Independent Valuers, namely CBRE WTW Valuation & Advisory Sdn Bhd dated 14 February 2023 ("**Valuation Report**");
- (iv) information provided by the Group obtained in or derived from discussions with the management of the Group on 8 December 2022, 9 December 2022, 16 January 2023, 3 February 2023 and 9 February 2023;
- (v) other relevant information, documents, confirmations and representations furnished to us by the Board and management of the Group; and
- (vi) other publicly available information.

We have made reasonable enquiries to and relied on the Company as well as the Board and management of Star Media Group to take due care to ensure that all information, documents, confirmations and representations provided by them to facilitate our evaluation of the Proposed Disposal are accurate, valid and complete in all material aspects. We have not independently verified such information as stated above for its reasonableness, reliability, accuracy and/or completeness and have not undertaken any form of independent investigation into the business, affairs, operations, financial position or prospects of Star Media Group and all relevant parties involved in the Proposed Disposal. In addition, we have made due enquiries and discussions with the Independent Valuers on 20 January 2023 and 27 January 2023 to facilitate our evaluation of the Proposed Disposal. The Board has accepted full responsibility for the accuracy of the information provided and given herein and confirmed in writing that after making all reasonable enquiries and to the best of their knowledge and belief, all relevant facts and information necessary for our evaluation have been disclosed to us and there is no omission of any fact that would make any information provided to us incomplete, misleading or inaccurate as at the LPD.

Based on the above, we are satisfied that the information provided to us or which are made available to us is sufficient and we have no reason to believe that the aforementioned information is unreliable, inaccurate, incomplete and/or misleading as at the LPD.

Our evaluation as set out in this IAL is rendered solely for the benefit of the non-interested shareholders of Star Media as a whole and not for any specific group of non-interested shareholders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objectives, financial situations, risk profiles or particular needs of any individual non-interested shareholders and/or any specific group of non-interested shareholders. We recommend that any non-interested shareholder of Star Media who is in doubt as to the action to be taken or requires advice in relation to the Proposed Disposal in the context of his individual investment objectives, financial situation, risk profile or particular needs should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our evaluation and opinion expressed in this IAL are, among others, based on prevailing economic, capital market, industry, regulatory, socio-political and other conditions (if applicable) and the information/documents made available to us, as at the LPD. Such conditions may change significantly over a period of time. Accordingly, it should be noted that our evaluation and opinion expressed in this IAL do not take into account the information, events or conditions arising after the LPD or such other period as specified herein, as the case may be.

We shall notify the non-interested shareholders of Star Media if, after despatching this IAL, we become aware that this IAL:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary IAL to the non-interested shareholders of Star Media.

We confirm that there is no conflict of interest situation or potential conflict of interest situation arising from us carrying out the role of Independent Adviser to advise the non-interested shareholders of Star Media in respect of the Proposed Disposal and that there were no professional relationships between AIS and Star Media in the past two (2) years prior to the date of this IAL.

AIS is a Registered Person permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007. The corporate finance team of AIS provides full range of corporate advisory which include, among others, initial public offerings, secondary offerings, take-overs, mergers, acquisitions and divestitures, corporate equity fund raisings, corporate restructuring as well as independent advisory services. AIS's corporate finance team comprises experienced personnel with the requisite qualifications and experience to provide, among others, independent advice and provide opinion on the fairness and reasonableness of transactions relating to acquisitions, disposals and take-over offers. The credentials and experience of AIS as an Independent Adviser in the past two (2) years prior to the date of this IAL are as follows:

- (i) independent adviser to the entitled shareholders of MMC Corporation Berhad in relation to the proposed selective capital reduction and repayment exercise pursuant to Section 116 of the Act, whereby Alliance Investment Bank Berhad's ("**AIBB**")⁽¹⁾ independent advice letter was issued on 8 September 2021;
- (ii) independent adviser to the non-interested shareholders of Greenyard Berhad ("**Greenyard**") in relation to the proposed acquisition by Greenyard of 11,700,000 ordinary shares in Greenyard Rubber Holdings (M) Ltd ("**GRHM**"), representing 65.00% equity interest in GRHM for a purchase consideration of up to RM87,809,653, subject to adjustments, to be satisfied via cash, issuance of new ordinary shares in Greenyard and irredeemable convertible preference shares in Greenyard and proposed amendments to the constitution of Greenyard, whereby the independent advice letter was issued on 15 June 2022; and
- (iii) independent adviser to the non-interested shareholders of Advance Synergy Berhad ("**ASB**") in relation to the proposed exemption for Dato' Ahmad Sebi Bakar and the persons acting in concert with him, under sub-paragraph 4.08 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares in ASB not already owned by them, upon the completion of a proposed rights issue, whereby the independent advice letter was issued on 30 June 2022.

Note:

- (1) *On 2 December 2021, AIBB had entered into a conditional business sale and purchase agreement with AIS for the transfer of AIBB's corporate finance, equity capital market and debt capital market business (excluding all non-Shariah compliant mandates) to AIS ("**Capital Markets Business Transfer**"). Pursuant thereto, the Capital Markets Business Transfer was completed on 31 March 2022.*

Based on the above, we have the necessary resources and staff with the relevant skills, knowledge and experience to carry out our role and responsibilities as the Independent Adviser to advise the non-interested shareholders of Star Media in respect of the Proposed Disposal as set out in Section 5 of this IAL.

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5. EVALUATION OF THE PROPOSED DISPOSAL

In our evaluation of the Proposed Disposal, we have considered the following factors in forming our opinion:

Factors	Sections in this IAL
(i) Rationale for the Proposed Disposal	Section 5.1
(ii) Mode of settlement of the Disposal Consideration	Section 5.2
(iii) Basis and justification in arriving at the Disposal Consideration	Section 5.3
(iv) Basis and justification in arriving at the Issue Price of the Consideration Shares	Section 5.4
(v) Salient terms of the SPA	Section 5.5
(vi) Industry overview, outlook and prospects of Matang Group	Section 5.6
(vii) Risk factors in relation to the Proposed Disposal	Section 5.7
(viii) Effects of the Proposed Disposal	Section 5.8

5.1. Rationale for the Proposed Disposal

Set out below are the key rationale for the Proposed Disposal as summarised from Section 3, Part A of the Circular, together with our comments:

(a) Able to unlock the sale of two (2) units of Property

We note that the Proposed Disposal provides an opportunity for Star Media to unlock its investment in the Property at market value. The Group is expected to record a net pro forma gain of disposal of approximately RM15.60 million as set out in Section 2.8, Part A of the Circular.

We also note that Section 2.12, Part A of the Circular stated that the principal activity of SMG Land is property development. Hence, the Proposed Disposal is line with the existing core business operation of SMG Land. In addition, the Proposed Disposal is also in line with the Group's strategies to venture into property development business.

Barring any unforeseen circumstances that may adversely affect the general conditions of the property market in Malaysia, the Proposed Disposal is expected to enhance the revenue and income stream of the Group and strengthen the Group's earning base from the commencement of development and sales over the development period.

(b) Investment into oil palm/plantation industry

We note that the Proposed Disposal, which involves the issuance of the Consideration Shares, allows the Group to invest into oil palm/plantation sectors. The Proposed Disposal gives the Group an opportunity to venture into the plantation sector which may potentially provide returns to the Group and enhance the Group's business portfolio. We also noted that it is the Group's intention to retain the Consideration Shares as a strategic investment.

We understand that the Group is also on the lookout for merger and acquisition opportunities as well as to venture into new businesses that have a promising outlook amid the challenging media industry landscape.

On 10 February 2023, Matang announced that it intends to diversify its existing principal activities of Matang Group to include property investment ("**Proposed Diversification**"). The Proposed Diversification is subject to the approval of Matang's shareholders at an EGM to be convened. Matang Group intends to expand and grow its business operations, to reduce the Group's reliance on the Oil Palm Business and to provide Matang Group with an additional form of income in addition to its present business operations.

The proposed acquisition of Property would further provide Matang Group with 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 capital gain from the resale of such investment properties in the future. The proposed acquisition of Property further enables Matang Group to diversify and create additional income stream which is more recurrent in nature via rental of industrial properties.

For information purposes, the summary of financial information of Matang Group for the past three (3) FYEs 30 June 2020 to 30 June 2022 and six (6)-month FPE 31 December 2022 are as follows:

	Audited FYE 30 June			Unaudited FPE 31 December	
	2020	2021	2022	2021	2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	9,614	13,695	17,625	7,930	8,610
PBT	2,923	6,261	8,615	4,352	3,737
PAT	1,614	4,105	5,689	3,266	3,080
Shareholders' equity	185,408	226,975	228,339	230,256	252,530
EPS attributable to owners of the parent (sen)	0.09	0.22	0.26	0.15	0.13
Dividend per Matang Share (sen)	0.15	0.20	0.22	-	-
Cash, bank balance and short term funds	40,806	83,020	85,081	86,154	108,331
FFB production (tonnes)	20,677	18,814	14,619	7,663	10,363

Based on the table above, we noted that the revenue, PBT and PAT of Matang Group was in an upward trend from FYE 30 June 2020 to FYE 30 June 2022. However, for the six (6)-month FPE 31 December 2022, the revenue of Matang was in an upward trend while the PBT and PAT was on a downward trend as compared to the six (6)-month FPE 31 December 2021. The commentary on the financial information of Matang Group are as follows:

(i) FYE 30 June 2021 compared to FYE 30 June 2020

Despite better than industry's FFB yield, the FFB production of Matang Group has seen a slight drop in FYE 30 June 2021 to 18,814 tonnes (FYE 30 June 2020: 20,677 tonnes), which was mainly due to the reduction of mature hectare for the oil palm plantation with the replanting of durian plantation as well as the effect of labour shortage issues on FFB harvests. However, the average FFB price realised by its estate has risen by 56.56% in FYE 30 June 2021 as compared to FYE 30 June 2020, due to an increase in price of FFB from RM465 per tonne to RM728 per tonne. As a result, Matang Group achieved RM13.70 million in revenue in FYE 30 June 2021 as compared to RM9.61 million for FYE 30 June 2020, representing a growth of 42.45% or RM4.08 million. The increase in PBT and PAT of Matang Group was in line with the increase of the revenue for the FYE 30 June 2021.

Similarly, the EPS of Matang Group increased from 0.09 sen in FYE 30 June 2020 to 0.22 sen in FYE 30 June 2021.

(ii) FYE 30 June 2022 compared to FYE 30 June 2021

For the FYE 30 June 2022, Matang Group's revenue has increased from RM13.70 million in the FYE 30 June 2021 to RM17.63 million in the FYE 30 June 2022, registering an increase of 28.70% or RM3.93 million. The FFB production decreased by 22.30% from 18,814 tonnes in the FYE 30 June 2021 to 14,619 tonnes in FYE 30 June 2022 primarily due to the reduction of mature hectareage for the oil palm plantation with the replanting of durian plantation and the effect of labour shortage issues on FFB harvests. Although the FFB production and FFB yield have dropped in FYE 30 June 2022, the elevated CPO prices have resulted in higher average FFB prices realised by Matang Group. The average FFB price for FYE 30 June 2022 has risen by 65.66% as compared to FYE 30 June 2021 from RM728 per tonne to RM1,206 per tonne. The increase in PBT and PAT for the FYE 30 June 2022 was in tandem with the increase of revenue.

As a result, the EPS of Matang Group increased from 0.22 sen in the FYE 30 June 2021 to 0.26 sen in the FYE 30 June 2022.

(iii) FPE 31 December 2022 compared to FPE 31 December 2021

Matang Group recorded a higher revenue or RM8.61 million for the FPE 31 December 2022 (FPE 31 December 2021: RM7.93 million). The higher revenue was due to an increase in FFB production. The FFB production increased by 35.23% from 7,663 tonnes in the FPE 31 December 2021 to 10,363 tonnes in FPE 31 December 2022 primarily due to the improvement in labour supply condition. For information purposes, the average FFB price realised decreased from RM1,035 per tonne in the corresponding quarter in the preceding year to RM831 per tonne in the current quarter. The decrease in PBT was mainly due to the drop in gross profit of RM0.07 million which was compensated by the increase in other income while the administration expenses increased by approximately RM0.94 million. As a result, Matang Group's PAT for the current quarter was lower at RM3.08 million (FPE 31 December 2021: RM3.27 million).

The decrease in PAT of Matang Group has translated to a lower EPS of Matang Group of 0.13 sen for the FPE 31 December 2022 as compared to the EPS of 0.15 sen for the FPE 31 December 2021.

(Source: Annual Reports of Matang for the FYE 30 June 2022 and FYE 30 June 2021, the unaudited financial results of Matang for the FPE 31 December 2022 and the unaudited financial results of Matang for the FPE 31 December 2021)

Given the positive financial position of Matang Group and taking into consideration of the Proposed Diversification, we are of the view that the Proposed Disposal provides an opportunity for the Group to venture into oil palm/plantation industry and property investment business. Following the above, we are of the view that Matang Group's intention to retain the Consideration Shares as a strategic investment in Matang is reasonable and not detrimental to the interest of non-interested shareholders of Star Media Group.

(c) **Entitlement to receive Matang Shares upfront**

We note that the Consideration Shares will be allotted and issued within seven (7) business days from the Unconditional Date as compared to in stages or progressively, in turn providing an opportunity for the Group to benefit from the additional income stream via the investment in Matang. The construction of the Property commenced on 2 May 2023 and expected to be completed in April 2026. For information purposes, progress billing is the normal payment method for purchasing a property under construction via cash term. We note that the settlement of the entire Disposal Consideration upfront is a commercial decision between Parties as compared to normal payment terms under progress billing method and the release of Shortfall is deemed as the final payment to be released to the Company upon delivery of the Vacant Possession. Thus, we are of the view that the manner of payment as stated above is considered reasonable and not detrimental to the interest of non-interested shareholders of Star Media Group.

We also noticed that Matang has been declaring dividend to its shareholders ranging from 0.15 sen to 0.22 sen since FYE 30 June 2018 to FYE 30 June 2022. As such, following the receiving of the Consideration Shares as part settlement of the Disposal Consideration, Star Media will be able to participate in future dividend declaration by Matang, if any.

Further, Star Media Group will be entitled to the full rights of the Consideration Shares. The Consideration Shares will be allotted and issued to the Allottee at the Issue Price. For illustration purposes, the Company will be able to realise a capital gain of approximately RM1.46 million assuming that Star Media is disposing the Consideration Shares at RM0.0850 (being the five (5)-day VWAP of Matang Shares up to and including the LPD).

Premised on the above, we are of the opinion that the rationale for the Proposed Disposal is reasonable and not detrimental to the interest of the non-interested shareholders of the Company.

5.2. Mode of settlement of the Disposal Consideration

We note that the Disposal Consideration will be satisfied in the following manner:

Mode of settlement	(RM)	(%)
Consideration Shares	28,881,300	87.52
Cash	4,118,700	12.48
Total	33,000,000	100.00

We note in Section 2.2, Part A of the Circular, “SMG Land and Matang negotiated and mutually agreed that the mode of satisfaction of the Proposed Disposal shall be by way of issuance of Matang Shares, which would provide Star Media Group with an opportunity to venture into oil palm/ plantation sector through the investment in Matang. In order to ensure that the number of Matang Shares to be issued will not trigger a takeover offer obligation pursuant to the Rules on Takeovers, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, SMG Land and Matang further agreed that the number of Consideration Shares shall not exceed 13% of the total enlarged number of Matang Shares after such issuance (“**Threshold Shareholding**”), at the Issue Price agreed on a willing-buyer willing-seller basis as further explained in Section 2.3(i), Part A of this Circular. Following therefrom, the balance of the Disposal Consideration not satisfied via the issuance of the Consideration Shares (i.e. the Shortfall) is to be satisfied by way of cash payment to SMG Land.”

We are of the view that the mode of settlement of the Disposal Consideration is fair and not detrimental to the interest of the non-interested shareholders of Star Media Group due to the following:

- (i) the Threshold Shareholding will ensure that the total shareholdings of the Allottee and the existing persons acting in concert falls below 33.00% as it is not the intention of Star Media Group to trigger a mandatory general offer;
- (ii) the receipt of Consideration Shares is in line with the Group's strategies to venture into oil palm/plantation industry, as detailed in Section 5.1(b) of this IAL; and
- (iii) as at 31 December 2021, being the date which the last consolidated financial statements of the Company have been made up to the signing of the SPA, the Group's cash and bank balances stood at RM343.09 million.

We also note that the entire Disposal Consideration would be fully satisfied on the Unconditional Date and as part of the negotiated terms of the SPA, no deposit was agreed to be paid on the execution of the SPA. The Company did not require the payment of deposit as the Disposal Consideration is to be fully satisfied by Matang as soon as the SPA becomes unconditional (as opposed to progressive payment based on the stages of construction of the property). As a result, we are of the view that this term is fair and not detrimental to the interest of the non-interested shareholders of Star Media Group.

In addition, we understand that in the event that the Conditions Precedent as set out in the SPA are not fulfilled, there is no penalty/recourse available to SMG Land. We are of the view that this term is reasonable and not detrimental to the interest of the non-interested shareholders of Star Media Group due to the following:

- (a) the term was negotiated and mutually agreed between the Parties whereby the entire Disposal Consideration would be fully satisfied by Matang as soon as the SPA becomes unconditional as compared to in stages or progressively; and
- (b) the construction of the Property just commenced on 2 May 2023.

Premised on the above, we are of the view that the mode of settlement of the Disposal Consideration is fair and not detrimental to the interest of non-interested shareholders.

We further note that in Section 2.2, Part A of the Circular, the *"Disposal Consideration was arrived at via mutual agreement between SMG Land and Matang, supported by market value of the Property as derived by the Independent Valuers."*

The market value as computed by the Independent Valuers is generally taken as 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.

The Disposal Consideration is a fair representation of the market value of the Property, supported by the market value derived by the Independent Valuers and taking into account the rationale and benefits of the Proposed Disposal as set out in Section 3, Part A of the Circular."

We note from Section 2.3, Part A of the Circular that 357,000,000 new Matang Shares will be allotted and issued to SMG Production at RM0.0809 per Consideration Share and the remaining RM4,118,700 will be satisfied by cash. We also note that Matang shall pay to SMG Land the Disposal Consideration in the following manner:

- (a) the Consideration Shares will be allotted and issued to SMG Production within seven (7) business days from the Unconditional Date or such further period as may be mutually agreed in writing by the parties.

For information purposes, we understand that the principal activity of SMG Production is investment holding company. In view of the above and after taking into consideration that SMG Production is a wholly-owned subsidiary of SMG Land, which in turn is a wholly-owned subsidiary of Star Media, we are of the view that the nomination of SMG Production as Allottee is not detrimental to the interest of the non-interested shareholders of Star Media Group.

- (b) on or before the Payment Date, the Shortfall shall be deposited by Matang to the Escrow Agent and placed in an interest bearing account and which shall be dealt with in accordance with the terms as set out in the SPA or an escrow agreement to be entered into by the Escrow Agent, SMG Land and Matang.

The Escrow Agent shall be irrevocably and unconditionally authorised to release the Shortfall to SMG Land within five (5) business days of the receipt by the Escrow Agent of the written notice issued by SMG Land or its solicitors to the Escrow Agent, upon any event of default committed by Matang which is not otherwise remedied in accordance with the terms of the SPA or upon issuance of the written notice to accept delivery of Vacant Possession, which notice to accept delivery of Vacant Possession may be issued by SMG Land regardless of an event of default by Matang under the SPA.

We note that the normal vacant possession period for industrial properties is generally between 24 months to 36 months depending on the scale of the project. We are of the view that the release of the Shortfall to SMG Land within the timeframe as stipulated in the SPA is reasonable and not detrimental to the interest of the non-interested shareholders of Star Media due to the following:

- (i) the entire Disposal Consideration would be settled by Matang on or before the Payment Date; and
- (ii) the receipt of Consideration Shares provides the Group with the opportunity to venture into the oil palm/plantation sector which may potentially provide returns to the Group and enhance the Group's business portfolio.

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5.3. Basis and justification in arriving at the Disposal Consideration

We have reviewed the Valuation Report prepared by the Independent Valuers and note that the valuation prepared is 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 Malaysia. We have made reasonable enquiries and conducted our own reviews, where possible, in regards to the Valuation Report and are of the view that the valuation methodologies and key assumptions applied by the Independent Valuers are reasonable and consistent.

We note that the Independent Valuers had adopted the Comparison Approach of valuation as the primary method of valuation as adequate amount of transactions are available within the vicinity. Further, we also note that the Independent Valuers had considered the Income Approach (Investment Method) as a cross check in deriving the market value. Based on the Valuation Certificate as set out in Appendix IV of the Circular, we note that both valuation methodologies arrived at the same market value of RM16,500,000 for each unit of the Property. We note that in this regard, the Disposal Consideration is fair as it reflects the market value of the Property.

5.3.1. The market value of the Property

In assessing the fairness of the Disposal Consideration, we have relied on the market value of the Property as appraised by the Independent Valuers of RM33,000,000 or equivalent to RM16,500,000 for each Property. The valuation methodologies used are as follows:

(i) Comparison approach

Comparison Approach entails analysing recent transactions and asking prices for comparable properties within the locality of the Property with adjustments made for differences for e.g. in location, accessibility/visibility, size, tenure shape, position and other relevant characteristics in arriving the land value. We also note that the Independent Valuers make reference to the estimated construction cost inclusive of profits and financial elements from their research as well as the JUBM Sdn Bhd (“JUBM”) and Arcadis Construction Cost Handbook Malaysia as a guide in arriving the building value. For information purposes, the Independent Valuers have not allowed any depreciation for the Property as it is yet to be constructed during their site inspection.

(ii) Income approach (Investment Method)

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

Based on the Valuation Report:

- (a) we are of the view that the valuation methodologies adopted by the Independent Valuers are reasonable and consistent with generally applied valuation methodologies; and
- (b) we are satisfied with the justifications and key assumptions adopted by the Independent Valuers in deriving the market value of Property.

Please refer to Sections 5.3.1.1 and 5.3.1.2 of this IAL for our comments on the valuation methodologies and key assumptions adopted by the Independent Valuers.

5.3.1.1. Comparison Approach

Valuation of land

In arriving at the market value of the Property, several recent transactions of semi-detached factory have been considered, of which details are as follows:

	Comparable			Property	
	1	2	3	Unit No. 3	Unit No. 5
Source	Jabatan Penilaian Dan Perkhidmatan Harta ("JPPH")			-	-
Name	Bukit Jelutong	Hicom-Glenmarie Industrial Park	Temasya Industrial Park	Bukit Jelutong	Bukit Jelutong
Title No.	HS(D) Kekal 296661	HS(D) Kekal 316135	HS(D) Kekal 102337	Geran 204624	
Lot No.	PT 35573	PT 3059	PT 16151	Lot 78658	
Town/Mukim	Damansara	Bandar Glenmarie	Damansara	Damansara	Damansara
District	Petaling				
State	Selangor				
Address	No.12, Jalan Para U8/103	No. 11, Jalan Penyajak U1/45A	No. 27, Jalan Perintis U1/52	Unit Nos. 3 & 5, Jalan Tiang U8/94, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor	
Type	Single storey intermediate semi-detached factory annexed with three (3)-storey office building	Three (3)-storey semi-detached factory and office	Single storey corner semi-detached factory annexed with three (3)-storey office building	Double storey semi-detached factory and warehouse annexed with one-and-a-half (1½)-storey office building and other ancillary buildings	
Land area (sq ft)	12,600	14,721	21,797	26,339	26,339
Gross floor area (sq ft)	6,988	12,304	14,000	29,865	29,865
Tenure	Term in perpetuity				
Date of transaction	11 May 2021	8 July 2022	5 October 2020	10 February 2023	10 February 2023
Consideration (RM)	7,000,000	8,400,000	15,700,000	16,500,000	16,500,000
Land value analysis (RM psf)	458	405	600	-	-
Upward adjustments	-	Shape and type	-	-	-
Downward adjustments	Size and type	Location, size and position	Location, accessibility, size, position and type	-	-
Adjusted land value (RM psf)	378	354	405	380	380

(Source: Valuation Report)

From the analysis above, the adjusted land values range from RM354 psf to RM405 psf. The Independent Valuers adopted Comparable 1 as the most appropriate comparable as it is located within the same locality with the Property. Thereafter, the Independent Valuers had adopted a rounded value of RM380 psf for the valuation of land.

Valuation of building

In arriving at the building value of the Property, the Independent Valuers had made reference to the estimated construction cost inclusive of profits and financial elements from their research as well as the JUBM and Arcadis Construction Cost Handbook Malaysia 2022 published by Arcadis (Malaysia) Sdn Bhd ("**Handbook**"). Based on the Handbook, the building cost for industrial properties in Kuala Lumpur are as follows:

	(RM psf)
Light duty flatted factories	141 - 170
Heavy duty flatted factories and warehouses	172 - 205
Single storey conventional factory of structural steelwork	128 - 183
Owner operated factories, low rise	170 - 219

(Source: Valuation Report)

Following the above, we note that the Property falls within the group of "Owner operated factories, low rise". The building value adopted for each of the Property is as follows:

Description		Building value (RM psf)
(a)	Double storey semi-detached factory and warehouse together with one-and-a-half (1½)-storey office building	220
(b)	Ancillary buildings	
	▪ Guard house	100
	▪ Refuse chamber	100

(Source: Valuation Report)

We note that the Handbook provides the construction costs data for certain cities within Malaysia such as Kuala Lumpur, Johor Bahru, Penang, Kota Kinabalu and Kuching as reference. In view that the Property is located in Selangor, we are of the view that the Independent Valuers making reference to the building cost for industrial properties in Kuala Lumpur is reasonable. In addition, we also note that the building cost adopted by the Independent Valuers of RM220 psf for double-storey semi-detached factory and warehouse together with one-and-a-half (1½)-storey office building, of which is approximate to the value quoted in the Handbook for low rise owner-operated factories.

Further to the above, we note that the Independent Valuers had not allowed any depreciation for the Property as it is yet to be constructed during the site inspection. The Independent Valuers have also assumed that the Property will be constructed in accordance with the approved building plans and issued with a Certificate of Completion and Compliance (as defined herein) by the relevant authorities thereafter.

Based on the due enquiry with the Independent Valuers, we have taken note of the adjustments made to the building cost for industrial properties in Kuala Lumpur and consider these adjustments are reasonable.

The summary of market value of the Property based on the Comparison Approach is as follows:

	RM
Market value of:	
▪ land	(1) 10,008,820
▪ building	(2) 6,533,700
	16,542,520
Total market value of each of the Property (rounded)	16,500,000

Notes:

- (1) Land value was computed based on RM380 psf as appraised by the Independent Valuers multiply with the land area of 26,339 sq ft.
- (2) Building value was computed as follows:

Description	Land area (sq ft)	Building value (RM psf)	Amount (RM)
(i) Double storey semi-detached factory and warehouse together with one-and-a-half (1 ¹ / ₂)-storey office building	29,560	220	6,503,200
(ii) Ancillary buildings			
▪ Guardhouse	116	100	11,600
▪ Refuse chamber	189	100	18,900
Total			6,533,700

Premised on the above, we are of the view that the market value of RM33,000,000 for both the Property is fair and not detrimental to the interest of the non-interested shareholders of Star Media Group due to the following:

- (i) the bases and assumptions used by the Independent Valuers in deriving the respective adjusted land values of the comparable are reasonable;
- (ii) the comparable adopted by the Independent Valuers on the land value is appropriate as it is located within the same locality with the Property and the said comparable bearing near similar characteristics of the land of the Property; and
- (iii) the professional judgement of the Independent Valuers after taking into consideration of the estimated construction cost inclusive of profits and financial elements as well as making reference to the Handbook.

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5.3.1.2. Income Approach (Investment Method)

In addition to the Comparison Approach, we note the Independent Valuers had also considered the Income Approach (Investment Method) as a cross check in deriving the market value of the Property. The following parameters were adopted by the Independent Valuers in undertaking its assessment:

(i) Gross rental

We note that the Independent Valuers have considered the concluded rental and the asking rentals of selected single storey semi-detached factory annexed with three (3)-storey office building within Bukit Jelutong. The rental analysis is as follows:

	Comparable 1	Comparable 2	Comparable 3
Source	JPPH	lproperty.com.my	JPPH
Location/address	I-Parc 3, Bukit Jelutong	Metropolitan Business Park, Bukit Jelutong	Metropolitan Business Park, Bukit Jelutong
Type	Single storey semi-detached factory annexed with three (3)-storey office building		
Floor area (ft)	7,200	6,988	6,988
Land area (ft)	8,925	15,300	12,600
Date of transaction/Posted date	1 January 2022	21 November 2022	18 September 2020
Analysis of monthly rental (RM psf)	1.81	2.72	2.29
Less negotiation	-	5.00% from the asking rental per month	-
Analysis of monthly rental after negotiation (RM psf)	1.81	2.58	2.29
Upward adjustments	Building age	Building age	Building age and time
Downward adjustments	Size and design	Size and design	Size and design
Adjusted value (RM psf)	1.67	2.39	2.17

(Source: Valuation Report)

Based on the table above, the adjusted value of gross rental ranging between RM1.67 psf to RM2.39 psf. The Independent Valuers have adopted the adjusted value of Comparable 3 as it is transacted rental evidence from JPPH within the same locality, namely, Bukit Jelutong and with larger land area. As such, the Independent Valuers have adopted RM2.20 psf as the estimated market rental for the Property.

We note that Comparable 2 and Comparable 3 are also located within the similar locality i.e. Bukit Jelutong and Comparable 2 has larger land area. However, in view that the source of Comparable 3 is more reliable since it was the transacted rental evidence from JPPH as compared to Comparable 2, we are of the opinion that the estimated market rental of RM2.20 psf for the Property is fair.

(ii) Outgoing

The Property is yet to be subdivided and constructed during the site inspection. In relation thereto, the Independent Valuers had conducted their own analysis by making reference to the rates charged by the relevant authorities as well as outgoing of similar property type. The estimated outgoings are as follows:

Items	Average monthly outgoings	Remarks
Quit rent	RM0.018 psf	We note that the Independent Valuers have benchmarked the quit rent based on the Selangor Land Rules 2003, whereby the annual rent for industrial lots with land size of two (2) hectares and less is at 232.04 sen per square metre per annum (which is equivalent to 21.56 sen psf per annum) or RM0.018 psf per month.
Assessment	RM0.165 psf	We note that the Independent Valuers have benchmarked the rate of assessment based on Majlis Bandaraya Shah Alam assessment tax guideline. The assessment rate is estimated at 7.5% of annual rent of the Property.
Fire insurance	RM0.030 psf	We note that the Independent Valuers have made reference to the insurance premium charged to the property of similar type within Klang Valley.
Total	RM0.213 psf	

Further to the above, the Independent Valuers have allocated an additional 2.50% of the rental of RM2.20 psf per month for the capital expenditure. Therefore, for the purpose of the Valuation Report, the Independent Valuers have adopted RM0.26 psf per month for outgoings (including capital expenditure).

Premised the above, we are of the view that the outgoings of RM0.26 psf are fair.

(iii) Void

A void allowance is provided to reflect unforeseen vacancies, possible rent-free periods, fitting-out periods and possibility of bad debts. Factors such as the tenant profile as well as the occupancy rate achieved are taken into consideration when determining the void allowance.

We understand from the Independent Valuers that the market practice for the void allowance is ranging between 5% and 10%. We further note the Independent Valuers have adopted the void allowance of 5.00%, in view that the Property is located within the mature industrial location.

Thus, we are of the opinion that the void allowance of 5.00% is fair.

(iv) Yield

The Independent Valuers had adopted 4.00% for the yield.

The Independent Valuers had determined the yield based on the analysis of the recent transacted single storey semi-detached factory annexed with three (3)-storey office building within the vicinity. The yield analysis is as follows:

Scheme/locality	Temasya Industrial Park	I Par-3, Bukit Jelutong	Temasya Industrial Park
Source	lproperty.com.my	JPPH	lproperty.com.my
Date of transaction	29 April 2022	16 November 2020	17 March 2020
Floor area (sq ft)	13,321	7,200	14,337
Consideration (RM)	8,680,000	3,300,000	14,150,000
Type	Single storey semi-detached factory annexed with three (3)-storey office building		
Estimated asking rental/concluded rental (monthly)	RM38,000	RM13,000	RM48,000
Asking rental (RM psf)	2.85	1.81	3.35
Less negotiation (%)	5.00	-	5.00
Estimated monthly rental (RM psf)	2.71	1.81	3.18
Estimated monthly outgoings (RM psf)	0.20	0.18	0.33
Net monthly income (RM psf)	2.29	1.53	2.69
Net annual income (RM)	365,940	132,600	462,240
Net yield (%)	4.22	4.02	3.27

Based on the above analysis, we note that the estimated yields of similar single storey semi-detached factory annexed with three (3)-storey office building within the vicinity ranging from 3.27% to 4.22%. The Independent Valuers adopted 4.00% as the yield to derive at the market value under the Income Approach (Investment Method).

We are of the view that the yield of 4.00% adopted by the Independent Valuer is fair as it is based on market-based transactions and it falls within the yield of the comparables.

Following the above parameters, the Independent Valuers ascribed the market value of each unit of the Property based on the Income Approach (Investment Method), at RM16,500,000. Accordingly, we consider the market value of the Property derived from the Income Approach (Investment Approach) is fair.

Based on Sections 5.3.1, 5.3.1.1 and 5.3.1.2 of this IAL, we are of the opinion that the market value of the Property of RM33,000,000 as appraised by the Independent Valuers is fair and reasonable after taking into consideration of both the valuation methodologies, justifications and key assumptions adopted by the Independent Valuers.

5.4. Basis and justification in arriving at the Issue Price of the Consideration Shares

The basis and justification in arriving at the Issue Price of the Consideration Shares are set out in Section 2.3, Part A of the Circular.

The Issue Price was arrived at after taking into consideration the five (5)-day VWAP of Matang Shares up to and including 9 February 2023, being the last trading day prior the signing of the SPA (“LTD”).

The Issue Price represents a discount of approximately seven percent (7%) to the five (5)-day VWAP of Matang Shares up to and including the LTD of RM0.0869 per Matang Share.

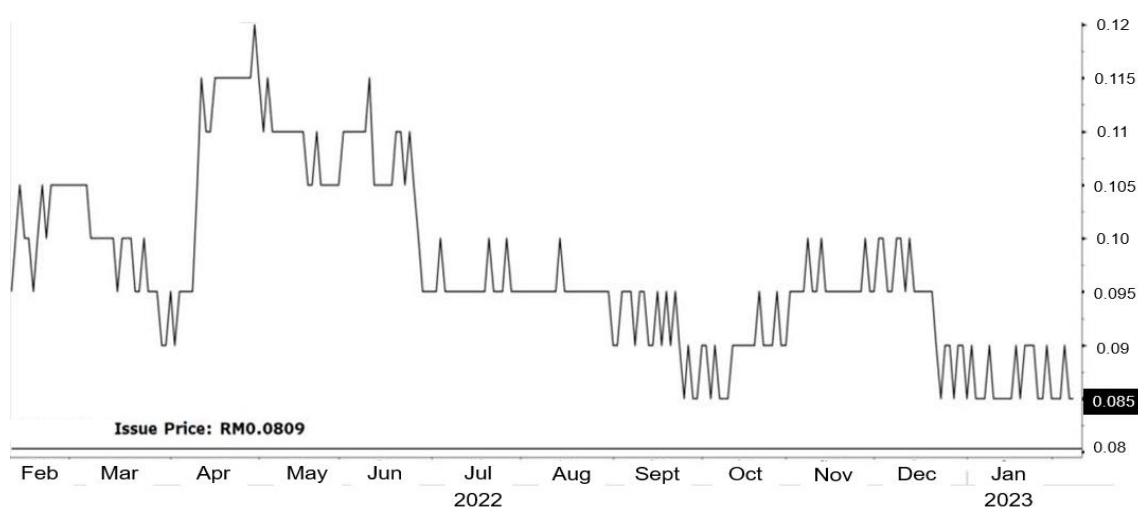
In evaluating the Issue Price, we have considered the following discounts to the closing market prices/VWAPs of the Matang Shares:

	Closing market price/VWAPs of Matang Shares	Discount of the Issue Price over the closing market price or VWAPs of Matang Shares	
	RM	RM	%
<u>Up to and including the LTD</u>			
Closing market price	0.0850	(0.0041)	(4.82)
Five (5)-day VWAP	0.0869	(0.0060)	(6.90)
One (1)-month VWAP	0.0876	(0.0067)	(7.65)
Three (3)-month VWAP	0.0897	(0.0088)	(9.81)
Six (6)-month VWAP	0.0900	(0.0091)	(10.11)
One (1)-year VWAP	0.1024	(0.0215)	(21.00)
<u>Up to the LPD</u>			
Closing market price	0.0850	(0.0041)	(4.82)
Five (5)-day VWAP	0.0850	(0.0041)	(4.82)

(Source: Bloomberg)

Based on the table above, we note that the Issue Price represents a discount of 4.82% to the closing market price of Matang Shares of RM0.0850 as at the LTD. In addition, the Issue Price also represents a discount of 6.90% to the five (5)-day VWAP of Matang Shares up to and including the LTD of RM0.0869 per Matang Share. Further, the Issue Price also represents a discount ranging between 7.65% to 21.00% over the one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of Matang Shares up to and including the LTD.

Further, we have also considered the review period which covers a full year of the performance of Matang Shares up to and including the LTD, in order to provide a general view of the historical trend of Matang Shares when assessing the Issue Price.



(Source: Bloomberg)

As shown in the chart above, the one (1) year's closing price of Matang Shares up to and including the LTD are ranging from RM0.0830 to RM0.1170. Thus, the Issue Price is below the one (1) year's closing price range of Matang Shares up to and including the LTD.

In addition, the Issue Price also represents the following:

- (i) a discount of approximately 15.21% to the average closing price of RM0.0954;
- (ii) a discount of approximately 17.25% to the average high price of RM0.0978; and
- (iii) a discount of approximately 13.18% to the average low price of RM0.0932,

to the one (1) year share price of Matang Shares up to and including the LTD.

Based on the above, we noted the followings:

- (a) the Issue Price represents a discount to Matang Shares ranging from approximately 6.90% to 21.00% based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of Matang Shares up to and including the LTD; and
- (b) the Matang Shares have never been traded below the Issue Price for the past one (1) year prior to the LTD.

Premised on the above, we are of the opinion that the Issue Price is fair and justifiable.

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5.5. Salient terms of the SPA

The salient terms of the SPA are as disclosed in Appendix I of the Circular. The non-interested shareholders of Star Media are advised to read and understand Appendix I of the Circular in its entirety.

Our comments on the salient terms of the SPA are as follows:

No	Salient terms	Our comments
1.	<p><u>Conditions Precedent</u></p> <p>The sale and purchase of the Property shall be conditional upon the fulfilment of, among others, 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 ("Conditional Period"):</p> <ul style="list-style-type: none"> (i) the approval of the appropriate governmental, semi or quasi government, statutory body, agency or authority(ies) ("Appropriate Authority(ies)") for the layout approval and development order as well as the building plans approval for the development of the Parent Land being obtained by the Vendor on terms and conditions acceptable to the Vendor; (ii) the approval of the shareholders of the Purchaser at an EGM for the Proposed Disposal; (iii) the approval of the shareholders of the Vendor and Proprietor for the Proposed Disposal; (iv) the approval being granted by Bursa Securities for the listing and quotation of the Consideration Shares on the ACE Market of Bursa Securities; (v) 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 (vi) the completion of a due diligence on the Parent Land undertaken by the Purchaser including a valuation on the Property and the Litigation Matter (as defined herein). 	<p>The Conditional Period is mutually agreed by the Parties in order to ensure that sufficient time is provided to obtain the necessary approvals from the Appropriate Authorities. We are of the view that the Conditional Period is reasonable and not detrimental to the interest of the non-interested shareholders.</p> <p>We are of the view that the term in relation to the waiver of the Conditions Precedent is reasonable given that it provides an option for the Parties to mutually waive the remaining Conditions Precedent that cannot be satisfied by the Parties under certain circumstances, thereby allowing the Parties to complete the Proposed Disposal in a timely manner.</p> <p>Nevertheless, the Vendor, in considering whether to agree to any such waiver, or otherwise, shall ensure that it will not be detrimental to the interests of Star Media Group and its' minority shareholders.</p> <p>For information purposes, we understand that the Conditions Precedent set out in items (ii) to (iv) are not intended and shall not be waived by either party. The remaining Conditions Precedent are expected to be satisfied within the Conditional Period.</p> <p>The Conditions Precedent are mutually agreed to assure the implementation of the Proposed Disposal.</p>

No	Salient terms	Our comments
		<p>The Conditions Precedent set out the prerequisite approvals which are required to be met to ensure compliance with the necessary rules and regulations imposed by the relevant authorities/parties to give effect to the Proposed Disposal. These Conditions Precedent are ordinary terms typical to the transaction of such nature save for the due diligence on the Litigation Matter under item (6) of this section.</p> <p>We note that the due diligence on the Litigation Matter is to allow Matang to review and satisfy itself on the ability of the Company to fulfil the obligation under the SPA and the Guarantee after taking into consideration the sizeable amount claimed against the Company by JAKS of approximately RM595 million.</p> <p>We are of the view that although the inclusion of the due diligence on such Litigation Matter as one of the Conditions Precedent is not common in nature of such transaction, however, it was a commercial term negotiated by Parties and after taking into consideration the view of the solicitors-in-charge that the Company has a strong arguable case at trial against JAKS.</p> <p>We are of the view that the inclusion of the due diligence on the Litigation Matter as one of the Conditions Precedent is reasonable and not detrimental to the interests of the non-interested shareholders of Star Media Group due to the following:</p> <ul style="list-style-type: none"> ▪ the entire Disposal Consideration would be settled by Matang on or before the Payment Date; and ▪ if the judgement is awarded against the Company, this will adversely impact the financial position of the Group and the funding requirements to continue with the development of the Property.

No	Salient terms	Our comments
		<p>The Litigation Matter was also included as an event of default by Star Media Group, please refer to Section 5.5, item 6 of this IAL for further information.</p> <p>Premised on the above, we are of the view that the Conditional Period and Conditions Precedent are considered reasonable.</p>
2.	<p><u>Manner of payment of Disposal Consideration</u></p> <p>The Purchaser shall pay to the Vendor the Disposal Consideration within seven (7) business days from the Unconditional Date or such further period as may be mutually agreed in writing by the Parties.</p> <p>The Disposal Consideration of RM33,000,000 shall be satisfied on or before the Payment Date in the following manner by the Purchaser:</p> <p>(i) the sum of RM28,881,300 shall be paid through the allotment and issuance of 357,000,000 new Consideration Shares as part payment of the Disposal Consideration to the Allottee at the Issue Price, of which approximates a discount of seven percent (7%) to the five (5) day VWAP of Matang Shares immediately preceding the date of the SPA of RM0.0869. The Parties agreed that the Consideration Shares to be issued shall not exceed 13.00% of the total enlarged number of Matang Shares after such issuance; and</p> <p>(ii) the sum of RM4,118,700, being the balance of Disposal Consideration not satisfied via the allotment and issuance of Consideration Shares shall be deposited by the Purchaser, to the Escrow Agent and placed in an interest bearing account.</p> <p>The Purchaser represents and warrants to the Vendor that the issuance of the Consideration Shares are not and shall not be in violation of any provision in the Purchaser's Constitution, shall not be issued in contravention or breach of any laws and regulations.</p> <p>Pending the issuance of the Consideration Shares, the Purchaser covenants and warrants that it shall not carry out any wilful act which will materially and adversely affect the share price or substantially reduce the NA value of the Purchaser.</p>	<p>The manner of payment is mutually agreed by the Parties.</p> <p>The issuance of Consideration Shares within seven (7) business days from the Unconditional Date allow the Company to receive Matang Shares upfront, as compared to the normal payment terms under progress billing method.</p> <p>The Threshold Shareholding will ensure that the total shareholdings of the Allottee and its existing persons acting in concert falls below 33.00% as it is not the intention of Star Media Group to trigger a mandatory general offer.</p> <p>Further, the Purchaser covenants that it shall not carry out any wilful act which will affect the share price or substantially reduce the NA value of the Purchaser up to the date of the allotment and issuance of the Consideration Shares.</p> <p>Premised the above, the manner of payment is considered reasonable.</p>

No	Salient terms	Our comments
3.	<p><u>Area of the Property</u></p> <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>(i) if the difference between (a) the land area as set out in the separate documents of title when issued to each of the Property and the land area as set out in the SPA; and/or (b) 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 five percent (5%) larger or smaller, there shall not be any adjustment in the Disposal Consideration.</p> <p>(ii) if the difference between (a) the land area as set out in the separate documents of title when issued to each of the Property and the land area as set out in the SPA; and/or (b) 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 Disposal Consideration shall be adjusted upwards or downwards, as the case may be, calculated at rate of RM217.00 psf for the gross floor area and RM380.00 psf for the land area.</p>	<p>The Parties had adopted a material threshold of five percent (5%) in the event that there is any adjustment to the land and gross floor area. We are of the view that the abovementioned materiality threshold is quite common and reasonable and therefore not detrimental to the interest of the non-interested shareholders of Star Media Group.</p> <p>Further, we note that the rates are mutually agreed by the Parties after considering the Market Value of the Property as set out in Section 5.3.1.1 of this IAL.</p> <p>We are of the view that the rates are considered reasonable due to the following:</p> <ul style="list-style-type: none"> ▪ the land value of RM380 psf represents the market value of the land as appraised by the Independent Valuers; and ▪ the gross floor area of RM217 psf approximates the market value of the building of RM220 psf as appraised by the Independent Valuers.
4.	<p><u>Default by the Purchaser</u></p> <p>If the Purchaser:</p> <p>(i) fails to allot the Consideration Shares or any part thereof and/or make payment of the Shortfall or any part thereof to the Escrow Agent by way of settlement of the Disposal Consideration 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:</p> <p>(a) 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</p>	<p>The default clauses are common and acceptable term which serve to protect the interests of each party if there is material breach of any of the obligations of the other party under the SPA.</p> <p>These terms also stipulate the procedures and consequences in the event that there is default by the Purchaser.</p> <p>These terms are common in transactions of such nature and are reasonable.</p>

No	Salient terms	Our comments
	<p>(b) terminate the SPA by giving the Purchaser, the Purchaser's Solicitors and the Escrow Agent not less than 14 days' notice in writing ("Vendor Termination Notice") and upon such termination as aforesaid:</p> <p>(aa) the Vendor shall be entitled to all rights or remedies in law against the Purchaser arising from the default by the Purchaser;</p> <p>(ab) where applicable, the Purchaser shall be entitled to authorise 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;</p> <p>(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 defined herein) in cash to the Purchaser, free of interest, through the Purchaser's Solicitors, within 30 days of the Purchaser's or the Purchaser's Solicitors' receipt of the Vendor Termination Notice in accordance with the SPA; and</p> <p>For purposes of the SPA: "Value" is computed based on the following formula:</p> $\text{Value} = \frac{\text{No. of Consideration Shares allotted and issued to the Allottee} \times \text{Issue Price}}{1}$ <p>(ad) all documents (if any) delivered to the Purchaser and/or the Purchaser's Solicitors, including the Guarantee, shall be returned to the Vendor within 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 authorised to release such sum equivalent to the Value 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; or</p> <p>(ii) fails to pay any sum or sums payable under the SPA within the time stipulated for payment; or</p> <p>(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</p>	

No	Salient terms	Our comments
	<p>(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> <p>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:</p> <p>(a) 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</p> <p>(b) terminate the SPA by giving the Vendor Termination Notice and upon such termination as aforesaid:</p> <p>(aa) the Vendor shall be entitled to all rights or remedies in law against the Purchaser arising from the default by the Purchaser;</p> <p>(ab) the Purchaser shall be entitled to authorise the release of the Shortfall received by the Escrow Agent to the Purchaser and receive payment of such amount together with interest;</p> <p>(ac) subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund to the Purchaser in cash the Value, free of interest, within 30 days of the receipt of the Vendor Termination Notice in accordance with the SPA;</p> <p>(ad) upon the depositing of 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 10 business days of the 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 authorised 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>	

No	Salient terms	Our comments
5.	<p><u>Default by the Vendor</u></p> <p>If the Vendor:</p> <ul style="list-style-type: none"> (i) fails to pay any sum or sums payable under the SPA within the time stipulated for payment; or (ii) 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 (iii) 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 Vendor 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 Vendor or the Vendor's Solicitors to do so, the Purchaser shall be entitled to:</p> <ul style="list-style-type: none"> (a) 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 (b) 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 transfer of the Property ("Transfer") at the relevant land registry; or (c) terminate the SPA by giving the Vendor, the Proprietor, the Vendor's Solicitors and the Escrow Agent not less than 14 days' notice in writing ("Purchaser Termination Notice") and upon such termination as aforesaid: <ul style="list-style-type: none"> (aa) the Purchaser shall be entitled to authorise the release of the Shortfall by the Escrow Agent and receive payment of such amount together with interest; and (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 30 days of the Vendor's receipt of the Purchaser Termination Notice in accordance with the SPA; <p>OR</p>	<p>These terms also stipulate the procedures and consequences in the event that there is default by the Vendor.</p> <p>These terms are common in transactions of such nature and are reasonable.</p>

No	Salient terms	Our comments
	<p>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, 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 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 Purchaser's Solicitors, including the Guarantee, shall be returned to the Vendor within 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 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 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 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>	

No	Salient terms	Our comments
6.	<p><u>Default by the Proprietor</u></p> <p>If the Proprietor:</p> <ul style="list-style-type: none"> (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 (ii) 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 ("JAKS") ("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 (iii) 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 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"> (a) 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 (b) 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 authorise the release of the Shortfall by the Escrow Agent and receive payment of such amount together with interest; (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 30 days of the Vendor's receipt of the Purchaser Termination Notice in accordance with the SPA; <p>OR</p>	<p>We note that the Proprietor is the registered owner of the Parent Land. We further note that if judgment is awarded against the Proprietor after full trial with all avenues of appeal is fully and finally exhausted in relation to the Litigation Matter, where such judgement has a material adverse effect on the Proprietor's ability to perform its obligations under the SPA, then it will be deemed as an event of default by Star Media Group.</p> <p>We are of the view that the inclusion of this clause of the judgement awarded against Star Media Group on the Litigation Matter as an event of default by the Proprietor is reasonable and not detrimental to the interests of the non-interested shareholders of Star Media Group as the negative outcome of this Litigation Matter will adversely impact the financial position of the Group and the funding requirements to continue with the development of the Property.</p> <p>Premised on the above, we are of the view that these terms are reasonable.</p>

No	Salient terms	Our comments
	<p>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, 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 such sum equivalent to the Value in cash to the Purchaser, free of interest, through the Purchaser's Solicitors, within 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 in the SPA 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 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 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>	

No	Salient terms	Our comments
7.	<p><u>Vacant Possession</u></p> <p>Vacant Possession of the Property shall be delivered by the Vendor to the Purchaser within 36 months from the Unconditional Date or such further extended period as the Parties may mutually agree upon in writing (“VP Period”).</p> <p>If the Vendor fails to deliver Vacant Possession of the Property within the VP Period in accordance with the SPA:</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 Disposal Consideration from the day next following the expiry of the VP Period until the date of delivery or deemed delivery of Vacant Possession, whichever is the earlier, to the Purchaser; or</p> <p>(ii) the Purchaser shall be entitled to exercise its rights as set out in the SPA.</p>	<p>The VP Period and the liquidated damages are mutually agreed by Parties.</p> <p>These terms are common in transactions of such nature and are reasonable.</p>
8.	<p><u>Non-completion of the SPA or non-registration of Transfer</u></p> <p>Completion of the construction of the Property shall occur upon the issuance of the certificate of completion and compliance issued under the Street, Drainage and Building Act 1974 for the Property, certifying that the construction of the Property has been duly completed (“Certificate of Completion and Compliance”), which certificate shall be final and binding on the Parties. The Vendor shall procure and, at its own cost and expenses, comply with all the requirements of the Appropriate Authority(ies) which are necessary for the application and issuance of the Certificate of Completion and Compliance and shall furnish the Purchaser with a copy of the same upon issuance thereof.</p> <p>In the event the Certificate of Completion and Compliance cannot be issued for whatsoever reason or the Transfer cannot be registered by the relevant land registry for any reason or defect not attributable to any act, omission, fault, neglect and/or blameworthy conduct on the part of the Parties and which cannot be rectified within 30 days from the Parties’ knowledge of the reason or defect, the SPA may be terminated by either party by written notice served upon the other party and/or its solicitors and the Escrow Agent whereupon:</p> <p>(a) the Purchaser shall be entitled to authorise the release of the Shortfall by the Escrow Agent and receive payment of the Shortfall together with interest;</p> <p>(b) 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 30 days of the Vendor’s receipt of the Purchaser’s notice of termination or the Purchaser’s or Purchaser’s Solicitors’ receipt of the Vendor’s notice of termination, as the case may be, in accordance to the SPA; and</p>	<p>We note that in the event that the Certificate of Completion and Compliance cannot be issued or the Transfer cannot be registered by the relevant land registry for any reason, then the SPA may be terminated by either party. Following the termination, the Shortfall shall be released back to the Purchaser and the Vendor shall refund a sum equivalent to the Value in cash to the Purchaser.</p> <p>We are of the opinion that this clause is common and acceptable term which serves to protect the interests of each party in the event that the Certificate of Completion and Compliance cannot be issued or the Transfer cannot be done.</p> <p>These terms are common in transactions of such nature and are reasonable.</p>

No	Salient terms	Our comments
	<p>(c) upon the depositing of a sum equivalent to the Value 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 10 business days of the Vendor's receipt of the Purchaser's notice of termination or the Purchaser's or Purchaser's Solicitors' receipt of the Vendor's notice of termination, as the case may be, 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 authorised to release such sum equivalent to the Value to the Purchaser.</p> <p>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>	
9.	<p><u>Guarantee</u></p> <p>The Proprietor shall on the date of allotment and issuance of Consideration Shares to the Allottee, furnish the Purchaser with a Guarantee in the agreed form as set out in the SPA, as security for the due performance by the Vendor:</p> <p>(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</p> <p>(ii) 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>This is a commercial decision based on negotiation between Parties.</p> <p>We note that the construction of the Property commenced on 2 May 2023 and is expected to be completed in April 2026. As such, the Guarantee serves as the security for the due performance by the Vendor.</p> <p>In view that the entire Disposal Consideration would be settled by Matang on or before the Payment Date, we are of the view that this Guarantee is a reasonable request.</p> <p>The entitlement to receive the Consideration Shares upfront as compared to in stages or progressively, in turn providing an opportunity for Star Media Group to participate in future dividend declaration by Matang, if any.</p>

No	Salient terms	Our comments
	<p>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 SPA; 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 the SPA within 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>	<p>Premised on the above, we are of the view that the Guarantee is reasonable and is not detrimental to the interest of the non-interested shareholders of Star Media Group.</p>

Pursuant to the SPA, the amount of refund pursuant to the Guarantee demanded by Matang are as follows:

- (i) if the Guarantee is demanded before the Vacant Possession is delivered, Star Media Group will be required to refund the Value in cash and the Escrow Agent will be required to refund the Shortfall to Matang; or
- (ii) if the Guarantee is demanded after the Vacant Possession is delivered, Star Media Group will be required to refund the entire Disposal Consideration to Matang.

We are of the view that the refund amount is fair and not detrimental to the interest of the non-interested shareholders as the entire Disposal Consideration would be settled by Matang on or before the Payment Date.

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5.6. Industry overview, outlook and prospects of Matang Group

In evaluating the prospects of the Proposed Disposal, we have considered the overview and outlook of the Malaysian economy, the overview and outlook of the palm oil industry and prospects of Matang Group.

5.6.1. Overview and outlook of the Malaysian economy

We note that the Malaysian economy expanded by 8.7% in 2022 (2021: 3.1%) despite the challenges faced throughout the year. This was contributed by the full upliftment of containment measures, resilient growth in exports, particularly commodity exports, revival of tourism activity and continued policy support. However, the pace of recovery was uneven across sectors. Leisure-related services, mining and quarrying, agriculture and construction sectors remained below pre-pandemic levels. Activities in these sectors were constrained by the more gradual recovery in tourist arrivals, oil and gas facility closures for maintenance purposes, labour shortages and higher input prices, respectively. Growth in 2022 was largely driven by domestic demand, mainly from firm private sector expenditure. Improvements in labour market conditions and wage growth led to an increase in household spending. This was supported by the realisation of pent-up demand and continued policy support. In line with the reopening of the economy, public and private investment improved significantly. The improvement was contributed by public infrastructure projects, resumption of construction activity, as well as continued investments by firms to automate and digitalise their operations. Furthermore, external demand remained resilient and provided support to the economic growth in 2022.

The Malaysian economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand. The economy is expected to face challenges from slowing global growth. Additionally, continued concerns on the elevated cost of living and input costs, as well as their impact to households' and businesses' spending behaviour will add to these challenges. Nonetheless, further improvement in labour market conditions, continued implementation of multi-year investment projects and higher tourism activity – particularly with the resumption of China's outbound tourism – are expected to support private consumption and investment growth.

(Source: Economic and Monetary Review 2022, Bank Negara Malaysia)

5.6.2. Overview and outlook of the palm oil industry in Malaysia

We note that the agriculture sector turned around by 0.1% in 2022, mainly driven by the recovery in the oil palm subsector following firmer prices, the gradual return of foreign workers to the plantation industry and improved FFB yield, particularly in the second half of the year. The production of CPO increased by 1.9% to 18.5 million tonnes, mainly attributed to higher output from Peninsular Malaysia and Sarawak. In addition, fishing and livestock subsectors also supported the sector's performance partly buoyed by expansion in aquaculture and poultry segments, which catered the increased demand from households and food-related businesses. Nevertheless, the sector's growth was weighed down by the decline in the other agriculture, forestry and logging as well as rubber subsectors.

The agriculture sector is projected to expand by 1.1% in 2023 following continuous improvement in oil palm, livestock and fishing subsectors. The oil palm subsector is expected to grow supported by an increase in CPO production, as a result of the improved labour supply. In line with the expectation of better production, the average CPO price is forecast around RM4,000 per tonne. Furthermore, external factors including availability of other edible oils also projected to weigh on CPO price. The livestock and fishing subsectors are expected to increase further and continue to support the sector, backed by concerted efforts to strengthen food security. Nonetheless, the rubber as well as forestry and logging subsectors are projected to post negative growth for the year.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance, Malaysia)

5.6.3. Prospects of Matang Group

We note that Matang Group is principally involved in the following:

- (i) ownership and management of oil palm plantation as well as sale of FFB ("**Oil Palm Business**");
- (ii) ownership, operation and management of durian plantation, processing, production and distribution of durian, and any related downstream business activities ("**Durian Plantation Business**"); and
- (iii) investment holding and property investment holding.

Within its principal activities, Matang Group is primarily focused on its Oil Palm Business, i.e. the ownership and management of oil palm plantation as well as the sale of FFB from the estate located in the Districts of Ledang and Segamat in Johor ("**Matang Estate**"). Matang Group had also diversified its principal activities to include the Durian Plantation Business since 2020, in order to expand and diversify its earning base. Presently, Matang Group's existing oil palm plantation estate together with durian plantations measures a total of 1,092.19 hectares ("**ha**") in Johor. Matang Estate has been its key revenue contributor and for the FYE 30 June 2022, contributing RM17.63 million to Matang Group.

In addition, we note that the board of directors of Matang ("**Matang Board**") had on 10 February 2023, announced that Matang intends to diversify its existing principal activities of Matang Group to include property investment. The Proposed Diversification is subject to the approval of Matang's shareholders at an EGM to be convened. Matang Group intends to expand and grow its business operations, to reduce the Group's reliance on the Oil Palm Business and to provide Matang Group with an additional form of income in addition to its present business operations.

Notwithstanding the above, we note that Matang Group had in 2021 and 2022 raised proceeds from three (3) private placement exercises, for the future acquisition of oil palm/durian plantation(s) and/or other land bank within Malaysia, as well as the working capital requirements of Matang Group. The future acquisitions are intended to grow the existing businesses of Matang Group and contribute positively to future profitability.

The Matang Board had on 2 May 2023, announced that Matang had on the even date, entered into a conditional share sale agreement for the purchase of the entire equity interest in Greencode Farm Sdn Bhd ("**GFSB**") for a cash consideration of approximately RM30.57 million ("**Proposed Acquisition**"). The main asset of GFSB comprises a parcel of 56.226 ha freehold agricultural land identified as Geran 95001, Lot 7415, Mukim of Tanjung Sembrong, District of Batu Pahat, Johor Darul Takzim of which 39.134 ha of lands have been planted with oil palm trees and 17.092 ha of lands have been planted with durian trees. Upon completion of the Proposed Acquisition, the plantation land of Matang Group will increase from 1,092.19 ha to 1,148.42 ha representing an increase of approximately 5.14% or 56.23 ha. The Matang Board believes that the Proposed Acquisition will potentially augur well for the long-term growth prospect of Matang Group's plantation business and may potentially contribute positively to the financial performance of Matang Group in the future.

Further, we also note that Matang Group will continue to evaluate other potential investment opportunities for the expansion of its core Oil Palm Business via the acquisition of suitable and viable oil palm estates and/or land for the development of new oil palm estates. In addition, Matang Group is also seeking suitable opportunities for the expansion of Matang Group's durian plantation to accelerate the durian business. Potential acquisitions of land for the development of new durian plantations of Matang Group may also be considered.

(Source: Annual Report of Matang for the FYE 30 June 2022 and the announcements made by Matang dated 10 February 2023 and 2 May 2023)

Premised on the above and barring any unforeseen circumstances, we are of the view that the prospects of Matang Group appears to be favourable due to the following:

- (a) the potential acquisitions may lead to the expansion of the Matang Estate, which will potentially enable Matang Group to increase its sale of FFB and expand its Oil Palm Business;
- (b) upon the completion of the Proposed Acquisition, Matang Group is expected to realise additional revenue and profit with the consolidation of FFB and durian plantations from GFSB's mature yielding plantations;
- (c) Matang Group's first durian plantation and second durian plantation are expected to start flowering and bearing durian fruits by year 2026 and 2027, respectively; and
- (d) the Proposed Diversification, if approved by the shareholders of Matang, will allow Matang Group to kick start its property investment business and allow Matang to undertake further viable opportunities arising in the property investment business in the future.

In summary, after taking into consideration the overview and outlook of the Malaysian economy, the palm oil industry in Malaysia as well as the future prospects of Matang Group, we are of the view that the Proposed Disposal has sufficient merits and is not detrimental to the interest of the non-interested shareholders of Star Media.

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5.7. Risk factors in relation to the Proposed Disposal

In Section 4, Part A of the Circular, we note that the Board had identified various risk factors which are by no means exhaustive, relating to the Proposed Disposal of Star Media Group. The risk factors identified and summarised together with our views are as follows:

(i) Investment risk relating to Consideration Shares

We note that although the Proposed Disposal is expected contribute positively to the future earnings of Star Media Group, there is no guarantee that the expected benefits from the Proposed Disposal arising from the receipt of the Consideration Shares will be materialised or that positive returns will be generated for Star Media Group. Nevertheless, to mitigate such risk, we note that the Board will monitor the financial performance of Matang by conducting periodic assessments at the quarterly Board's meetings and/or as and when required to safeguard its investment.

(ii) Volatility and liquidity of Matang Shares

The Consideration Shares is subject to the volatility and liquidity risks which in turn will be affected by the development in the plantation industry which includes, but not limited to, outbreaks of oil palm plantation diseases, damage from pests, fire or other natural disasters, unscheduled interruptions in palm oil milling, adverse climate conditions, changes in law and tax regulations affecting palm oil, increase in labour and/or other production costs and changes in business and credit conditions. Furthermore, volatility of share price in Matang may be affected by factors beyond the control of the Company and/or Matang. Any adverse changes in these conditions may have an adverse effect on the earnings to the Group. Hence, the Group should endeavour to take all necessary steps to monitor any changes of these conditions.

(iii) Non-completion of the Proposed Disposal and termination of the SPA

The completion of the Proposed Disposal is subject to, among others, the fulfilment of the Conditions Precedent in the SPA as set out in Appendix I of the Circular, failing which the Proposed Disposal may be terminated. In the event that the Conditions Precedent are not fulfilled or waived, as the case may be, within the stipulated timeframe or any termination event occur, the Proposed Disposal will not be completed. Hence, the potential benefits to be derived from the Proposed Disposal will not be realised. Nevertheless, to mitigate such risk, we note that the Board will endeavour to take all necessary steps to facilitate the completion of the Proposed Disposal.

(iv) Compulsory acquisition by the Government

We note that the Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960. In such event, the amount of compensation to be awarded may be based on the market value of the property and is assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. If the Land or part thereof is compulsorily acquired by the Government at any point in time after the date of the SPA and before the presentation of the instrument of transfer for registration, the Purchaser has the right to terminate the SPA whereupon the Vendor shall incur an obligation, among others, to refund the Consideration Shares in cash to the Purchaser free of any interest.

In addition to the above, we also set out additional risk factor pertaining to the Proposed Disposal as below:

(a) Completion of the construction of the Property

We also note that the Property may not be completed or that the Vacant Possession is not handed on time as completion of a development project is subject to various factors, including, among others, shortages of construction materials (e.g. steel bars, cement and diesel), labour disputes, adverse weather condition, natural disasters and accidents. Prolonged delays in completion of the construction of the Property and cost over-runs are likely to result from such events which could adversely affect the Company's business, operations and financial performance.

We wish to highlight that although efforts and measures taken by Star Media Group to mitigate the risks associated with the Proposed Disposal, no assurance can be given that the risk factors as set out in Section 4, Part A of the Circular will not occur and give rise to material and adverse impact on the business and operations of Star Media Group, its financial performance, financial position or prospects thereon.

In considering the Proposed Disposal, the non-interested shareholders of Star Media are advised to give due and careful regard to the risk factors and they are not meant to be exhaustive before voting on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of Star Media.

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5.8. Effects of the Proposed Disposal

In our evaluation, we have also considered the effects arising from the Proposed Disposal as set out in Section 6, Part A of the Circular.

(i) Issued share capital and substantial shareholders' shareholdings

We note that the Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of Star Media as it does not involve in any issuance of new Star Media Shares.

(ii) NA per Share and gearing

We note that the Company is expected to realise a net pro forma gain of approximately RM15.60 million pursuant to the Proposed Disposal, after deducting the estimated development cost and expenses of approximately RM17.40 million. The pro forma NA per Star Media Share as at 31 December 2022 will increase from RM0.88 to RM0.90 per Star Media Share upon completion of the Proposed Disposal.

We further note the Proposed Disposal will not have any effect to the gearing of Star Media Group as none of the Disposal Consideration is expected to be utilised to repay its borrowings.

(iii) Earnings and EPS

We note that the Proposed Disposal will not have any effect on the earnings and EPS of the Group for the FYE 31 December 2022 as the SPA is expected to become unconditional in the 2nd quarter of the FYE 31 December 2023.

We note that assuming the Proposed Disposal was completed on 1 January 2022, the Proposed Disposal will result in a pro forma gain of RM15.60 million. The pro forma EPS of Star Media for the FYE 31 December 2022 will improve from 0.96 sen to 3.11 sen after the completion of the Proposed Disposal.

Based on the above, we are of the opinion that the pro forma effects of the Proposed Disposal are not detrimental to the interests of the non-interested shareholders of Star Media.

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6. CONCLUSION AND RECOMMENDATION

The non-interested shareholders of Star Media should take into account all the merits and demerits of the Proposed Disposal based on all relevant pertinent factors including those which are set out in Part A of the Circular, the relevant appendices thereof, this IAL and other publicly available information before voting on the resolution in respect of the Proposed Disposal at the forthcoming EGM.

We have assessed and evaluated the Proposed Disposal on a holistic basis, taking into consideration the various factors set out in this IAL. In arriving at our conclusion and recommendation, we have also taken into consideration various factors discussed in this IAL which are summarised as follows:

Area of evaluation	Section in the IAL	Our comments												
Rationale for the Proposed Disposal	Section 5.1	<p>The Proposed Disposal will afford the Company the opportunity to achieve the following:</p> <ul style="list-style-type: none"> to unlock the sale of two (2) units of Property; to invest into oil palm/plantations industry; and to receive Matang Shares upfront. <p>We are of the opinion that the rationale for the Proposed Disposal is reasonable and not detrimental to the interest of the non-interested shareholders of Star Media.</p>												
Mode of settlement of the Disposal Consideration	Section 5.2	<p>The Disposal Consideration will be satisfied in the following manner:</p> <table border="1"> <thead> <tr> <th>Mode of settlement</th><th>(RM)</th><th>(%)</th></tr> </thead> <tbody> <tr> <td>Consideration Shares</td><td>28,881,300</td><td>87.52</td></tr> <tr> <td>Cash</td><td>4,118,700</td><td>12.48</td></tr> <tr> <td>Total</td><td>33,000,000</td><td>100.00</td></tr> </tbody> </table> <p>We are of the view that the mode of settlement of the Disposal Consideration is fair and not detrimental to the interest of the non-interested shareholders of Star Media Group due to the following:</p> <ul style="list-style-type: none"> (i) the Threshold Shareholding will ensure that the total shareholdings of the Allottee and the existing persons acting in concert falls below 33.00% as it is not the intention of Star Media Group to trigger a mandatory general offer; (ii) the receipt of Consideration Shares is in line with the Group's strategies to venture into oil palm/plantation industry, as detailed in Section 5.1(b) of this IAL; and (iii) as at 31 December 2021, being the date which the last consolidated financial statements of the Company have been made up to the signing of the SPA, the Group' cash and bank balances stood at RM343.09 million. 	Mode of settlement	(RM)	(%)	Consideration Shares	28,881,300	87.52	Cash	4,118,700	12.48	Total	33,000,000	100.00
Mode of settlement	(RM)	(%)												
Consideration Shares	28,881,300	87.52												
Cash	4,118,700	12.48												
Total	33,000,000	100.00												

Area of evaluation	Section in the IAL	Our comments
Basis and justification in arriving at the Disposal Consideration	Section 5.3	<p>The methodologies adopted by the Independent Valuers in ascribing the market value of the Property are as follows:</p> <ul style="list-style-type: none"> ▪ Comparison Approach as the primary approach in valuing the Property as there are adequate recent transactions available within the vicinity; and ▪ Income Approach (Investment Method) as counter-check for the valuation of the Property. <p>We are of the opinion that the market value of the Property of RM33,000,000 as appraised by the Independent Valuers is fair and not detrimental to the interest of the non-interested shareholders of Star Media Group after taking into consideration of both the valuation methodologies, justifications and key assumptions adopted by the Independent Valuers.</p>
Basis and justification in arriving at the Issue Price of the Consideration Shares	Section 5.4	<p>Based on our analysis, we noted that the Issue Price represents a discount to Matang Shares ranging from 6.90% to 21.00% based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of Matang Shares up to and including the LTD.</p> <p>Premised on the above, we are of the opinion that the Issue Price is fair and justifiable.</p>
Salient terms of the SPA	Section 5.5	<p>The salient terms of the SPA are mutually agreed upon between Parties and we are of the view that they are reasonable and not detrimental to the interest of the non-interested shareholders of Star Media Group.</p> <p>The Guarantee is a commercial decision based on negotiation between the Parties. We are of the view that the Guarantee is a reasonable request and not detrimental to the interest of the non-interest shareholders of Star Media Group due to the following reasons:</p> <ul style="list-style-type: none"> ▪ the entire Disposal Consideration would be settled by Matang on or before the Payment Date; ▪ the entitlement to receive the Consideration Shares upfront as compared to in stages or progressively, in turn providing an opportunity for Star Media Group to participate in future dividend declaration by Matang, if any; and ▪ the construction of the Property commenced on 2 May 2023 and is expected to be completed in April 2026. As such, the Guarantee serves as the security for the due performance by the Vendor.

Area of evaluation	Section in the IAL	Our comments
Industry overview, outlook and prospects of Matang Group	Section 5.6	<p>The Proposed Disposal represents a strategic opportunity for the Group to invest into new businesses that have a promising outlook and it is in line with the Group's strategies to venture into property development business.</p> <p>We are of the view that the Proposed Disposal has sufficient merits and is not detrimental to the interest of the non-interested shareholders of Star Media Group, after taking into consideration the industry overview and outlook as well as prospects of Matang Group.</p>
Risk factors in relation to the Proposed Disposal	Section 5.7	<p>The non-interested shareholders of Star Media are advised to give due and careful consideration with regard to the risk factors as mentioned in Section 5.7 of this IAL and Section 4, Part A of the Circular.</p> <p>Although measures may be taken by the Board to mitigate the risks, no assurance can be given to the non-interested shareholders of Star Media Group that such risk factors will not materialise and give rise to any material and adverse impact on the financial performance of the Group.</p>
Effects of the Proposed Disposal	Section 5.8	<p>The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of Star Media.</p> <p>The pro forma NA per Star Media Share as at 31 December 2022 will increase from RM0.88 to RM0.90 upon completion of the Proposed Disposal.</p> <p>Assuming the Proposed Disposal has been completed on 1 January 2022, the Proposed Disposal will result in a pro forma gain of RM15.60 million. The pro forma EPS of Star Media for the FYE 31 December 2022 will improve from 0.96 sen to 3.11 sen after the completion of the Proposed Disposal.</p> <p>Premised on the above, we are of the opinion that the pro forma effects of the Proposed Disposal are not detrimental to the interests of the non-interested shareholders of Star Media.</p>

Premised on the factors above and the various factors included in our evaluation for the Proposed Disposal and based on the information made available to us up to the LPD, we are of the opinion that the Proposed Disposal is **FAIR** and **REASONABLE** insofar as the non-interested shareholders of Star Media are concerned and are **NOT DETRIMENTAL** to the interest of the non-interested shareholders of Star Media.

Accordingly, we recommend the non-interested shareholders of Star Media to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Disposal that is to be tabled at Star Media's forthcoming EGM.

Yours faithfully
For and on behalf of
ALLIANCE ISLAMIC BANK BERHAD

TEE KOK WAH
Head / Senior Vice President
Corporate Finance – Islamic Capital Markets

STEWART LAU TENG HUA
Senior Vice President
Corporate Finance – Islamic Capital Markets

SALIENT TERMS OF THE SPA

The salient terms of the SPA include the terms as set out below:

1. Agreement for Sale

The Vendor, with the consent of the Proprietor, and subject to the satisfaction of all the Conditions Precedent (as hereinafter defined), agrees to sell and the Purchaser agrees 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 Disposal Consideration and upon the terms and conditions contained in the SPA.

2. Conditions Precedent

2.1 Conditions Precedent

The sale and purchase of the Property is conditional upon:

- (a) the approval of the appropriate governmental, semi or quasi government, statutory body or agency or authority(ies) ("**Appropriate Authority(ies)**") for the layout approval and development order for the development of the Parent Land ("**Layout Approval and DO**") being obtained by the Vendor on terms and conditions acceptable to the Vendor;
- (b) the approval of the Appropriate Authority(ies) for the building plans for the development of the Parent Land ("**BP Approval**") being obtained by the Vendor on terms and conditions acceptable to the Vendor;
- (c) 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, to be in the manner satisfactory to the Vendor, being obtained by the Purchaser;
- (d) 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 of the SPA to the Purchaser, being obtained by the Vendor and the Proprietor respectively;
- (e) 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 of the Consideration Shares to the Allottee ("**Allotment and Issuance**"), 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;
- (f) 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
- (g) the completion of a due diligence on the Parent Land undertaken by the Purchaser including a valuation on the Property and the outstanding litigation claim involving JAKS Island Circle Sdn Bhd in connection with the 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 ("**Litigation Matter**") and the findings being satisfactory to the

SALIENT TERMS OF THE SPA (CONT'D)

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.

(collectively, "**Conditions Precedent**")

2.2 Conditional Period

The sale and purchase of the Property shall be conditional upon the fulfilment of the Conditions Precedent or waiver of the same as the Purchaser, the Vendor and the Proprietor (collectively, be referred to as the "**Parties**" and individually be referred to as the "**Party**") 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 ("**Conditional Period**").

2.3 Unconditional Date

The SPA shall become unconditional on the date on which the last of the Conditions Precedent has been duly fulfilled or waived.

2.4 Termination when Condition Precedents not Satisfied

In the event any of the Conditions Precedent is not or cannot be fulfilled or waived by the expiry of the Conditional Period, either Party shall have the right to terminate the SPA by written notice to the other Party or the other Party's solicitors.

3. **Manner of Payment of Disposal Consideration**

3.1 Payment Date

The Purchaser shall pay to the Vendor the Disposal Consideration within seven (7) business days from the Unconditional Date or such further period as mutually agreed in writing by the Parties.

3.2 Payment of the Disposal Consideration

The Disposal Consideration shall be fully satisfied on or before the Payment Date through the allotment and issuance of 357,000,000 Consideration Shares to the Allottee at the Issue Price and the cash payment of the Shortfall.

On or before the Payment Date, the Shortfall shall be deposited by the Purchaser to the Escrow Agent and placed in an interest bearing account and which shall be dealt with in accordance with the terms as set out in the SPA or an escrow agreement to be entered into by the Escrow Agent, the Vendor and the Purchaser.

The Escrow Agent shall be irrevocably and unconditionally authorised to release the Shortfall to the Vendor within five (5) business days of the receipt by the Escrow Agent of the written notice issued by the Vendor or its solicitors to the Escrow Agent, upon any event of default committed by the Purchaser which is not otherwise remedied or upon issuance of the written notice to accept delivery of vacant possession of the Property by the Vendor, 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 SPA, save for the instances provided by the SPA for the release of the Shortfall to the Purchaser.

SALIENT TERMS OF THE SPA (CONT'D)

3.3 Purchaser's Warranty of the Consideration Shares

- (i) The Purchaser shall obtain all necessary approvals from Bursa Securities and shall comply with all conditions (if any) imposed by Bursa Securities in respect of the Allotment and Issuance including to submit a listing application in respect of the Allotment and Issuance of the Consideration Shares prior to the Allotment and Issuance.
- (ii) Subject to the SPA becoming unconditional, the Purchaser agrees, represents, warrants and undertakes that the Consideration Shares shall be duly and validly issued, fully paid and shall rank *pari passu* in all respects with all other shares in the share capital of the Purchaser then in issue (save for any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of the Allotment and Issuance). The Allottee shall acquire full legal and beneficial ownership of and have good and valid title to all the Consideration Shares free and clear of any encumbrances, charge, claim or liens whatsoever and the Consideration Shares shall not be subject to any pre-emptive, option or other rights of any person or third party whatsoever or any restrictions on trading.
- (iii) The Purchaser further represents and warrants to the Vendor that the issuance of the Consideration Shares are not and shall not be in violation of any provision in the Purchaser's Constitution, shall not be issued in contravention or breach of any agreement, contract, covenant, undertaking or commitment to which the Purchaser is a party or is otherwise bound by and shall not have been issued in violation or contravention of any applicable laws including but not limited to securities laws, rules, orders, judgments, decrees or other requirements or conditions applicable to or imposed on the Purchaser by any governmental or regulatory authority. Pending the issuance of the Consideration Shares, the Purchaser covenants and warrants that it shall not carry out any wilful act which will materially and adversely affect the share price or substantially reduce the net asset value of the Purchaser.

4. Area and Construction of the Property**4.1 Area of Property**

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:

- (a) if the difference between (i) the land area as set out in the separate documents 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 five percent (5%) larger or smaller, there shall not be any adjustment in the Disposal Consideration.
- (b) if the difference between (i) the land area as set out in the separate documents 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 Disposal Consideration shall be adjusted upwards or downwards, as the case may be, calculated at rate of RM217.00 per sq ft for the gross floor area and RM380.00 per sq ft 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.

4.2 Stages of construction of the Property

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.

SALIENT TERMS OF THE SPA (CONT'D)

5. Delivery of vacant possession

- 5.1 Subject to any extension in the event of Force Majeure (as hereinafter defined), 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**") subject to the Allotment and Issuance of the Consideration Shares to the Allottee and the payment in cash by the Purchaser to the Vendor of the Shortfall (if any) and the Vendor's receipt of all other monies due under the SPA, if any, from the Purchaser to the Vendor (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.
- 5.2 Subject to the provisions of the SPA, if the Vendor fails to deliver vacant possession of the Property within the VP Period:
- (a) 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 Disposal Consideration 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
 - (b) the Purchaser shall be entitled to exercise its rights as set out in Paragraph 7.2 below.

6. Guarantee by the Company/ Proprietor

- 6.1 Our Company shall on the date of the Allotment and Issuance of the Consideration Shares furnish the Purchaser with the Guarantee in the agreed form subject to such further amendments as may be mutually agreed as security for the due performance by the Vendor:
- (a) of its obligations to refund to the Purchaser a sum equivalent to the Value and Shortfall (if applicable), in cash in the manner provided in the SPA; or
 - (b) of its obligations under the SPA to deliver the vacant possession of the Property and the registration of the transfer in favour of the Purchaser at the relevant land registry,
- whichever is earlier.

For the avoidance of doubt, the Purchaser shall be entitled to make a demand under the Guarantee for only one of the instances provided above.

- 6.2 The Purchaser shall be entitled to make a demand under the Guarantee if:
- (a) the Vendor fails to refund to the Purchaser in accordance with the terms of the SPA, the Value and the Shortfall (if applicable) in cash; or
 - (b) if the Purchaser is of the reasonable view that the Vendor is or might be unable to satisfy its obligations under this SPA to refund a sum equivalent to the Value and Shortfall (if applicable) to the Purchaser in full in the circumstances set out in the SPA; or
 - (c) the Vendor fails to deliver vacant possession of the Property and the registration of the transfer in favour of the Purchaser at the relevant land registry.

Any failure by our Company to make payment of the sums referred to above within sixty (60) days of our Company'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

SALIENT TERMS OF THE SPA (CONT'D)

paid by our Company from the date the refund or payment is due until the receipt of full refund amount by the Purchaser's solicitors.

7. Default by the Purchaser, the Vendor and/or the Proprietor

7.1 If the Purchaser:

- (a) fails to allot the Consideration Shares or any part thereof and/or make payment of the Shortfall or any part thereof to the Escrow Agent by way of settlement of the Disposal Consideration on or before the Payment Date and the Purchaser shall fail to remedy such breach in relation to its obligations, representations or warranties under this 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:
 - (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; or
 - (ii) terminate this 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:
 - (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; 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 in cash to the Purchaser, free of interest, through the Purchaser's solicitors, within thirty (30) days of the issue of the Vendor's Termination Notice by the Vendor, failing which the provision as set out in Paragraph 6 above shall apply;
 - (ad) 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 Purchaser's or 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,
- (b) fails to pay any sum or sums payable under the SPA within the time stipulated for payment; or
- (c) 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 in the SPA; or
- (d) 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
 - (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; or

SALIENT TERMS OF THE SPA (CONT'D)

- (ii) terminate the SPA by giving 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;
 - (ac) subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund to the Purchaser in cash the Value and subject to the release of the Shortfall by the Escrow Agent, the Shortfall, free of interest, within thirty (30) days of the receipt of the Vendor Termination Notice, failing which the provision as set out in Paragraph 6 above shall apply;
 - (ad) upon the depositing of 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 days 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 the Value and Shortfall (as the case may be), to the Purchaser;

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.

7.2 If the Vendor:

- (a) fails to pay any sum or sums payable under the SPA within the time stipulated for payment; or
- (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 contained in the SPA; 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,

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) 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; or
- (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 Transfer (as hereinafter defined) at the relevant land registry; or
- (iii) terminate the SPA by giving not less than fourteen (14) days' notice in writing ("**Purchaser Termination Notice**") and upon such termination as aforesaid:

SALIENT TERMS OF THE SPA (CONT'D)

- (a) 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;
- (b) if the Purchaser does not opt to call upon the Guarantee at first instance, 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 shall apply; OR

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 the Value to the Purchaser in full, the Purchaser shall be entitled to call on the Guarantee whereupon the Proprietor shall refund 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 the Value is due until the receipt of full refund amount by the Purchaser's solicitors;
- (c) 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). Until vacant possession is redelivered to the Vendor, the Purchaser's solicitors shall not be authorised to release any such amount refunded, to the Purchaser;
- (d) all documents (if any) delivered to the Purchaser and/or the Purchasers solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) business days of the Vendor's or its solicitors' receipt of the Purchaser Termination Notice; and
- (e) the Purchaser shall be entitled to all rights or remedies in law against the Vendor arising from the default by the Vendor.

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.

7.3 If the Proprietor:

- (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 contained in the SPA; or
- (b) has judgement awarded against the Proprietor after full trial of the Litigation Matter with all avenues of appeal to the Court of Appeal and Federal Court in such Litigation Matter are 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,

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:

SALIENT TERMS OF THE SPA (CONT'D)

- (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; or
- (ii) terminate the SPA by giving the Purchaser Termination Notice and upon such termination as aforesaid:-
 - (a) 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;
 - (b) if the Purchaser does not opt to call upon the Guarantee at first instance, 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 shall apply; OR

 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 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 the Value in cash to the Purchaser, free of interest, 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 the Value is due until the receipt of full refund amount;
 - (c) 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). Until vacant possession is redelivered to the Vendor, the Purchaser's solicitors shall not be authorised to release any such amount refunded, to the Purchaser;
 - (d) all documents (if any) delivered to the Purchaser and/or its solicitors, including the Guarantee shall be returned to the Vendor within ten (10) business days of the receipt of the Purchaser Termination Notice; and
 - (e) the Purchaser shall be entitled to all rights or remedies in law against the Proprietor arising from the default by the Proprietor,

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.

8. Non-Completion of the SPA or Non-Registration of Transfer

Completion of the construction of the Property shall occur upon the issuance of the certificate of completion and compliance issued under the Street, Drainage and Building Act 1974 for the Property, certifying that the construction of the Property has been duly completed ("**Certificate of Completion and Compliance**"), which certificate shall be final and binding on the Parties. The Vendor shall procure and, at its own cost and expenses, comply with all the requirements of the Appropriate Authority(ies) which are necessary for the application and issuance of the Certificate of Completion and Compliance and shall furnish the Purchaser with a copy of the same upon issuance thereof.

SALIENT TERMS OF THE SPA (CONT'D)

In the event the Certificate of Completion and Compliance cannot be issued for whatsoever reason or the memorandum of transfer of the Property in favour of the Purchaser cannot be registered by the relevant land registry/office for any reason or defect not attributable to any act, omission, fault, neglect and/or blameworthy conduct on the part of the Parties and which cannot be rectified within thirty (30) days from the Parties' knowledge of the reason or defect, the SPA may be terminated by either Party by written notice served upon the other party or its solicitors whereupon:

- (a) 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;
- (b) subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund the Value in cash to the Purchaser, free of interest, within thirty (30) days of the Vendor's or its solicitors' receipt of the Purchaser Termination Notice or the Purchaser's or its solicitors' receipt of the Vendor Termination Notice, as the case may be, failing which the Guarantee shall apply;
- (c) upon the depositing of the Value 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). Until vacant possession is redelivered to the Vendor, the Purchaser's solicitors shall not be authorised to release any such amount refunded, to the Purchaser;
- (d) all documents (if any) delivered to the Purchaser and/or its solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) business days of the relevant party's or the relevant party's solicitors' receipt of the other party's or other party's solicitors notice of termination, with the interest of the Proprietor as registered proprietor in and to the Property remaining intact; 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.

9. Compulsory Acquisition

The Proprietor declares that as at the date of the SPA it is not aware of and it has not received any notice of acquisition or intended acquisition of the Parent Land or any part thereof affecting the Property from any of the Appropriate Authority(ies) and in the event that the Proprietor shall, after execution hereof but before the presentation to the Purchaser or the Purchaser's solicitors a valid and registrable but unstamped memorandum of transfer of the Property in favour of the Purchaser ("**Transfer**"), receive any notice of acquisition or intended acquisition of the whole or any part of the Parent Land affecting the Property from any of the Appropriate Authority(ies), it shall immediately notify the Purchaser or the Purchaser's solicitors of the same and the Purchaser shall have the right to:

- (a) terminate the SPA by serving the Vendor or the Vendor's solicitors a written notice of the same, whereupon (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; (ii) subject to the Consideration Shares having been issued and allotted to the Allottee, the Vendor shall refund 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's notice of termination, failing which Guarantee shall apply; (iii) 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). Until vacant possession is redelivered to the Vendor, the Purchaser's solicitors shall not be authorised to release any such amount refunded, to the Purchaser; (iv) all documents (if any) delivered to the Purchaser and/or the

SALIENT TERMS OF THE SPA (CONT'D)

Purchaser's solicitors, including the Guarantee, shall be returned to the Vendor within ten (10) business days of the Vendor's or the Vendor's solicitors' receipt of the Purchaser's or the Purchaser's solicitors' notice of termination, with the interest of the Proprietor as registered proprietor in and to the Property remaining intact, 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; or

- (b) continue with the purchase of the Property and in such an event, the Vendor shall immediately notify or procure the requisite notice to be given to such Appropriate Authority(ies) of the SPA and the Purchaser's interest in the Property provided that where the Disposal Consideration is fully settled in accordance with the SPA, the Purchaser shall be absolutely entitled to all compensation (if any) offered or paid by such Appropriate Authority(ies) in respect of such acquisition provided always that if the amount of the compensation is in excess of the Disposal Consideration, such excess shall be for the benefit of the Purchaser.

10. Defects liability period

- 10.1 Any defects, shrinkage or other faults in the Property which become apparent within twenty-four (24) months after the date of delivery or deemed delivery of vacant possession of the Property, whichever is the earlier, to the Purchaser which are due to defective workmanship or materials or the Property not having been constructed in accordance with approved building plans or as amended by the Appropriate Authorities, shall be repaired and made good by the Vendor at its own cost and expense within thirty (30) days of the Vendor having received written notice thereof from the Purchaser.
- 10.2 If the said defects, shrinkage or other faults in the Property have not been made good by the Vendor within the said period of thirty (30) days, the Purchaser shall be entitled to carry out the works to repair and make good such defect, shrinkage or other faults themselves as soon as practicable after the Vendor's failure to carry out the works within the said thirty (30) days and to recover from the Vendor the costs of repairing and making good the same. The Vendor shall pay to the Purchaser the costs incurred by the Purchaser within ten (10) business days of the Vendor's receipt of the Purchaser's request for such costs together with the relevant supporting receipts and/or other documents.
- 10.3 The Vendor shall not be responsible for any defects to the Property caused directly or indirectly by the Purchaser, its employees, invitees, agents, workmen, guests and/or any third party connected to the Purchaser in anyway whatsoever.
- 10.4 The term "defects" shall mean any structural defects or other defects in the Property which are due to defective workmanship or materials. In the event of any dispute as to whether or not the defects in the Property fall within the ambit of the provision, the decision of the Vendor's architect or engineer shall be final and binding upon the Parties.

11. Variation to Property

Except for the changes or deviations to the approved plan as per the SPA, the overall and/or any part of the Property shall not be changed and/or modified by the Vendor except with prior written consent from the Purchaser, which consent shall not be unreasonably withheld or delayed. However, changes and/or modification to the location of the Property may be allowed if specifically instructed by the Appropriate Authority(ies) and in any event, the Purchaser may terminate the SPA if they are not agreeable to such changes and/or modification to the location of the Property as specifically instructed by the Appropriate Authority whereupon the Purchaser shall be entitled to authorise the release of the Shortfall by the Escrow Agent to the Purchaser and receive payment of such amount together with interest, and subject to the Consideration

SALIENT TERMS OF THE SPA (CONT'D)

Shares having been issued and allotted to the Allottee by the Purchaser, the Vendor shall refund the Value in cash to the Purchaser within thirty (30) days of the Vendor's receipt of the Purchaser's notice of termination, free of interest, failing which the Purchaser shall be entitled to call on the Guarantee, provided that the vacant possession of the Property and all documents (if any) delivered to the Purchaser or the Purchaser's solicitors, shall be forthwith returned to the Vendor within ten (10) business days of the Vendor's receipt of the Purchaser's notice of termination with the interest of the Proprietor as registered proprietor in and to the Property remaining intact.

12. Damage to Property

In the event that the Property is destroyed by fire, storm, tempest, flood, earthquake, Force Majeure (as hereinafter defined) or other Acts of God before the date of delivery or deemed delivery of vacant possession of the Property, whichever is the earlier, to the Purchaser, the Purchaser shall be entitled to rescind the SPA by notice in writing whereupon the Purchaser shall be entitled to authorise the release of the Shortfall by the Escrow Agent to the Purchaser and receive payment of such amount together with interest, and subject to the Consideration Shares having been issued and allotted to the Allottee by the Purchaser, the Vendor shall refund the Value in cash to the Purchaser within thirty (30) days of the Vendor's receipt of the Purchaser's notice of termination, free of interest, failing which the Purchaser shall be entitled to call on the Guarantee, provided that the vacant possession of the Property and all documents (if any) delivered to the Purchaser or the Purchaser's solicitors, shall be forthwith returned to the Vendor within ten (10) business days of the Vendor's receipt of the Purchaser's notice of termination with the interest of the Proprietor as registered proprietor in and to the Property remaining intact. Thereafter, the SPA shall be terminated and the Vendor shall be entitled to sell the Property to any other third party without further reference to the Purchaser and neither the Purchaser, the successors-in-title of the Purchaser nor any person claiming title under the Purchaser shall have any claim against the Vendor or the Proprietor in respect of the SPA.

13. Force Majeure

- 13.1 "Force Majeure" means any circumstances beyond the reasonable control of the Vendor (including, without limitation, any strike, lock out or other form of industrial action, epidemic, pandemic, endemic, movement control, riots, war, Act of God, impediment by government regulations and any serious violent, wrongful, unlawful, criminal or illegal act or nuisance conducted within the Property).
- 13.2 If the Vendor is affected by Force Majeure which affects the performance of any of its obligations under the SPA, it shall forthwith notify the Purchaser in writing of the nature and extent of the Force Majeure event. The Vendor and the Proprietor shall not be deemed to be in breach of the SPA, or otherwise be liable to the Purchaser, by reason of any delay in performance, or the non-performance, of any of its obligations under the SPA, to the extent that the delay or non-performance is due to any Force Majeure which it has notified to the Purchaser in writing, and the time for performance of that obligation shall be extended accordingly without payment of compensation or damages by the Vendor or the Proprietor to the Purchaser, subject to a maximum extension of twelve (12) months in aggregate whether or not due to a single or series of delays caused by one or multiple Force Majeure events unless further extension has been mutually agreed between the Parties.

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INFORMATION ON MATANG

1. HISTORY AND PRINCIPAL ACTIVITIES

Matang was incorporated in Malaysia on 28 April 2015 as a public limited liability company under the name of Matang Berhad. On 17 January 2017, Matang Shares were quoted and listed on the ACE Market of Bursa Securities.

The principal activity of Matang is investment holding. As at the LPD, Matang wholly owns MHB, which in turn owns MAP. The subsidiaries of Matang are principally involved in the business of management of plantation estate, sale of FFB from its oil palm estate and property investment holding. Further details of the subsidiaries of Matang are set out in Section 5 of this Appendix II.

MAP is the registered owner of 45 contiguous pieces of freehold agricultural land measuring in total approximately 1,092.19 hectares located within the District of Tangkak and District of Segamat, Johor, the lands of which are planted with oil palm and durian trees ("**Matang Estate**"). The said estate currently houses the plantation operation of Matang Group. Presently, approximately 104.61 hectares of Matang Estate is used for durian plantation while the balance areas are used for oil palm plantation including areas of ancillary structures. MAP is also the registered owner of a vacant freehold land measuring 5,016.86 square metres (approximately 0.50 hectares) located in Tangkak, District of Tangkak, Johor.

MHB is the registered owner of a leasehold industrial land measuring 1.295 hectares located in District of Johor Bahru, Johor upon which are three (3) units of detached buildings and ancillary structures. Presently, the said properties are rented to multiple tenants on short term basis between one (1) to three (3) years to generate rental income to MHB.

Within its principal activities, Matang Group is primarily focused on its oil palm business, i.e. the ownership and management of oil palm plantation as well as the sale of FFB from the Matang Estate. The summarised financial performance of Matang Group for the past three (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	FYE 30 June 2021	FYE 30 June 2022	6-month FPE 31 December 2022
	RM' 000	RM' 000	RM' 000	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

Additional details of financial information of Matang Group can be found in Sections 11 and 12 of this Appendix.

2. SHARE CAPITAL

As at the LPD, the total issued share capital of Matang is RM245,070,549.00 comprising 2,389,200,276 Matang Shares.

INFORMATION ON MATANG (CONT'D)

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Matang and their respective shareholding as at the LPD are as follows:

Name	Nationality/ Country of Incorporation	Direct interest		Indirect interest	
		No. of Matang Shares held	% of issued shares	No. of Matang Shares held	% of issued shares
Huaren Holdings Sdn Bhd	Malaysia	388,858,000	16.28	-	-
Ang Kian You	Malaysian	202,620,800	8.48	-	-
Malaysian Chinese Association	Malaysia	-	-	409,676,000 [^]	17.15 [^]

Note:

[^] Deemed interest by virtue of its shareholdings in Huaren Holdings Sdn Bhd and Rohua Sdn Bhd pursuant to Section 8 of the Act

4. DIRECTORS

The directors of Matang and their respective direct and indirect shareholdings in Matang as at the LPD are as follows:

Name	Nationality	Direct interest		Indirect interest	
		No. of Matang shares held	% of issued shares	No. of Matang Shares held	% of issued shares
Dato' Foong Chee Meng (Chairman and Independent Non-Executive Director)	Malaysian	-	-	-	-
Datuk Ir. Low Ah Keong (Executive Director)	Malaysian	-	-	-	-
Dato' Ng Keng Heng (Executive Director)	Malaysian	9,000	*	-	-
Sophia Lim Chia Hui (Independent Non-Executive Director)	Malaysian	-	-	-	-
Datuk Tew Boon Chin (Independent Non-Executive Director)	Malaysian	-	-	-	-
Datuk Teoh Sew Hock (Non-Independent Non-Executive Director)	Malaysian	10,028,000	0.42	-	-

Note:

*Less than 0.01%

INFORMATION ON MATANG (CONT'D)

5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The subsidiaries of Matang as at the LPD are as follows:

Name	Date / Place of incorporation	Effective equity interest held by Matang (%)	Issued share capital (RM)	Principal activities
MHB	3 April 1978/ Malaysia	100	69,549,631	Investment holding, management of plantation estate and sale of FFB
<u>Subsidiary of MHB</u>				
MAP	11 September 1982/ Malaysia	100	67,340,991	Property investment holding, management of plantation estate and sale of FFB

As at the LPD, Matang does not have any associated company or joint venture company.

6. MATERIAL CONTRACTS

Save for as disclosed below and the SPA, Matang has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the LPD:

- (i) on 6 April 2021, Matang had entered into a subscription agreement with Huaren Holdings Sdn Bhd, a major shareholder of Matang, for a private placement exercise to issue and allot 181,000,000 Matang Shares to Huaren Holdings Sdn Bhd at an issue price of RM0.1108 per Matang Share. The subscription of 181,000,000 Matang Shares by Huaren Holdings Sdn Bhd was satisfied entirely via payment of cash. The proceeds raised from this exercise were intended to be utilised for, the potential future acquisitions of oil palm plantation(s), durian plantation(s) and/or additional land bank for the development of new oil palm plantations and/ or durian plantations within Malaysia, funding of the working capital for the aforementioned future acquisitions and Matang's existing durian plantation and payment of expenses incurred for the said private placement exercise. The aforesaid private place exercise was completed on 8 June 2021.

7. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Matang is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of Matang is not aware and does not have any knowledge of any proceedings, pending or threatened against Matang, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of Matang.

8. MATERIAL COMMITMENTS

As at the LPD, the board of directors of Matang is not aware of any material commitments incurred or known to be incurred by Matang Group which may have a material impact on the profits or NA of Matang Group.

INFORMATION ON MATANG (CONT'D)

9. CONTINGENT LIABILITIES

As at the LPD, the board of directors of Matang is not aware of any contingent liabilities incurred or known to be incurred by Matang which, upon becoming enforceable, may have a material impact on the financial position of Matang Group as at 31 December 2022. The board of directors of Matang is not aware of any material change in respect of the aforesaid as at the LPD.

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INFORMATION ON MATANG (CONT'D)**10. INFORMATION OF PROPERTIES OWNED**

As at the LPD, the properties owned by Matang Group are as follows:

Properties/ Location	Registered proprietor	Description/ Existing use	Tenure of land	Land area	Year of acquisition/ (Revaluation)	Net book value (as at 30 June 2022) (RM)
Mukim Tangkak, Daerah [Tangkak]*, State of Johor	MAP	Oil palm plantation (975.39 hectares)	Freehold	Total: [1,092.19]* hectares	Acquired: Year 1983 Revalued: Year 2016	RM130,968,976.00 [^]
Lot 984, [GM]* 2752 Lot 1543, Geran 215103 Lot 4073, Geran 215598 Lot 672, Geran 214838 Lot 4615, Geran 215709 Lot 6711, Geran 218156		Durian plantation (104.61 hectares)				
Mukim Bukit Serampang, Daerah [Tangkak]*, State of Johor						
Lot 95, GM 764 Lot 96, GM 765 Lot 97, GM 766 Lot 104, GM 768 Lot 105, GM 1604 Lot 1540, GM 1606 Lot 1541, GM 1607 Lot 98, GM 1816 Lot 1224, Geran 214295 Lot 2788, Geran 214550 Lot 2785, Geran 214548 Lot 2796, Geran 214583 Lot 2784, Geran 214545 Lot 2795, Geran 437195						

INFORMATION ON MATANG (CONT'D)

Properties/ Location	Registered proprietor	Description/ Existing use	Tenure of land	Land area	Year of acquisition/ (Revaluation)	Net book value (as at 30 June 2022) (RM)
Mukim Jementah, Daerah Segamat, State of Johor						
Lot 2497, Geran 24447						
Lot 2498, Geran 24448						
Lot 2499, Geran 24449						
Lot 2500, Geran 24450						
Lot 2501, Geran 24451						
Lot 2502, Geran 24452						
Lot 2506, Geran 24456						
Lot 2507, Geran 24457						
Lot 2509, Geran 24458						
Lot 2508, Geran 24459						
Lot 2496, Geran 24460						
Lot 2495, Geran 24461						
Lot 2494, Geran 24462						
Lot 2493, Geran 24463						
Lot 2492, Geran 24464						
Lot 2491, Geran 24465						
Lot 2490, Geran 24466						
Lot 2489, Geran 24467						
Lot 2488, Geran 24468						
Lot 2487, Geran 24469						
Lot 6184, Geran 37582						
Lot 6185, Geran 37583						
Lot 6186, Geran 37584						
Lot 6187, Geran 37585						
Lot 6188, Geran 37586						
Lot PTD 10109, H.S.(D) 4636, Mukim Tangkak, Daerah [Tangkak]*, State of Johor	MAP	Vacant	Freehold	[5,016.86 square metres]*	Acquired: Year 2001	RM1,090,540.00

INFORMATION ON MATANG (CONT'D)

Properties/ Location	Registered proprietor	Description/ Existing use	Tenure of land	Land area	Year of acquisition/ (Revaluation)	Net book value (as at 30 June 2022) (RM)
Lot TLO 703, H.S.(D) 8796, Bandar Johor Bharu, Johor Bharu, State of Johor	MHB	A five (5)-storey building, a double-storey factory building and a single storey factory building, all together with the land	Leasehold for 60 years expiring on 24 September 2031	[1.295]* hectares	Acquired: Year 1988 Revalued: Year 2022	RM11,000,000.00

[^] This figure represents the net book value of the land as well as the plantation on the land. For clarity, RM23,181,759.00 out of RM130,968,976.00 is the net book value of the bearer plants.

(Source: Annual Report 2022 of Matang and Management of Matang, save for the information marked * which is based on the land search)

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INFORMATION ON MATANG (CONT'D)**11. FINANCIAL INFORMATION**

	Unaudited 6-month FPE 31 December 2022	Audited (FYE 30 June)		
		2022	2021	2020
		RM' 000	RM' 000	RM' 000
Revenue	8,610	17,625	13,695	9,614
Profit before tax (after non-controlling interest)	3,737	8,615	6,261	2,923
Profit after tax	3,080	5,689	4,105	1,614
Net earnings per share (sen)	0.13	0.26	0.22	0.09
Paid up capital	245,070	223,980	223,980	183,871
Shareholders' funds/ NA	252,530	228,339	226,975	185,408
NA per share (RM)	0.11	0.11	0.10	0.09
Current Ratio	39.37	31.00	36.32	27.23
Total borrowings	-	-	-	-
Gearing ratio	-	-	-	-

12. COMMENTARIES ON FINANCIAL PERFORMANCE

The summary of the audited financial information of Matang Group for the past three (3) financial years up to FYE 30 June 2022 is set out below:

FYE 30 June 2020

For the FYE 30 June 2020, Matang 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 Matang 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 Matang Group's FFB production was partially offset by the increase in average selling price of Matang 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 the CPO prices in Malaysia during the financial year under review.

Matang 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 Matang 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 first durian plantation of Matang Group during the financial year under review.

FYE 30 June 2021

For the FYE 30 June 2021, Matang 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.

Matang 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

INFORMATION ON MATANG (CONT'D)

the increase in revenue of RM4.09 million recorded by Matang Group as explained above during the financial year under review.

FYE 30 June 2022

For the FYE 30 June 2022, Matang 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 average selling price of Matang Group's FFB 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.

Matang 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 Matang Group as explained above during the financial year under review.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
TOGETHER WITH THE AUDITORS' REPORT**

Registration No:
201501017043 (1142377 - X)

MATANG BERHAD (201501017043 (1142377 - X))
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
30 JUNE 2022

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
TOGETHER WITH THE AUDITORS' REPORT (CONTD)**

Registration No:
201501017043 (1142377 - X)

MATANG BERHAD
(Incorporated in Malaysia)

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
TOGETHER WITH THE AUDITORS' REPORT (CONTD)**

Registration No:
201501017043 (1142377 - X)

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MATANG BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for those disclosed in Note 8 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>5,689,321</u>	<u>5,397,061</u>
Profit attributable to owners of the parent	<u>5,689,321</u>	<u>5,397,061</u>

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 30 June 2021:	
Final and single tier dividend of 0.20 sen per share, paid on 7 January 2022	<u>4,344,000</u>

At the forthcoming Annual General Meeting, a first and final single tier dividend of 0.22 sen per ordinary share amounting to RM4,778,401 in respect of the current financial year will be proposed for shareholders' approval based on the number of outstanding ordinary shares in issue as at 30 June 2022.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
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DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Matang Berhad

Dato' Foong Chee Meng
Datuk Ir Low Ah Keong*
Dato' Ng Keng Heng*
Datuk Tew Boon Chin
Datuk Teoh Sew Hock
Lim Chin Hock
Sophia Lim Chia Hui
Yeo Kwee Kwang

(Appointed on 7 June 2022)
(Resigned on 1 January 2022)

** These Directors of the Company are also the Directors of certain subsidiaries of the Company.*

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	----- Number of ordinary shares -----			
	Balance as at 1.7.2021	Bought	Sold	Balance as at 30.6.2022
Shares in the Company				
<u>Direct interests:</u>				
Datuk Teoh Sew Hock	5,828,000	4,200,000	-	10,028,000
Dato' Ng Keng Heng	9,000	-	-	9,000
Lim Chin Hock	10,000	-	-	10,000

None of the other Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares of the Company or options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remuneration received by certain Directors as executives of the subsidiaries.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
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DIRECTORS' REMUNERATION

Directors' remuneration of the Group and the Company for the financial year ended 30 June 2022 were as follows:

	Group 2022 RM	Company 2022 RM
Fees	230,000	230,000
Other emoluments	<u>561,941</u>	<u>363,678</u>
	<u><u>791,941</u></u>	<u><u>593,678</u></u>

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company has entered into an arrangement for a corporate liability insurance for the Directors and officers of the Group during the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company was RM12,810.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
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**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY
(continued)**

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 28 to the financial statements.

SUBSEQUENT EVENT AFTER THE END OF THE REPORTING PERIOD

Details of subsequent event after the end of reporting period is disclosed in Note 29 to the financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
TOGETHER WITH THE AUDITORS' REPORT (CONTD)**

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AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

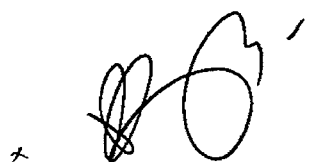
Auditors' remuneration of the Group and the Company for the financial year ended 30 June 2022 were as follows:

	Group RM	Company RM
Statutory audit	63,500	27,000
Other services	5,000	5,000
	<u>68,500</u>	<u>32,000</u>

Signed on behalf of the Board in accordance with a resolution of the Directors.



Datuk Ir Low Ah Keong
Director



Dato' Ng Keng Heng
Director

Kuala Lumpur
12 October 2022

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
TOGETHER WITH THE AUDITORS' REPORT (CONTD)**

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MATANG BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 12 to 51 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,



Datuk Ir Low Ah Keong
Director



Dato' Ng Keng Heng
Director

Kuala Lumpur
12 October 2022

STATUTORY DECLARATION

I, Tan Theng Hwee (CA 15907), being the officer primarily responsible for the financial management of Matang Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 51 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
12 October 2022)



Tan Theng Hwee

Before me:



SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
TOGETHER WITH THE AUDITORS' REPORT (CONTD)**

Registration No:
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360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MATANG BERHAD
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Matang Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
TOGETHER WITH THE AUDITORS' REPORT (CONTD)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MATANG BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

Fair value of investment properties

As disclosed in Note 6 to the financial statements, the carrying amount of the investment properties ("IP") of the Group, which were stated at fair value amounted to RM11.0 million as at the end of reporting period, were determined based on independent external valuation.

We determined this to be a key audit matter as the valuation process involved judgement in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied. The valuation was sensitive to the key assumptions applied.

Audit response

Our audit procedures included the following:

- (i) Considered the qualifications and competence of the external valuer and assessed the scope of work of the external valuer to determine whether the valuation was appropriate to be applied for financial reporting purposes;
- (ii) Read the external valuation report and assessed the valuation methodology adopted by the external valuer for similar type of properties; and
- (iii) Evaluated the key assumptions used in the valuation by comparing them against available industry data, taking into consideration of comparability and market factors.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
TOGETHER WITH THE AUDITORS' REPORT (CONTD)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MATANG BERHAD (continued)
(Incorporated in Malaysia)**

**Information Other than the Financial Statements and Auditors' Report Thereon
(continued)**

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MATANG BERHAD (continued)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MATANG BERHAD (continued)
(Incorporated in Malaysia)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

A handwritten signature in black ink, appearing to read 'BDO PLT'.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Ho Kok Khiaw'.

Ho Kok Khiaw
03412/02/2023 J
Chartered Accountant

Kuala Lumpur
12 October 2022

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
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Registration No:
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MATANG BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	132,196,017	132,152,999	124,377	-
Right-of-use asset	5	464,057	585,115	464,057	-
Investment properties	6	11,000,000	11,700,000	-	-
Other investments	7	171,965	154,030	-	-
Investments in subsidiaries	8	-	-	177,549,636	177,709,441
Inventories	9	1,090,540	1,090,540	-	-
		144,922,579	145,682,684	178,138,070	177,709,441
Current assets					
Inventories	9	230,597	98,339	-	-
Biological assets	10	943,486	571,713	-	-
Trade and other receivables	11	2,122,332	2,034,367	187,250	121,034
Current tax assets		291,210	-	-	-
Cash, bank balances and short term funds	12	85,080,970	83,020,479	47,996,921	46,607,165
		88,668,595	85,724,898	48,184,171	46,728,199
TOTAL ASSETS		<u>233,591,174</u>	<u>231,407,582</u>	<u>226,322,241</u>	<u>224,437,640</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	223,980,427	223,980,427	223,980,427	223,980,427
Reserves	14	4,358,147	2,994,891	1,065,468	12,407
TOTAL EQUITY		228,338,574	226,975,318	225,045,895	223,992,834

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
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MATANG BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (continued)**

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Lease liability	5	365,250	484,377	365,250	-
Deferred tax liabilities	15	2,027,697	1,587,985	3,108	-
		2,392,947	2,072,362	368,358	-
Current liabilities					
Trade and other payables	16	2,199,255	1,875,707	712,140	435,032
Lease liability	5	119,126	114,349	119,126	-
Current tax liabilities		541,272	369,846	76,722	9,774
		2,859,653	2,359,902	907,988	444,806
TOTAL LIABILITIES		5,252,600	4,432,264	1,276,346	444,806
TOTAL EQUITY AND LIABILITIES		233,591,174	231,407,582	226,322,241	224,437,640

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MATANG FOR THE FYE 30 JUNE 2022
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MATANG BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	17	17,625,245	13,694,735	6,638,425	3,000,000
Cost of sales		<u>(4,361,041)</u>	<u>(2,457,627)</u>	<u>-</u>	<u>-</u>
Gross profit		13,264,204	11,237,108	6,638,425	3,000,000
Other income		2,870,844	2,019,951	962,158	232,565
Net loss on impairment of financial instruments		(83,367)	(21,728)	-	-
Administration expenses		(7,315,971)	(6,859,771)	(1,965,195)	(1,008,795)
Other expenses		(98,853)	(88,372)	(17,414)	(34,338)
Finance cost		<u>(21,949)</u>	<u>(26,535)</u>	<u>(14,114)</u>	<u>-</u>
Profit before tax	18	8,614,908	6,260,653	5,603,860	2,189,432
Tax expense	19	<u>(2,925,587)</u>	<u>(2,155,206)</u>	<u>(206,799)</u>	<u>(34,244)</u>
Profit for the financial year		5,689,321	4,105,447	5,397,061	2,155,188
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value gain on equity investments at fair value through other comprehensive income	7	<u>17,935</u>	<u>67,520</u>	<u>-</u>	<u>-</u>
Total other comprehensive income, net of tax		<u>17,935</u>	<u>67,520</u>	<u>-</u>	<u>-</u>
Total comprehensive income		<u>5,707,256</u>	<u>4,172,967</u>	<u>5,397,061</u>	<u>2,155,188</u>

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MATANG BERHAD

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**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (continued)**

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Profit attributable to owners of the parent		<u>5,689,321</u>	<u>4,105,447</u>	<u>5,397,061</u>	<u>2,155,188</u>
Total comprehensive income attributable to owners of the parent		<u>5,707,256</u>	<u>4,172,967</u>	<u>5,397,061</u>	<u>2,155,188</u>
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	22	<u>0.26</u>	<u>0.22</u>		
- Diluted	22	<u>0.26</u>	<u>0.22</u>		

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

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MATANG BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

Group	Note	Share capital RM	Non-distributable		Distributable	Total equity RM
			Fair value reserve RM	Merger reserve RM	Retained earnings RM	
Balance as at 1 July 2020		183,870,827	(38,065)	(108,000,004)	109,574,993	185,407,751
Profit for the financial year		-	-	-	4,105,447	4,105,447
Other comprehensive income, net of tax		-	67,520	-	-	67,520
Total comprehensive income		-	67,520	-	4,105,447	4,172,967
Transactions with owners						
Issuance of ordinary shares	13	40,109,600	-	-	-	40,109,600
Dividend paid	23	-	-	-	(2,715,000)	(2,715,000)
Total transactions with owners		40,109,600	-	-	(2,715,000)	37,394,600
Balance as at 30 June 2021		223,980,427	29,455	(108,000,004)	110,965,440	226,975,318

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MATANG BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (continued)**

Group	Note	[-----Non-distributable-----]			Distributable Retained earnings RM	Total equity RM
		Share capital RM	Fair value reserve RM	Merger reserve RM		
Balance as at 1 July 2021		223,980,427	29,455	(108,000,004)	110,965,440	226,975,318
Profit for the financial year		-	-	-	5,689,321	5,689,321
Other comprehensive income, net of tax		-	17,935	-	-	17,935
Total comprehensive income		-	17,935	-	5,689,321	5,707,256
Transaction with owners						
Dividend paid	23	-	-	-	(4,344,000)	(4,344,000)
Total transaction with owners		-	-	-	(4,344,000)	(4,344,000)
Balance as at 30 June 2022		223,980,427	47,390	(108,000,004)	112,310,761	228,338,574

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

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MATANG BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (continued)**

Company	Note	<i>Non-distributable</i> Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 July 2020		183,870,827	572,219	184,443,046
Profit for the financial year		-	2,155,188	2,155,188
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	2,155,188	2,155,188
Transactions with owners				
Issuance of ordinary shares	13	40,109,600	-	40,109,600
Dividend paid	23	-	(2,715,000)	(2,715,000)
Total transactions with owners		40,109,600	(2,715,000)	37,394,600
Balance as at 30 June 2021/ 1 July 2021		223,980,427	12,407	223,992,834
Profit for the financial year		-	5,397,061	5,397,061
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	5,397,061	5,397,061
Transaction with owners				
Dividend paid	23	-	(4,344,000)	(4,344,000)
Total transaction with owners		-	(4,344,000)	(4,344,000)
Balance as at 30 June 2022		223,980,427	1,065,468	225,045,895

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

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MATANG BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		8,614,908	6,260,653	5,603,860	2,189,432
Adjustments for:					
Depreciation of property, plant and equipment	4	2,363,719	2,135,852	13,855	-
Depreciation of right-of-use asset	5	121,058	121,059	80,706	-
Fair value adjustment of:					
- investment properties	6	700,000	500,000	-	-
- biological assets	10	(371,773)	(176,906)	-	-
Gain on:					
- disposal of property, plant and equipment	18	-	(34,648)	-	-
- lease modification	5(c)	-	(47,907)	-	-
Impairment loss on other receivables	11(h)	83,367	21,728	-	-
Interest expense	5(e)	21,949	26,535	14,114	-
Interest income	18	(1,570,173)	(915,167)	(961,758)	(229,345)
Dividend income from a subsidiary		-	-	(6,000,000)	(3,000,000)
Operating profit/(loss) before working capital changes		9,963,055	7,891,199	(1,249,223)	(1,039,913)
Changes in working capital:					
Inventories		(132,258)	(1,133)	-	-
Trade and other receivables		(174,708)	(1,127,440)	(2,401)	410
Trade and other payables		323,548	639,332	272,108	282,788
Cash generated from/(used in) operations		9,979,637	7,401,958	(979,516)	(756,715)
Tax paid		(2,698,301)	(1,937,895)	(136,743)	(32,220)
Tax refunded		92,642	-	-	-
Net cash from/(used in) operating activities		7,373,978	5,464,063	(1,116,259)	(788,935)

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MATANG BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (continued)**

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to a subsidiary		-	-	(6,907)	(1,339,675)
Withdrawal/(Placements) of deposits pledged with a licensed bank		35,633	(190)	-	-
Withdrawals/(Placements) of deposits with licensed banks more than three (3) months		4,984,768	(18,758,898)	4,748,388	(18,850,000)
Interest received		1,573,549	915,909	968,318	224,487
Dividend received from a subsidiary		-	-	6,000,000	3,000,000
Purchase of property, plant and equipment	4	(2,406,737)	(1,499,371)	(20,530)	-
Proceeds from disposal of property, plant and equipment		-	75,118	-	-
Net cash from/(used in) investing activities		<u>4,187,213</u>	<u>(19,267,432)</u>	<u>11,689,269</u>	<u>(16,965,188)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	23	(4,344,000)	(2,715,000)	(4,344,000)	(2,715,000)
Payments of lease liability	5(e)	(136,299)	(136,298)	(90,866)	-
Proceeds from issuance of ordinary shares	13	-	40,109,600	-	40,109,600
Net cash (used in)/from financing activities		<u>(4,480,299)</u>	<u>37,258,302</u>	<u>(4,434,866)</u>	<u>37,394,600</u>
Net increase in cash and cash equivalents		7,080,892	23,454,933	6,138,144	19,640,477
Cash and cash equivalents at beginning of financial year		<u>55,492,846</u>	<u>32,037,913</u>	<u>26,557,165</u>	<u>6,916,688</u>
Cash and cash equivalents at end of financial year	12(f)	<u>62,573,738</u>	<u>55,492,846</u>	<u>32,695,309</u>	<u>26,557,165</u>

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MATANG BERHAD

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (continued)**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Group RM	Company RM
Lease liability (Note 5)		
At 1 July 2020	352,948	-
Cash flows	(136,298)	-
Non-cash flows		
- Unwinding of interest	26,535	-
- Lease modification	<u>355,541</u>	<u>-</u>
At 30 June 2021/1 July 2021	598,726	-
Cash flows	(136,299)	(90,866)
Non-cash flows		
- Unwinding of interest	21,949	14,114
- Additions	<u>-</u>	<u>561,128</u>
At 30 June 2022	<u><u>484,376</u></u>	<u><u>484,376</u></u>

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

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MATANG BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022**

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. On 17 January 2017, the ordinary shares of the Company were quoted and listed on the Ace Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Unit 39.02, Level 39, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

The Company and its subsidiaries are referred to collectively as "the Group". The consolidated financial statements of the Group are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 12 October 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 30.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

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4. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Balance as at 1.7.2021 RM	Additions RM	Balance as at 30.6.2022 RM
Cost			
Freehold estate land	107,787,217	-	107,787,217
Bearer plants	41,801,950	1,623,537	43,425,487
Plant and equipment	2,394,427	290,680	2,685,107
Motor vehicles	1,831,127	492,520	2,323,647
	153,814,721	2,406,737	156,221,458
	Balance as at 1.7.2021 RM	Depreciation charges for the financial year RM	Balance as at 30.6.2022 RM
Accumulated depreciation			
Bearer plants	18,105,541	2,138,187	20,243,728
Plant and equipment	1,945,384	67,165	2,012,549
Motor vehicles	1,610,797	158,367	1,769,164
	21,661,722	2,363,719	24,025,441

Group 2021	Balance as at 1.7.2020 RM	Additions RM	Disposal RM	Balance as at 30.6.2021 RM
Cost				
Freehold estate land	107,787,217	-	-	107,787,217
Bearer plants	40,378,677	1,423,273	-	41,801,950
Plant and equipment	2,318,329	76,098	-	2,394,427
Motor vehicles	1,946,756	-	(115,629)	1,831,127
	152,430,979	1,499,371	(115,629)	153,814,721
	Balance as at 1.7.2020 RM	Depreciation charges for the financial year RM	Disposal RM	Balance as at 30.6.2021 RM
Accumulated depreciation				
Bearer plants	16,262,628	1,842,913	-	18,105,541
Plant and equipment	1,871,636	73,748	-	1,945,384
Motor vehicles	1,466,765	219,191	(75,159)	1,610,797
	19,601,029	2,135,852	(75,159)	21,661,722

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4. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2022	Balance as at 1.7.2021 RM	Additions RM	Control transferred in* RM	Balance as at 30.6.2022 RM
Cost				
Plant and equipment	-	20,530	337,919	358,449
Motor vehicles	-	-	137,402	137,402
	-	20,530	475,321	495,851
	Balance as at 1.7.2021 RM	Depreciation charges for the financial year RM	Control transferred in* RM	Balance as at 30.6.2022 RM
Accumulated depreciation				
Plant and equipment	-	9,580	252,278	261,858
Motor vehicles	-	4,275	105,341	109,616
	-	13,855	357,619	371,474

** Property, plant and equipment transferred in from a subsidiary.*

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Carrying amount				
Freehold estate land	107,787,217	107,787,217	-	-
Bearer plants	23,181,759	23,696,409	-	-
Plant and equipment	672,558	449,043	96,591	-
Motor vehicles	554,483	220,330	27,786	-
	<u>132,196,017</u>	<u>132,152,999</u>	<u>124,377</u>	<u>-</u>

- (a) Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Freehold estate land has unlimited useful life and is not depreciated.
- (c) Bearer plants include mature and immature plantations that are established or acquired by the Group. Bearer plants are depreciated when the plantation starts to be harvested. Oil palm bearer plants are depreciated over their useful life from year five (5) to year twenty five (25) while durian bearer plants are depreciated over their useful life from year six (6) to year fifty (50). No depreciation is provided on the immature oil palm bearer plants from year one (1) to year four (4) and immature durian bearer plants from year one (1) to year five (5).
- (d) Depreciation of other property, plant and equipment is calculated to write off the cost of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Plant and equipment	10% - 15%
Motor vehicles	20%

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4. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) Analysis of bearer plants:

Bearer plants comprise of:

- i) Oil palm plantation; and
- ii) Durian plantation.

At the end of the financial year, the Group's total planted and related value of mature and immature plantations are as follows:

Carrying amount	Group	
	2022 RM	2021 RM
Oil palm plantation:		
-Mature	18,726,379	20,864,566
-Immature	1,425,105	1,417,529
	20,151,484	22,282,095
Durian:		
-Immature	3,030,275	1,414,314
	<u>23,181,759</u>	<u>23,696,409</u>

5. LEASES

The Group and the Company as lessee

Right-of-use asset

2022 Group	Balance as at 1.7.2021 RM	Lease modification RM	Depreciation RM	Balance as at 30.6.2022 RM
Carrying amount				
Premises	585,115	-	(121,058)	464,057
2021 Group	Balance as at 1.7.2020 RM	Lease modification RM	Depreciation RM	Balance as at 30.6.2021 RM
Carrying amount				
Premises	302,726	403,448	(121,059)	585,115

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5. LEASES (continued)
The Group and the Company as lessee (continued)
Lease liability

2022 Group	Balance as at 1.7.2021 RM	Lease modification RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
Carrying amount					
Premises	598,726	-	(136,299)	21,949	484,376

2021 Group	Balance as at 1.7.2020 RM	Lease modification RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2021 RM
Carrying amount					
Premises	352,948	355,541	(136,298)	26,535	598,726

Right-of-use asset

2022 Company	Balance as at 1.7.2021 RM	Additions RM	Depreciation RM	Balance as at 30.6.2022 RM
Carrying amount				
Premises	-	544,763	(80,706)	464,057

Lease liability

2022 Company	Balance as at 1.7.2021 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 30.6.2022 RM
Carrying amount					
Premises	-	561,128	(90,866)	14,114	484,376

	Group		Company	
Represented by:	2022 RM	2021 RM	2022 RM	2021 RM
Current liability	119,126	114,349	119,126	-
Non-current liability	365,250	484,377	365,250	-
	<u>484,376</u>	<u>598,726</u>	<u>484,376</u>	<u>-</u>

Lease liability owing to non-financial institutions	<u>484,376</u>	<u>598,726</u>	<u>484,376</u>	<u>-</u>
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- (a) The right-of-use asset is depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use asset or the end of the lease term. The lease terms of right-of-use asset is as follows:

Premises 6 years

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5. LEASES (continued)
The Group and the Company as lessee (continued)

(b) The Group and the Company has low value lease of office equipments of RM20,000 and below. The Group and the Company applies the "lease of low-value asset" exemptions for this lease.

(c) The following are the amounts recognised in profit or loss:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Depreciation charge of right-of-use asset	121,058	121,059	80,706	-
Interest expense on lease liability (included in finance costs)	21,949	26,535	14,114	-
Expense relating to leases of low-value assets (included in administration expenses)	5,039	5,268	1,603	-
Gain on lease modification	-	(47,907)	-	-
	<u>148,046</u>	<u>104,955</u>	<u>96,423</u>	<u>-</u>

(d) The Group and the Company leases a lease contract that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

(e) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Included in net cash from/ (used in) operating activities:				
Payment relating to short term leases and low value assets	5,039	5,268	1,603	-
Interest paid in relation to lease liabilities	21,949	26,535	14,114	-
Included in net cash (used in)/ from financing activities:				
Payment of lease liabilities	<u>136,299</u>	<u>136,298</u>	<u>90,866</u>	<u>-</u>
	<u>163,287</u>	<u>168,101</u>	<u>106,583</u>	<u>-</u>

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5. LEASES (continued)
The Group and the Company as lessee (continued)

- (f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liability of the Group and of the Company that are exposed to interest rate risk:

Group and Company	Weighted average incremental borrowing rate %	Total RM	Within 1 year RM	Within 1-3 years RM	Within 3-5 years RM	Over 5 years RM
2022						
Lease liability						
Fixed rate	4.10	484,376	119,126	253,393	111,857	-
Group						
2021						
Lease liability						
Fixed rate	4.10	598,726	114,349	243,230	241,147	-

- (g) Sensitivity analysis for lease liability as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.
- (h) The table below summarises the maturity profile of the lease liability of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group and Company	On demand or within one year RM	Within one to five years RM	Over five years RM	Total RM
30 June 2022				
Lease liability	136,298	386,179	-	522,477
Group				
30 June 2021				
Lease liability	136,298	522,477	-	658,775

The Group as lessor

The Group has entered into non-cancellable lease agreements on certain properties for terms of between one (1) to three (3) years and renewable at the end of the lease period. The monthly rental consists of a fixed base rent.

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5. LEASES (continued)
The Group as lessor (continued)

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2022	2021
	RM	RM
Less than one (1) year	527,222	408,581
Within one (1) to two (2) years	300,396	49,620
Within two (2) to three (3) years	17,850	17,100
	<u>845,468</u>	<u>475,301</u>

6. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2021 RM	Fair value adjustment RM	Balance as at 30.6.2022 RM
2022			
Leasehold land and buildings	11,700,000	(700,000)	11,000,000
	<u>Balance as at 1.7.2020 RM</u>	<u>Fair value adjustment RM</u>	<u>Balance as at 30.6.2021 RM</u>
2021			
Leasehold land and buildings	12,200,000	(500,000)	11,700,000

- (a) Investment properties principally comprise properties held for rental yields or capital appreciation or both and are not occupied by the Group.
- (b) Investment properties are initially measured at cost, being the fair value of consideration paid, including related transactions costs and subsequently carried at fair value.
- (c) Direct operating expenses (including repairs and maintenance) arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2022	2021
	RM	RM
Direct operating expenses	<u>506,271</u>	<u>436,624</u>

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6. INVESTMENT PROPERTIES (continued)

(d) The fair value of investment properties of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Leasehold land and buildings	-	-	11,000,000	11,000,000
2021				
Leasehold land and buildings	-	-	11,700,000	11,700,000

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2022 and 30 June 2021.
- (ii) Leasehold land and buildings at Level 3 fair value measurements are based primarily on latest available market transactions of similar properties within the vicinities as well as reports by professional valuers. In relying on the valuation reports, the Directors have exercised its judgement and is satisfied that the valuation methods and estimates reflect the current market conditions.

Fair value information

The valuation techniques and significant unobservable inputs used in determining Level 3 fair value measurement of investment properties as well as the relationship between its significant unobservable inputs and fair value, is detailed in the table below:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
<p>In arriving at the fair value, the land and the building of a property are valued separately.</p> <p>The value of the land is derived based on comparison method where it analyses recent transactions and asking price of similar properties based on location, plot size, accessibility and other relevant factors.</p> <p>The value of the buildings are derived based on the summation of the replacement costs of the buildings. The replacement costs of buildings are determined based on current estimates of reconstruction cost less depreciation or replacement cost less depreciation, obsolescence and existing physical condition of the buildings.</p>	<ul style="list-style-type: none"> Land value at RM24 per sq. ft. (2021: RM26 per sq. ft.). Site improvement at RM1.50 per sq. ft. (2021: RM1.50 per sq. ft.). Main floor area cost ranging from RM60 per sq. ft. to RM150 per sq. ft. (2021: RM60 per sq. ft. to RM150 per sq. ft.). Depreciation rates ranging from 39% to 77% (2021: 38% to 75%). 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> Land value per square foot was higher/(lower). Site improvement per ft run was higher/(lower). Main floor area cost were higher/(lower). Depreciation rates were lower/(higher).

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7. OTHER INVESTMENTS

	Group	
	2022	2021
	RM	RM
Fair value through other comprehensive income		
Quoted shares in Malaysia		
At beginning of financial year	154,030	86,510
Fair value change	<u>17,935</u>	<u>67,520</u>
At end of financial year	<u>171,965</u>	<u>154,030</u>

- (a) These quoted shares are not held for trading for which the Group has irrevocably elected at initial recognition to recognise at fair value through other comprehensive income ("FVOCI"). The Group considers this classification to be appropriate and relevant.
- (b) At the end of the year, if the market price had been five percent (5%) higher or lower, higher or lower fair value gains on financial assets will be recognised directly in other comprehensive income and the fair value of equity instruments classified as FVOCI will be higher or lower with all other variables held constant. The following table demonstrates the sensitivity of the FVOCI reserve of the Group:

	Group	
	2022	2021
	RM	RM
Fair value reserve		
- increase by 5% (2021: 5%)	8,598	7,702
- decrease by 5% (2021: 5%)	<u>(8,598)</u>	<u>(7,702)</u>

- (c) Quoted shares of the Group are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
At cost		
Unquoted shares - at cost	177,549,636	168,000,006
Equity loans	<u>-</u>	<u>9,709,435</u>
	<u>177,549,636</u>	<u>177,709,441</u>

In the previous financial year, the Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that the outstanding balance amounting to RM9,709,435 shall constitute equity loans to the subsidiaries, which were unsecured, interest free and settlement was neither planned nor likely to occur in the foreseeable future, and were considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital. During the financial year, the Company reclassified the equity loans to the subsidiary as unquoted shares.

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8. INVESTMENTS IN SUBSIDIARIES (continued)

- (a) Investments in subsidiaries which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Equity loan

Equity loan represents non-trade loan granted by the Company to subsidiaries for which settlement was neither planned nor likely to occur in the foreseeable future and was intended to provide the subsidiaries with a long-term source of additional capital.

Impairment for equity loans to subsidiaries were recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 11(f) to the financial statements.

No expected credit loss was recognised arising from equity loans to subsidiaries of the Company as it was negligible.

- (c) The details of the subsidiaries are as follows:-

Name of company	Country of incorporation/ Principal place of business	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2022 %	2021 %	2022 %	2021 %	
*Matang Holdings Berhad (“MHB”)	Malaysia	100	100	-	-	Engaged in investment holding, management of plantation estate and sales of fresh fruit bunch.
Subsidiary of Matang Holdings Berhad						
*Matang Agriculture and Plantation (Segamat) Sdn Bhd (“MAPSB”) (formerly known as Matang Realty Sdn Bhd)	Malaysia	-	-	100	100	During the financial year, the principal activities was changed from property investment holding to property investment holding, management of plantation estate and sales of fresh fruit bunch.

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8. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) MHB had via an ordinary resolution passed on 31 October 2021 to cease its existing business (i.e. management of plantation estate and sales of fresh fruit bunches) on the oil palm plantation estate of 1,094.15 hectares in Johor ("Matang Estate Business") with effect from 31 October 2021 and transferred the entire Matang Estate Business and undertaking to MAPSB, the wholly-owned direct subsidiary of MHB, as a going concern with effect from 1 November 2021. The internal restructuring did not have any impact to the Group.

9. INVENTORIES

Non-current	Note	Group	
		2022 RM	2021 RM
Land held for property development	(a)	1,090,540	1,057,730
Addition		-	32,810
		<u>1,090,540</u>	<u>1,090,540</u>
Current			
At cost			
Estate consumables		182,530	55,741
Nursery		<u>48,067</u>	<u>42,598</u>
		<u>230,597</u>	<u>98,339</u>

- (a) Land held for property development is stated at cost less impairment losses, if any. Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and costs.
- (b) Other inventories are stated at the lower of cost and net realisable value.
- (c) Cost is determined using the first-in, first out formula. The cost of estate consumables comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of estate consumables includes the cost of raw materials, direct labour and a proportion of production overheads.
- (d) During the financial year, inventories of the Group recognised as cost of sales amounted to RM1,164,565 (2021: RM406,553).

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10. BIOLOGICAL ASSETS

At fair value	Group	
	2022 RM	2021 RM
Balance as at 1 July 2021/2020	571,713	394,807
Fair value gain	<u>371,773</u>	<u>176,906</u>
Balance as at 30 June 2022/2021	<u>943,486</u>	<u>571,713</u>

- (a) The biological assets of the Group comprise of fresh fruit bunches ("FFB") prior to harvest. The valuation model for agriculture produce adopted by the Group considers the cash flows expected to be generated from the sales of such FFB prior to harvest. To arrive at the fair value, the management has considered the oil content of the unripe FFB and assumes that the cash flows to be generated from FFB to be harvested beyond 15 days is negligible, therefore only the expected sales from the quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose.

- (b) The fair values of biological assets are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Biological assets	<u>-</u>	<u>-</u>	<u>943,486</u>	<u>943,486</u>
2021				
Biological assets	<u>-</u>	<u>-</u>	<u>571,713</u>	<u>571,713</u>

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2022 and 30 June 2021.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables				
Third parties	1,190,663	1,291,375	-	-
Other receivables and deposits				
Other receivables	546,495	396,901	88,130	92,576
Less: Impairment losses	<u>(105,095)</u>	<u>(21,728)</u>	<u>-</u>	<u>-</u>
	441,400	375,173	88,130	92,576
Amount owing by a subsidiary	-	-	11,907	-
Deposits	<u>150,579</u>	<u>138,850</u>	<u>49,566</u>	<u>8,000</u>
	<u>591,979</u>	<u>514,023</u>	<u>149,603</u>	<u>100,576</u>

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11. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Total receivables, net of prepayments	1,782,642	1,805,398	149,603	100,576
Prepayments	339,690	228,969	37,647	20,458
	<u>2,122,332</u>	<u>2,034,367</u>	<u>187,250</u>	<u>121,034</u>

- (a) Total receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group was 14 to 30 days (2021: 14 to 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount owing by a subsidiary is unsecured, interest free and repayable in cash and cash equivalents within next twelve (12) months.
- (d) All trade and other receivables are denominated in Ringgit Malaysia ('RM').
- (e) Impairment for trade receivables are recognised based on the simplified approach within MFRS 9 using forward looking expected credit loss model. During the process, the probability of non-payment by the trade receivables is adjusted by forward looking information (gross domestic product ("GDP")) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.
- It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward-looking information, including the effects of COVID-19 pandemic, if any. No expected credit loss is recognised from trade receivables as it is negligible.
- (f) Impairment for other receivables are recognised based on the general approach within MFRS 9 using forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group and the Company defined significant increase in credit risk based on changes to contractual terms, payment delays and past due information.

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11. TRADE AND OTHER RECEIVABLES (continued)
(f) (continued)

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- (i) Significant financial difficulties of the debtor;
- (ii) A breach of contract such as a default or being more than 90 days past due; or
- (iii) It is probable that the debtor will enter bankruptcy or other financial reorganisation.

It requires management to exercise its judgement in determining the probabilities of default by other receivables, appropriate forward-looking information (gross domestic product ("GDP")) and significant increase in credit risk, including the effects of COVID-19 pandemic, if any.

- (g) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
2022			
Current	900,711	-	900,711
More than 30 days past due	289,952	-	289,952
	<u>1,190,663</u>	<u>-</u>	<u>1,190,663</u>
2021			
Current	893,430	-	893,430
More than 30 days past due	397,945	-	397,945
	<u>1,291,375</u>	<u>-</u>	<u>1,291,375</u>

As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group	
	2022 RM	2021 RM
Maximum exposure	1,190,663	1,291,375
Collateral obtained	<u>-</u>	<u>(200,000)</u>
Net exposure to credit risk	<u>1,190,663</u>	<u>1,091,375</u>

In the previous financial year, the collateral was bank guarantees obtained by entity incorporated in Malaysia.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

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11. TRADE AND OTHER RECEIVABLES (continued)

(h) Movements in the impairment allowance for other receivables are as follows:

Group	12-month ECL RM	Lifetime ECL - not credit impaired RM	Lifetime ECL - credit impaired RM	Total RM
2022				
At 1 July	17,373	-	4,355	21,728
Charge for the financial year	-	-	83,367	83,367
Transfer	(17,373)	-	17,373	-
At 30 June	<u>-</u>	<u>-</u>	<u>105,095</u>	<u>105,095</u>
2021				
At 1 July	-	-	-	-
Charge for the financial year	17,373	-	4,355	21,728
At 30 June	<u>17,373</u>	<u>-</u>	<u>4,355</u>	<u>21,728</u>

12. CASH, BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	1,858,896	1,247,965	191,283	200,393
Deposits with licensed banks	60,479,490	58,820,242	43,318,709	41,950,039
Short term funds	22,742,584	22,952,272	4,486,929	4,456,733
	<u>85,080,970</u>	<u>83,020,479</u>	<u>47,996,921</u>	<u>46,607,165</u>

- (a) Deposits with licensed banks of the Group and the Company have a range of maturity period of 1 month to 1 year (2021: 1 month to 1 year); with weighted average effective interest rate of 2.16% (2021: 2.14%) and 2.14% (2021: 2.14%) per annum respectively.
- (b) All cash, bank balances and short term funds are denominated in Ringgit Malaysia ('RM').
- (c) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit after tax				
- if interest rate increases by 1% (2021: 1%)	687,070	676,557	374,091	363,388
- if interest rate decreases by 1% (2021: 1%)	<u>(687,070)</u>	<u>(676,557)</u>	<u>(374,091)</u>	<u>(363,388)</u>

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12. CASH, BANK BALANCES AND SHORT TERM FUNDS (continued)

- (d) Short term funds aim to invest in highly liquid instruments which are investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia and are redeemable with one (1) day notice. These funds are subject to an insignificant risk of changes in value and form part of net cash and cash equivalents. Funds distribution income from those funds is partially tax-exempted, is calculated daily and distributed at every month end.
- (e) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash, bank balances and short term funds	85,080,970	83,020,479	47,996,921	46,607,165
Less:				
Deposits placed with licensed banks more than three (3) months	(22,507,232)	(27,492,000)	(15,301,612)	(20,050,000)
Deposits pledged with a licensed bank	-	(35,633)	-	-
	<u>62,573,738</u>	<u>55,492,846</u>	<u>32,695,309</u>	<u>26,557,165</u>

13. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
At beginning of financial year	2,172,000,256	223,980,427	1,810,000,256	183,870,827
Issuance of ordinary shares	-	-	362,000,000	40,109,600
At end of financial year	<u>2,172,000,256</u>	<u>223,980,427</u>	<u>2,172,000,256</u>	<u>223,980,427</u>

In the previous financial year, the issued and fully paid-up ordinary shares of the Company was increased from 1,810,000,256 to 2,172,000,256 by way of issuance of 362,000,000 new ordinary shares at RM0.1108 per ordinary share for cash. The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

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14. RESERVES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable:				
Fair value reserve	47,390	29,455	-	-
Merger reserve	(108,000,004)	(108,000,004)	-	-
	(107,952,614)	(107,970,549)	-	-
Distributable:				
Retained earnings	112,310,761	110,965,440	1,065,468	12,407
	<u>4,358,147</u>	<u>2,994,891</u>	<u>1,065,468</u>	<u>12,407</u>

(a) Fair value reserve

Fair value reserve represents the cumulative fair value changes of financial assets at fair value through other comprehensive income until they are disposed or impaired.

(b) Merger reserve

The merger reserve arose from the pooling of interest method of accounting used on consolidation of MHB Group. The merger reserve represents the difference between the amount recorded as the cost of investment, which comprised the share capital issued by the Company and the nominal value of share capital of the subsidiary, MHB.

	RM
Cost of investment	168,000,006
Less: Nominal value of shares in Matang Holdings Berhad ("MHB")	(60,000,002)
Merger reserve	<u>108,000,004</u>

15. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Balance as at 1 July	1,587,985	1,542,197	-	-
Recognised in profit or loss (Note 19)				
- current year	419,593	111,374	3,108	-
- prior years	20,119	(65,586)	-	-
	<u>439,712</u>	<u>45,788</u>	<u>3,108</u>	<u>-</u>
Balance as at 30 June	<u>2,027,697</u>	<u>1,587,985</u>	<u>3,108</u>	<u>-</u>

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15. DEFERRED TAX LIABILITIES (continued)

- (b) The components and movements of deferred tax liabilities during the financial year are as follows:

Deferred tax liabilities of the Group

Deferred tax liabilities	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 July 2020	1,542,197	-	1,542,197
Recognised in profit or loss	9,223	36,565	45,788
At 30 June 2021/ 1 July 2021	1,551,420	36,565	1,587,985
Recognised in profit or loss	396,494	43,218	439,712
At 30 June 2022	1,947,914	79,783	2,027,697

Deferred tax liabilities of the Company

Deferred tax liabilities	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 July 2020	-	-	-
Recognised in profit or loss	-	-	-
At 30 June 2021/ 1 July 2021	-	-	-
Recognised in profit or loss	7,985	(4,877)	3,108
At 30 June 2022	7,985	(4,877)	3,108

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16. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade payables				
Third parties	760,567	462,854	-	-
Other payables				
Other payables and accruals	1,229,978	1,211,016	707,140	435,032
Amount owing to subsidiary	-	-	5,000	-
Deposits received	208,710	201,837	-	-
	<u>1,438,688</u>	<u>1,412,853</u>	<u>712,140</u>	<u>435,032</u>
	<u>2,199,255</u>	<u>1,875,707</u>	<u>712,140</u>	<u>435,032</u>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranges from 30 to 90 days (2021: 30 to 90 days).
- (b) All trade and other payables are denominated in Ringgit Malaysia ('RM').
- (c) Amount owing to subsidiary represents advances and payments made on behalf, which are unsecured, interest free and repayable within the next twelve months.
- (d) Maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

17. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Revenue from contracts with customers				
Sale of palm products	17,625,245	13,694,735	-	-
Other revenue:				
- Dividend income	-	-	6,000,000	3,000,000
- Management service and support charges	-	-	638,425	-
	<u>17,625,245</u>	<u>13,694,735</u>	<u>6,638,425</u>	<u>3,000,000</u>

- (a) Revenue from sale of palm products is recognised at a point in time when the products has been transferred to the customer and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of palm products as the sales are made on the normal credit terms not exceeding twelve months.

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17. REVENUE (continued)
(b) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(c) Management service and support charges

Management service and support charges are recognised when the right to receive payment is established.

18. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at:

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
After charging:					
Auditors' remuneration		63,500	62,000	27,000	27,000
Rental of photocopiers		5,039	5,268	1,603	-
And crediting:					
Gain on disposal of property, plant and equipment		-	34,648	-	-
Interest income	(a)	1,570,173	915,167	961,758	229,345
Rental income	(b)	802,249	792,713	-	-

(a) Interest income

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

(b) Rental income

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

(c) Directors' remuneration

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fees	230,000	190,137	230,000	190,137
Other emoluments	561,941	372,926	363,678	214,339
	<u>791,941</u>	<u>563,063</u>	<u>593,678</u>	<u>404,476</u>

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19. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Income tax				
- current year	2,541,087	2,084,773	203,097	34,389
- (over)/under provision in prior years	(55,212)	24,645	594	(145)
	2,485,875	2,109,418	203,691	34,244
Deferred tax (Note 15)				
- current year	419,593	111,374	3,108	-
- under/(over) provision in prior years	20,119	(65,586)	-	-
	439,712	45,788	3,108	-
	<u>2,925,587</u>	<u>2,155,206</u>	<u>206,799</u>	<u>34,244</u>

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2021: 24%) of the estimated taxable profits for the fiscal years.
- (b) The numerical reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	<u>8,614,908</u>	<u>6,260,653</u>	<u>5,603,860</u>	<u>2,189,432</u>
Tax expense at applicable tax of 24% (2021: 24%)	2,067,578	1,502,557	1,344,926	525,464
Non-allowable expenses	1,061,579	836,013	307,992	243,200
Allowable expenses capitalised in bearer plants	(1,819)	(31,696)	-	-
Non-taxable income	<u>(166,658)</u>	<u>(110,727)</u>	<u>(1,446,713)</u>	<u>(734,275)</u>
	2,960,680	2,196,147	206,205	34,389
(Over)/Under provision in prior years				
- income tax	(55,212)	24,645	594	(145)
- deferred tax	20,119	(65,586)	-	-
	<u>2,925,587</u>	<u>2,155,206</u>	<u>206,799</u>	<u>34,244</u>

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19. TAX EXPENSE (continued)

(c) Tax on each component of other comprehensive income is as follows:

2022	Before tax RM	Group Tax effect RM	After tax RM
Item that will not be reclassified subsequently to profit or loss			
Fair value gain on equity investments at fair value through other comprehensive income	<u>17,935</u>	<u>-</u>	<u>17,935</u>
2021			
Item that will not be reclassified subsequently to profit or loss			
Fair value gain on equity investments at fair value through other comprehensive income	<u>67,520</u>	<u>-</u>	<u>67,520</u>

20. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

The Group has entered into non-cancellable lease arrangements for operation, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	2022 RM	Group 2021 RM
Not later than one (1) year	2,520	4,581
Later than one (1) year and not later than five (5) years	<u>1,050</u>	<u>3,570</u>
	<u>3,570</u>	<u>8,151</u>

(b) Capital commitments

	2022 RM	Group 2021 RM
Authorised capital expenditure not provided for in the financial statements		
- contracted	<u>3,433,576</u>	<u>1,584,026</u>
Analysed as follows:		
- Property, plant and equipment	<u>3,433,576</u>	<u>1,584,026</u>

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21. EMPLOYEE BENEFITS

The total employee benefits recognised in profit or loss are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries, allowances and overtime	1,690,797	1,695,074	741,455	122,000
Contributions to defined contribution plan	287,001	261,162	110,934	18,300
Other employee benefits	255,592	167,652	22,196	2,739
	<u>2,233,390</u>	<u>2,123,888</u>	<u>874,585</u>	<u>143,039</u>

22. EARNINGS PER SHARE ("EPS")

- (a) Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	Group	
	2022	2021
Profit attributable to owners of the parent (RM)	<u>5,689,321</u>	<u>4,105,447</u>
Weighted average number of ordinary shares in issue (unit)	<u>2,172,000,256</u>	<u>1,844,712,585</u>
Basic EPS (sen)	<u>0.26</u>	<u>0.22</u>

- (b) Diluted EPS of the Group for the financial years ended 30 June 2022 and 30 June 2021 is equivalent to the basic EPS as there are no potential ordinary shares outstanding as at the end of each reporting period.

23. DIVIDENDS

	Group and Company			
	2022	2021	2022	2021
	Gross dividend per share sen	Amount of dividend net of tax RM	Gross dividend per share sen	Amount of dividend net of tax RM
In respect of financial year ended 30 June 2020				
- Final cash dividend	-	-	0.15	2,715,000
In respect of financial year ended 30 June 2021				
- Final cash dividend	<u>0.20</u>	<u>4,344,000</u>	<u>-</u>	<u>-</u>
	<u>0.20</u>	<u>4,344,000</u>	<u>0.15</u>	<u>2,715,000</u>

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23. DIVIDENDS (continued)

As approved by shareholders at an Annual General Meeting held on 25 November 2020, a first and final single tier dividend of 0.15 sen per share, amounting to RM2,715,000 in respect of financial year ended 30 June 2020 was paid on 8 January 2021.

As approved by shareholders at an Annual General Meeting held on 24 November 2021, a first and final single tier dividend of 0.20 sen per share, amounting to RM4,344,000 in respect of financial year ended 30 June 2021 was paid on 7 January 2022.

24. CONTINGENT LIABILITIES

	Group	
	2022 RM	2021 RM
Bankers' guarantees in favour of third party	-	33,000

The Group designates bankers' guarantees given to third party as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors were of the view that the chances of the third party to call upon the banker's guarantees were remote. Accordingly, the fair values of the above banker's guarantees given to the third parties were negligible.

25. SEGMENT REPORTING

The Group is predominantly involved in management of plantation estate and sale of fresh fruit bunch which is the only reportable segment. Other non-reportable segment is investment holding and investment property. These segments do not meet the quantitative threshold for reporting segments in 2022 and 2021. All the Group's operations are carried out in Malaysia.

The Group evaluates performance on the basis of profit or loss from operations before tax.

26. RELATED PARTY DISCLOSURES**(a) Identities of related parties**

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

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26. RELATED PARTY DISCLOSURES (continued)
(a) Identities of related parties (continued)

The Group also has related party relationships with the following party:

Related party	Relationship
Huaren Resources Sdn. Bhd. ("Huaren")	Related party

(b) Significant related party transactions and balances

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transaction with a related party during the financial year:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Related party:				
Rental of office charged by Huaren	<u>136,299</u>	<u>136,298</u>	<u>90,866</u>	<u>-</u>

The related party transactions described above were carried out in the ordinary course of business and established under negotiated and mutually agreed terms.

(c) Compensation of key management personnel

Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

Key management personnel comprise all the Directors of the Company.

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Fees	230,000	190,137	230,000	190,137
Other emoluments	<u>561,941</u>	<u>372,926</u>	<u>363,678</u>	<u>214,339</u>
Total key management compensation	<u>791,941</u>	<u>563,063</u>	<u>593,678</u>	<u>404,476</u>

27. CAPITAL AND FINANCIAL RISK MANAGEMENT
(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 30 June 2021.

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27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)
(a) Capital management (continued)

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2022 and 30 June 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt represents lease liabilities, trade and other payables, less cash and bank balances and short-term funds. Total capital represents equity attributable to the owners of the parent.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Lease liabilities	484,376	598,726	484,376	-
Trade and other payables	2,199,255	1,875,707	712,140	435,032
Total liabilities	2,683,631	2,474,433	1,196,516	435,032
Less: Cash and bank balances and short term funds (Note 12)	(85,080,970)	(83,020,479)	(47,996,921)	(46,607,165)
Net cash	(82,397,339)	(80,546,046)	(46,800,405)	(46,172,133)
Total capital	228,338,574	226,975,318	225,045,895	223,992,834
Gearing ratio	_*	_*	_*	_*

**The gearing ratios for the Group and for the Company are not presented as the Group and the Company are in net cash position.*

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital. The Group has complied with this requirement for the financial year ended 30 June 2022.

The Group is not subject to any externally imposed capital requirements.

(b) Financial risk management

The Group's financial risk management objective is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates. It is, and has been throughout the period under review, the Group's policy that no trading and speculation in derivative financial instruments shall be undertaken.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, market risk as well as price fluctuation risk.

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27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group seeks to control credit risk by setting counterparty credit limits and ensuring that sales of products are made to customers with appropriate credit history. Trade receivables are monitored by management on an ongoing basis.

The Group's primary exposure to credit risk arises through its trade receivables.

The credit risk profile analysis has been disclosed in Note 11 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations when due. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and bank balances deemed adequate to finance the Group's activities.

In order to mitigate the potential risk exposure due to COVID-19 pandemic, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 5 and 16 to the financial statements respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposures to market risk of changes in interest rates relate primarily to the Group's interest-earning deposits and lease liability. There is no formal hedging policy with respect to interest rate exposure.

The interest rate profile and sensitivity analysis for interest rate risk have been disclosed in Notes 5 and 12 to the financial statements.

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

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27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Market risk (continued)

The Group is exposed to equity price risks arising from quoted investments held by the Group. Quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad and are held for strategic rather than trading purposes. These instruments are classified as financial assets designated at fair value through other comprehensive income.

The Group diversifies its portfolio in accordance with the limits set by the Board of Directors to manage its price risk arising from investments in equity securities.

There has been no change to the exposure of the Group to market risks or the manner in which these risks are managed and measured.

The sensitivity analysis of market rate risk has been disclosed in Note 7 to the financial statements.

(v) Price fluctuation risk

Sensitivity analysis for price fluctuation risk

The Group's exposure to price volatility was mainly derived from palm products. If the price of palm products change by 10%, profit for the Group would have equally increased or decreased by approximately RM1,411,224 (2021: RM1,084,250).

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The Company announced on 6 May 2022 that it proposes to undertake a private placement of up to 10% of the total number of issued shares of Matang to third party investor(s) to be identified later at an issue price to be determined later, pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement").
- (b) The Company announced on 9 May 2022 that the listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities on even date.
- (c) The Company announced on 23 May 2022 that Bursa Securities has resolved to approve the listing and quotation of 217,200,025 placement shares to be issued pursuant to the Proposed Private Placement ("Placement Shares") subject to the conditions as set out therein the approval letter from Bursa Securities.

29. SUBSEQUENT EVENT AFTER THE END OF THE REPORTING PERIOD

On 6 July 2022, the Company announced that 217,200,020 Placement Shares were listed and quoted on the ACE Market of Bursa Securities on even date, which marks the completion of the Proposed Private Placement.

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30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**30.1 New MFRSs adopted during the financial year**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>- Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendment to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards. The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.

VALUATION CERTIFICATE FOR THE PROPERTY



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)
(formerly known as C H Williams Tahir & Wang Sdn Bhd)

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Report and Valuation

Our Ref : WTW/01/V/002623/22/MYL

14 February 2023

PRIVATE & CONFIDENTIAL**Star Media Group Berhad**

Menara Star,15
Jalan 16/11
46350 Petaling Jaya
Selangor

Dear Sir,

CERTIFICATE OF VALUATION

**TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE
ERECTED ON PART OF PARENT LOT NO. 78658**

MUKIM OF DAMANSARA

DISTRICT OF PETALING, SELANGOR

FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

We thank you for your instructions to carry out a formal valuation on the above-mentioned property in providing our opinion of the Market Value of the property for the purpose of submission to Bursa Malaysia Securities Berhad and for inclusion in the circular to shareholders of Star Media Group Berhad in relation to the proposed disposal of property assets of Star Media Group Berhad in return for new Matang Berhad shares.

Having inspected the property and investigated available data related and relevant to the matter, we are pleased to report that in our opinion, the total market value of the subject property **BASED ON THE BASIS/ASSUMPTIONS AND PROVISIO AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** and free from all encumbrances is **RM33,000,000/- (Ringgit Malaysia: Thirty Three Million Only)**.

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

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

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

We have inspected the subject property on 27 January 2023 and the date of inspection is taken as the material date of valuation.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

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14 February 2023

Star Media Group Berhad

CERTIFICATE OF VALUATION

TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE

ERECTED ON PART OF PARENT LOT NO. 78658

MUKIM OF DAMANSARA

DISTRICT OF PETALING, SELANGOR

FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

TERMS OF REFERENCE

The valuation is carried out based on the following **BASIS/ASSUMPTIONS:-**

- I. THE SUBJECT PROPERTY COMPRISES TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE IDENTIFIED AS UNIT NOS. 3 & 5, JALAN TIANG U8/94, BUKIT JELUTONG, SEKSYEN U8, 40150 SHAH ALAM, SELANGOR;**
- II. BASED ON BUILDING PLANS APPROVED BY MAJLIS BANDARAYA SHAH ALAM ON 20 JANUARY 2023 BEARING PLAN NO. MBSA/BGN/BB/600-1(PB)/SEK:U8/0206-2022, THE FLOOR AREA OF EACH UNIT IS 2,774.57 SQUARE METRES (APPROXIMATELY 29,865 SQUARE FEET);**
- III. BASED ON THE PRE-COMP PLAN APPROVED BY MAJLIS BANDARAYA SHAH ALAM ON 24 JANUARY 2022 BEARING REFERENCE NO. MBSA/PRG/PPH/SEK.U8AL-2-2022, THE LAND AREA FOR EACH UNIT IS 2,447 SQUARE METRES (APPROXIMATELY 26,339 SQUARE FEET);**
- IV. THE SUBJECT PROPERTY HAS BEEN CONSTRUCTED AND COMPLETED IN ACCORDANCE WITH THE APPROVED BUILDING PLANS AND ISSUED WITH A CERTIFICATE OF COMPLETION AND COMPLIANCE (CCC) BY THE RELEVANT AUTHORITIES;**
- V. A MARKETABLE AND REGISTRABLE TITLE WITH "INDUSTRY" CATEGORY OF LAND USE WHICH CONFERS A FREEHOLD TENURE WILL BE ISSUED TO EACH UNIT;**
- VI. THE VALUATION IS CONDUCTED BASED ON THE TERMS AND CONDITIONS AS STATED IN THE DRAFT SALE AND PURCHASE AGREEMENT DATED 10 FEBRUARY 2023 BETWEEN SMG LAND SDN BHD ("VENDOR") AND STAR MEDIA GROUP BERHAD ("PROPRIETOR") AND MATANG BERHAD ("PURCHASER").**

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

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



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Our Ref: WTW/01/V/002623/22/MYL

14 February 2023

Star Media Group Berhad

CERTIFICATE OF VALUATION**TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE****ERECTED ON PART OF PARENT LOT NO. 78658****MUKIM OF DAMANSARA****DISTRICT OF PETALING, SELANGOR****FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD****PROPERTY IDENTIFICATION**

The 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

Address : Nos. 3 & 5, Jalan Tiang U8/94, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor.

Parent Title No. : GRN 204624

Parent Lot No. : Lot 78658, Mukim of Damansara, District of Petaling, Selangor

Land Area as per approved pre-comp plan :

Unit No.	Land Area
Unit No. 3	2,447 square metres (approximately 26,339 square feet)
Unit No. 5	2,447 square metres (approximately 26,339 square feet)

Gross Floor Area as per approved building plans :

Unit No.	Gross Floor Area
Unit No. 3	2,774.57 square metres (approximately 29,865 square feet)
Unit No. 5	2,774.57 square metres (approximately 29,865 square feet)

Tenure : Term in Perpetuity (Freehold)

Registered Owner of Parent Lot : STAR MEDIA GROUP BERHAD

Category of Land Use (as per parent title) : Perusahaan

Express Condition (as per parent title) : Industry

Restriction in Interest (as per parent title) : Not Stated

Encumbrances : Nil

Date of Valuation : 27 January 2023

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

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Our Ref : WTW/01/V/002623/22/MYL

14 February 2023

Star Media Group Berhad

CERTIFICATE OF VALUATION

TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE

ERECTED ON PART OF PARENT LOT NO. 78658

MUKIM OF DAMANSARA

DISTRICT OF PETALING, SELANGOR

FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

GENERAL DESCRIPTION

The subject property comprises two (2) units of double storey semi-detached factory and warehouse annexed with a one-and-a-half (1½)-storey office building together with other ancillary buildings identified as Unit Nos. 3 & 5, Jalan Tiang U8/94, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor. Both units, adjoining to each other, are identical in design, land size and floor area.

Site

The site, an intermediate lot each, is rectangular in shape. Based on the Pre-Comp Plan approved by Majlis Bandaraya Shah Alam on 24 January 2022 bearing reference no. MBSA/PRG/PPH/SEK.U8AL-2-2022, the subject property has a provisional land area of 2,447 square metres (approximately 26,339 square feet) each.

The land will be flat in terrain and lies at the same level with the proposed frontage metalled road, Jalan Tiang U8/94. The compound will be enclosed with perimeter fencing. During our inspection, the parent lot is still vacant without any sign of construction activity.

Building

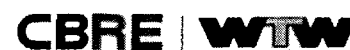
As at the date of our valuation, we noted that the building plans has been approved by Majlis Bandaraya Shah Alam bearing plan no. MBSA/BGN/BB/600-1(PB)/SEK:U8/0206-2022 dated 20 January 2023. Unit No. 3 and 5 will be constructed with the following buildings/structures:

1. a) Double Storey Semi-Detached Factory
b) An annexed one-and-a-half (1½)-storey office building
2. One (1) Refuse Chamber
3. One (1) Guardhouse

Based on the above mentioned approved building plans, the gross floor area of Unit No. 3 and Unit No. 5 is 2,774.57 square metres (approximately 29,865 square feet) each.

Based on the information provided to us, the expected commencement date and completion date are May 2023 and April 2026, respectively.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



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Our Ref : WTW/01/V/002623/22/MYL

14 February 2023

Star Media Group Berhad

CERTIFICATE OF VALUATION

TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE

ERECTED ON PART OF PARENT LOT NO. 78858

MUKIM OF DAMANSARA

DISTRICT OF PETALING, SELANGOR

FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

PLANNING PROVISION

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

We noted that the following approvals have been granted by Majlis Bandaraya Shah Alam (MBSA):

- a) Planning Approval bearing reference no. (25)MBSA/PRG/KP/600-3/SEK.U8/0116/2022 dated 26 October 2022.
- b) Building Plans Approval bearing reference no. MBSA/BGN/BB/600-1(PB)/SEK.U8/0206-2022 dated 20 January 2023.

Our subject property ie. Unit Nos. 3 & 5 forms part of the above-mentioned proposed development.

METHOD OF VALUATION

The subject property is valued using the Comparison Approach of Valuation. The Comparison Approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape, position and other relevant characteristics to arrive at the market value.

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

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

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14 February 2023

Star Media Group Berhad

CERTIFICATE OF VALUATION

TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE

ERECTED ON PART OF PARENT LOT NO. 78858

MUKIM OF DAMANSARA

DISTRICT OF PETALING, SELANGOR

FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

VALUE CONSIDERATION

a) Comparison Approach

The sale evidences have been analysed and adjusted for the differences in location – general, surrounding, location - accessibility/ visibility, shape, size, position (intermediate / end / corner lot) and other relevant characteristics to arrive at the market value.

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Name	Bukit Jelutong	Hicom-Glenmarie Industrial Park	Temasya Industrial Park
Title No.	HS(D) Kekal 296661	HS(D) Kekal 316135	HS(D) Kekal 102337
Lot No.	PT 35573	PT 3059	PT 16151
Town/Mukim	Damansara	Bandar Glenmarie	Damansara
District	Petaling		
State	Selangor		
Address	No. 12, Jalan Para U8/103	No. 11, Jalan Penyajak U1/45A	No. 27, Jalan Perintis U1/52
Type	Single storey intermediate semi-detached factory annexed with three(3)-storey office building	Three (3)-storey semi-detached factory and office	Single storey corner semi-detached factory annexed with three(3)-storey office building
Land Area	1,170.60 square metres (Approximately 12,600 square feet)	1,367.62 square metres (Approximately 14,721 square feet)	2,025.00 square metres (Approximately 21,797 square feet)
Estimated Gross Floor Area	6,988 square feet	12,304 square feet	14,000 square feet
Tenure	Term in Perpetuity		
Date	11/05/2021	08/07/2022	05/10/2020
Vendor	INFRAKOMAS SDN BHD	NASRI BIN NASRUN	ATLANTIC MOTION SDN BHD
Purchaser	KCJ ENGINEERING SDN BHD	LIM KOOI FUI HOLDINGS SDN BHD	CLASSIC BLOSSOM SDN BHD
Consideration	RM7,000,000/-	RM8,400,000/-	RM15,700,000/-
Land Value Analysis (RM psf)	RM458/-	RM405/-	RM600/-
Adjustments	Adjustments are made on location – general, location – accessibility & visibility, shape, size, position (intermediate, corner, end) and no. of storey.		
Adjusted Land Value (RM psf)	RM378/-	RM354/-	RM405/-

Notes: "psf" denotes per square foot

From the above analysis, the adjusted land values range from RM354 per square foot to RM405 per square foot.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



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Our Ref: WTW/01/V/002623/22/MYL

14 February 2023

Star Media Group Berhad

CERTIFICATE OF VALUATION**TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE****ERECTED ON PART OF PARENT LOT NO. 78658****MUKIM OF DAMANSARA****DISTRICT OF PETALING, SELANGOR****FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD****VALUE CONSIDERATION**a) Comparison Approach (Cont'd)

We have adopted Comparable 1 as the most appropriate comparable as it is located within the same locality with the subject property. Therefore, we have adopted a rounded value of RM380 per square foot for the land in our valuation.

In arriving on the building value, we have made reference to the JUBM and Arcadis Construction Cost Handbook Malaysia 2022 and our analysis of similar developments. The building value adopted are as follows:

Description	Building Value (RM per square foot)
Double storey semi-detached factory together with one-and-a-half storey office building and warehouse	RM220
Ancillary Buildings - Guard House & Refuse Chamber	RM100

Depreciation

We have not allowed any depreciation for the subject property as it is yet to be constructed during our site inspection.

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

Description	Market Value
Land Value	RM10,008,820/-
Building Value	RM6,533,700/-
Total	RM16,542,520/-
Say	RM16,500,000/-

Hence, the market value of each unit of Unit Nos. 3 & 5 derived from Comparison Approach is **RM16,500,000/-**

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

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Our Ref : WTW/01/V/002623/22/MYL

14 February 2023

Star Media Group Berhad

CERTIFICATE OF VALUATION**TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE****ERECTED ON PART OF PARENT LOT NO. 78858****MUKIM OF DAMANSARA****DISTRICT OF PETALING, SELANGOR****FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD****b) Income Approach (Investment Method)**

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

Income Approach (Investment Method)

Description	Parameters	Remarks
Average Gross Rental	RM2.20 psf	Considered the concluded/asking rentals of semi-detached factories within the vicinity.
Outgoings	RM0.26 psf	Considered the rates charged by relevant local authorities and outgoings of the similar property type.
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate	4.00%	Based on the recent transaction of the semi-detached factories within the vicinity, the net yield ranges from 3.27% to 4.22%. Taking into consideration the location, building specification and building age of the subject property, we have adopted net reversionary yield at 4.00%.

The market value derived from Income Approach (Investment Method) for each unit is **RM16,500,000/-**.

VALUATION CERTIFICATE FOR THE PROPERTY (CONT'D)



CBRE WTW VALUATION & ADVISORY SDN BHD (197401001098)

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Our Ref : WTW/01/V/002623/22/MYL

14 February 2023

Star Media Group Berhad

CERTIFICATE OF VALUATION**TWO (2) UNITS OF SEMI-DETACHED FACTORY AND WAREHOUSE****ERECTED ON PART OF PARENT LOT NO. 78858****MUKIM OF DAMANSARA****DISTRICT OF PETALING, SELANGOR****FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD****RECONCILIATION OF VALUE**

The market value for each unit of semi-detached factory derived from both Comparison Approach and Income Approach (Investment Method) are shown as follows:-

Comparison Approach - RM16,500,000/-

Income Approach
(Investment Method) - RM16,500,000/-

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

VALUATION

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

Unit No.	Market Value
Unit No. 3	RM16,500,000/-
Unit No. 5	RM16,500,000/-
Total	RM33,000,000/-

Yours faithfully

for and on behalf of

CBRE WTW Valuation & Advisory Sdn Bhd*(formerly known as C H Williams Talhar & Wong Sdn Bhd)*

Sr HENG KIANG HAI

MBA (Real Estate), B.Surv (Hons) Prop.Mgt,

MRICS, FRISM, FPEPS, MMIPFM.

Registered Valuer (V-486)

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors who collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. Our Directors hereby confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, opinions expressed by us in the Circular are fair and accurate after due and careful consideration, and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular false or misleading.

All information relating to the Purchaser has been obtained from the Purchaser and/or the management of the Purchaser (as the case may be). The responsibility of our Directors is therefore limited to ensuring that such information is accurately reproduced in this Circular and our Directors accept no further or other responsibility in respect of such information.

2. CONSENT AND CONFLICT OF INTEREST**AIS**

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

AIS confirmed that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Independent Adviser for the Proposed Disposal.

CBRE I WTW

CBRE I WTW, being the Independent Valuer for the Property, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation certificates in relation to the Property as set out in Appendix IV and all references thereto in the form and context in which they appear in this Circular.

CBRE I WTW confirmed that it is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Independent Valuer for the Property.

3. MATERIAL CONTRACTS

Save for as disclosed below and the SPA, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the past two (2) years immediately preceding the date of this Circular:

- (i) on 18 August 2021:
 - (a) our Company being the Proprietor had entered into the DRA with the Vendor to grant the development rights in respect of the Parent Land to the Vendor to, among others, carry out the development of the Parent Land into a commercial development including planning and developing a concept, determining suitable development mix and other structures to be erected on the Parent Land as the Vendor shall think fit at its discretion, obtaining all approvals from the appropriate authorities and doing all matters as necessary and incidental in connection with the development ("**Development**"), and to sell, let, lease, invest in or otherwise deal with the units to be constructed on the Parent Land including the transfer of the individual titles to the units constructed from the subdivision of the Parent Land to the end-purchasers of the units for a total consideration of RM21,100,000.00. Subject to the satisfaction of the consideration, the Vendor shall be entitled to retain and enjoy all income derived from the Development for its own benefit.

ADDITIONAL INFORMATION (CONT'D)

Pursuant to the DRA, our Company undertakes to, among others, promptly sign and execute all such necessary applications, plans and documents as required to be submitted to the appropriate authorities for approval and to procure all such necessary consents and approvals from the appropriate authorities for the Development as may be requested by the Vendor, and to allow the Vendor to deal with the Development, construction and other works being carried out on the Parent Land at its own discretion. In return, the Vendor undertakes to, among others, bear all the development expenditure as stipulated in the DRA and to ensure that the Development is carried out in compliance with the conditions imposed by the appropriate authorities.

The consideration was fully satisfied by the proceeds of an equity loan granted by our Company to the Vendor.

- (b) our Company being the Proprietor had entered into a development rights agreement ("**Lot 78657 Land DRA**") with the Vendor to grant the development rights in respect of the land held under Geran 204623, Lot 78657, Mukim Damansara, Daerah Petaling, Negeri Selangor registered in the name of our Company ("**Lot 78657 Land**") to the Vendor to, among others, carry out the development of Lot 78657 Land into a commercial development including planning and developing a concept, determining suitable development mix and other structures to be erected on the Lot 78657 Land as the Vendor shall think fit at its discretion, obtaining all approvals from the appropriate authorities and doing all matters as necessary and incidental in connection with the development ("**Lot 78657 Development**"), and to sell, let, lease, invest in or otherwise deal with the units to be constructed on the Lot 78657 Land including the transfer of the individual titles to the units constructed from the subdivision of the Lot 78657 Land to the end-purchasers of the units for a total consideration of RM20,700,000.00. Subject to the satisfaction of the consideration, the Vendor shall be entitled to retain and enjoy all income derived from the Lot 78657 Development for its own benefit.

Pursuant to the Lot 78657 Land DRA, our Company undertakes to, among others, promptly sign and execute all such necessary applications, plans and documents as required to be submitted to the appropriate authorities for approval and to procure all such necessary consents and approvals from the appropriate authorities for the Lot 78657 Development as may be requested by the Vendor, and to allow the Vendor to deal with the Lot 78657 Development, construction and other works being carried out on the Lot 78657 Land at its own discretion. In return, the Vendor undertakes to, among others, bear all the development expenditure as stipulated in the Lot 78657 Land DRA and to ensure that the Lot 78657 Development is carried out in compliance with the conditions imposed by the appropriate authorities.

The consideration was fully satisfied by the proceeds of an equity loan granted by our Company to the Vendor.

Both transactions were completed and the vacant possession of the Parent Land and Lot 78657 Land had been delivered to the Vendor on 20 August 2021.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save for as disclosed below, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group:

ADDITIONAL INFORMATION (CONT'D)

- (i) Our Company had on 19 August 2011 entered into a Sale and Purchase Agreement with JAKS Island Circle Sdn Bhd ("**JIC**") for the proposed disposal of our Company's land held under H.S. (D) 259880, No. Lot PT 16, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor ("**PT 16**") together with the buildings erected thereon to JIC for a consideration of RM135,000,000.00 only ("**JAKS SPA**").

Under the JAKS SPA, JIC shall pay the purchase consideration partly through the completion, delivery and transfer of the legal title, with vacant possession and certificate of completion and compliance, free from all encumbrances whatsoever of a fifteen (15) storey office block to be constructed on PT 16 ("**Tower A**") to the Company as our Company's entitlement.

Pursuant to the JAKS SPA, JIC shall also provide a bank guarantee for the sum of RM50,000,000.00 only in favour of our Company to guarantee, among others, the completion and delivery of the vacant possession of the Tower A in accordance with the terms of the JAKS SPA. In addition, JIC's holding company, JAKS Resources Berhad ("**JRB**") shall also provide a corporate guarantee in favour of our Company to guarantee the performance of the obligations of JIC under the JAKS SPA ("**JRB Corporate Guarantee**").

As JIC had failed to deliver the vacant possession of Tower A by the stipulated timeline, our Company had, on 15 February 2018, made a demand on the bank guarantees amounting to RM50,000,000.00 ("**JIC Bank Guarantees**") in accordance with the terms of the JAKS SPA. In an attempt to injunct or prevent our Company from calling on the JIC Bank Guarantees, JIC had, on 23 February 2018, initiated suits WA-24C(ARB)-11-02/2018 and WA-24C(ARB)-12-02/2018 (collectively, "**OS 11 & 12**") in the High Court.

The High Court in OS 11 & 12 had ruled in favour of our Company for the release of the JIC Bank Guarantees by the respective financial institutions, Ambank Berhad in the sum of RM25,000,000.00 and UOB Bank Berhad in the sum of RM25,000,000.00 to our Company and ultimately rejected JIC's contention that our Company's calls on the JIC Bank Guarantees were unconscionable and premature. This decision was further upheld by the Court of Appeal, and JIC's motions for leave to appeal to the Federal Court against the decision of the Court of Appeal were dismissed on 7 January 2019.

Subsequently, our Company had on 19 April 2019 filed a Writ of Summons and a Statement of Claim against JRB vide the Civil Suit No. WA-22NCvC-258-04/2019 ("**Suit 258**") for JRB's alleged breach and failure to perform its obligations under the JRB Corporate Guarantee. Our Company has claimed for, among others, specific performance to order JRB to complete or cause to be completed JIC's obligations under the JAKS SPA by 31 October 2019 in full and proper compliance with the terms of the JAKS SPA and damages being the late payment interest calculated at eight (8%) per annum on the balance purchase price under the JAKS SPA of RM134,500,000.00 from 25 October 2015 until the date of full payment of the RM134,500,000.00.

Thereafter, JRB and JIC (collectively, "**JAKS**") had filed a counterclaim and served a Writ of Summons and a Statement of Claim both dated 30 May 2019 against our Company for an alleged premature call on the JIC Bank Guarantees. JAKS in this Suit No. WA-22NCvC-374-05/2019 ("**Suit 374**") has claimed for among others, the sum of RM50,000,000.00 pursuant to the JIC Bank Guarantees to be refunded or returned and the sum of RM248,242,987.62 as liquidated and ascertained damages and RM297,035,481.00 for loss of proceeds from JRB's corporate fundraising exercises.

Our Company had on 1 August 2019 filed an application for a preliminary determination under Order 14A of the Rules of Court and to strike out JAKS' counter claim in Suit 258 and Suit 374 respectively on the grounds of *res judicata* and multiplicity of proceedings. Our Company contended that JAKS' position in both Suit 258 and Suit 374 on the alleged variations of the building plans which required the resubmission of the plans

ADDITIONAL INFORMATION (CONT'D)

for the approval of Majlis Bandaraya Petaling Jaya and the alleged new completion date under the JAKS SPA being 20 June 2020 were exactly the same arguments raised by JIC ("**Alleged Variations and Alleged New Completion Date**") in the previous suits OS 11 & 12, which had been fully litigated in the High Court.

In respect of Suit 258, the High Court had on 7 August 2020 allowed our Company's application for preliminary determination under Order 14A partially and, among others, ordered JRB to compensate our Company at the rate of eight (8%) per annum on the balance purchase price of RM134,500,000.00 from 25 October 2015 to 6 July 2020 which will continue to run from 6 July 2020 to the date JRB completes or cause to be completed JIC's obligations under the JAKS SPA. However, the High Court dismissed our Company's question in the same application to compel JRB to provide full set of the construction drawings, details and specifications requested by our Company in order to carry out a proper and meaningful joint inspection ("**the Dismissal**"). Therefore, JRB had on 21 August 2020 appealed against the decision delivered in favour of our Company and our Company had on 1 September 2020 also appealed against the Dismissal.

In respect of Suit 374, the High Court had on 28 September 2020 dismissed our Company's application for preliminary determination. Subsequently, our Company had on 2 October 2020 filed an appeal against the decision of the High Court in respect of Suit 374.

Hence, there were three (3) appeals in total filed in the Court of Appeal as follows:

- (a) Appeal No. W-02(IM)(NCVC)-1122-08/2020 filed by JRB against the orders in favour of our Company's preliminary determination in Suit 258;
- (b) Appeal No. W-02(IM)(NCVC)-1188-09/2020 filed by our Company against the Dismissal in Suit 258; and
- (c) Appeal No. W-02(IM)(NCVC)-1435-09/2020 filed by our Company against the dismissal of our Company's application for preliminary determination in Suit 374.

On appeal, the Court of Appeal heard the three (3) appeals together and decided against our Company on 27 July 2021. As a result, our Company had on 25 August 2021 filed three (3) motions for leave to appeal to the Federal Court against the decision of the Court of Appeal. As JIC has been put into creditors' voluntary winding-up, any legal proceedings against a company in liquidation shall be subject to leave from the High Court being obtained. Our Company filed an Originating Summon for leave which was granted by the High Court on 6 October 2022 to continue the appeal proceedings against JIC. The leave application to the Federal Court in respect of the three (3) motions was heard on 23 February 2023 whereupon the Federal Court has unanimously granted our Company the leave to appeal against the Court of Appeal's decision, to the Federal Court.

Accordingly, our Company had on 6 March 2023 filed and served the notices of appeal to the Federal Court and JAKS. The Federal Court had sealed and registered the notices of appeal.

Pending the outcome at the Federal Court on the three (3) appeals as stated above, the High Court had fixed five (5) days trial from 4 March 2024 to 8 March 2024 for both Suit 258 and Suit 374, which will be heard together. During the case management on 15 March 2023, the High Court had instructed our Company to formally file a notice of application supported by affidavit for the stay application made by our Company, which is fixed for hearing on 22 May 2023.

ADDITIONAL INFORMATION (CONT'D)

Our solicitors in charge of this litigation are of the view that our Company has a strong arguable case at trial against JAKS for both Suit 258 and Suit 374 even if our Company does not succeed in the Federal Court proceedings on the basis that, among others, the Alleged Variations and Alleged New Completion Date are nothing more than afterthought allegations.

- (ii) On 19 August 2019, Jason Jonathan Lo ("**Plaintiff 1**") together with three others had filed a Writ of Summons and a Statement of Claim against our Company and three others to commence a defamation action in relation to the publication of two (2) articles titled:
 - (a) "Ex-Telco CEO Arrested For Alleged Death Threats Against Ex-Wife And Family, Trespass" dated 16 May 2019; and
 - (b) "In Public Company Ceo In Private Accused Of Being A Molestor" and "Ex-CEO Allegedly Molested Own Kids. Cops Confirm Probe Into Sex Abuse Reports Against Former Telco Head" dated 26 May 2019.

The plaintiffs' claim against our Company includes among others, damages in the sum of RM85,000,000.00, other damages and cost. Our Company's defence for this matter is, among others, the defence of justification and qualified privilege.

The three plaintiffs other than Plaintiff 1 were struck off as plaintiffs on 4 October 2021 upon the Attorney General Chambers (on behalf of the Director-General of the Social Welfare Department) withdrawing the claims on behalf of the three other plaintiffs. The Plaintiff 1 is now the only plaintiff.

This matter is fixed for trial on 10 July 2023 to 13 July 2023. The case managements of this matter are fixed on 9 May 2023 and 6 June 2023 to ensure that all trial documents are filed before the full trial.

The view of our solicitors in charge of this matter is that the amount of damages claimed by Plaintiff 1 is illusory. The amount of general damages to be awarded to Plaintiff 1 is to be determined by the Court should Plaintiff 1 succeed in proving his case and the solicitors are of the view that the amount of damages to be awarded is ordinarily in the range of RM250,000.00. Nevertheless, our solicitors in charge of this matter are of the view that our Company has a fairly good chance in defending the Plaintiff 1's claim.

In the interim, on 14 April 2023, Plaintiff 1 served an application to enter a judgment in default of defence against our Company and three others ("**JIDD Application**") on the sole reason that no "re-re-amended defence" has been filed upon Plaintiff 1 filing his "re-re-amended statement of claim" in which the Plaintiff 1 has merely amended the intitlement of his "re-re-amended statement of claim".

The hearing date of the JIDD Application is presently fixed for 2 June 2023. The view of our solicitors in charge of this matter is that our Company has a good chance of successfully defending the Plaintiff 1's JIDD Application on the basis that there is no requirement that a "re-re-amended defence" must be filed upon the filing of "re-amended statement of claim" and there was no direction from the Court to file the "re-re-amended defence".

ADDITIONAL INFORMATION (CONT'D)**5. MATERIAL COMMITMENTS**

As at the LPD, save as disclosed below, our Board has confirmed that there are no material commitments incurred or known to be incurred by our Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group:

	RM'000
Authorised capital expenditure not provided for in the audited consolidated financial statements of FYE 31 December 2022	
- contracted	1,156
- not contracted	3,435
Total	4,591

6. CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, our Board has confirmed that there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group:

	RM' million
Litigation expenses and costs for handling the legal suits involving our Group	0.8
Claim against our Company by JAKS (as set out above in Section 4(i) of Appendix V of this Circular)	595.3
Total	596.1

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Level 15, Menara Star, 15 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan, during normal business hours (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- i. the SPA;
- ii. the Constitution of our Company, SMG Land, SMG Production and Matang;
- iii. the audited consolidated financial statements of our Company for the past two (2) FYE 31 December 2021 and 31 December 2022;
- iv. the Valuation Certificate by the Independent Valuer referred to in Appendix IV of this Circular, as well as their valuation report;
- v. the letters of consent referred to in Section 2 of this Appendix V of this Circular;
- vi. the material contracts referred to in Section 3 of this Appendix V of this Circular; and
- vii. the relevant cause papers in respect of material litigation referred to in Section 4 of Appendix V of this Circular.



STAR MEDIA GROUP BERHAD

[Registration No.: 197101000523 (10894-D)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT, an Extraordinary General Meeting (“EGM”) of Star Media Group Berhad (“**the Company**”) will be conducted on a fully virtual basis through live streaming from the broadcast venue at Cyberhub, Level 2, Menara Star, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan (“**Broadcast Venue**”) using the Remote Participation and Voting facilities (“**RPV**”) provided by Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) via TIIH Online website at <https://tiah.online> on **Wednesday, 31 May 2023 at 10:00 a.m.** or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:

ORDINARY RESOLUTION

PROPOSED DISPOSAL 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 BY SMG LAND SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, TO MATANG BERHAD AT THE AGGREGATE DISPOSAL CONSIDERATION OF RM33,000,000.00 TO BE SATISFIED VIA A COMBINATION OF CASH PAYMENT OF RM4,118,700.00 AND VIA ISSUANCE OF 357,000,000 NEW ORDINARY SHARES OF MATANG BERHAD AT THE ISSUE PRICE OF RM0.0809 EACH (“PROPOSED DISPOSAL”)

“**THAT**, contingent upon the fulfilment of all other conditions precedent under the conditional sale and purchase agreement dated 10 February 2023 (“**SPA**”) between the Company, SMG Land Sdn Bhd (“**Vendor**”) and Matang Berhad (“**Purchaser**”) and subject to all approvals being obtained from the relevant authorities and parties (if required), approval be and is hereby given for the disposal 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 by the Vendor, a wholly-owned subsidiary of the Company, to the Purchaser for a total consideration of RM33,000,000.00 to be satisfied via a combination of cash payment of RM4,118,700.00 and via issuance of 357,000,000 new ordinary shares of the Purchaser at an issue price of RM0.0809 each, in accordance with the terms and conditions as set out in the SPA;

AND THAT, the Board of Directors of the Company be and is hereby authorised and empowered to give full effect to the Proposed Disposal with full power to assent to any conditions, variations, modifications and/or amendments in any manners as may be required and permitted by the relevant authorities and to deal with all matters incidental, ancillary to and/or relating thereto and to take all such steps and to do such acts (including to execute such documents, agreements, undertakings and confirmations as may be required), deeds, things and matters as they may deem necessary or expedient to implement, finalise, to give full effect and complete the Proposed Disposal.”

By Order of the Board
STAR MEDIA GROUP BERHAD

HOH YIK SIEW
(MAICSA 7048586)
(SSM PC No. 202008003427)
Company Secretary
Petaling Jaya
Date: 16 May 2023

Notes:

Entitlement to participate and vote

- a) Only members whose names appear in the General Meeting **Record of Depositors as at 24 May 2023** shall be entitled to participate and/or vote at the EGM or appoint proxy(ies) to participate and/vote on his/her behalf.

Virtual EGM

- b) The EGM of the Company will be conducted **on a virtual basis by way of live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which will be made available on the online portal of Tricor at <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: D1A282781). Please refer to the Administrative Guide for the EGM of the Company that is available for download at <https://bit.ly/smgegm2023>.
- c) For the purpose of complying with Section 327(2) of the Companies Act 2016, the Chairman of the meeting is required to be present at the Broadcast Venue of the EGM. **Members/Proxies/Corporate Representatives will not be allowed to attend this EGM in person** at the Broadcast Venue on the day of the EGM. If a member is not able to attend the EGM via the RPV facilities, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

Appointment of Proxy

- d) A member entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- e) A proxy may but need not be a member of the Company and there shall be no restrictions as to the qualification of the proxy. In the case of a corporation, the Proxy Form must be executed under seal or signed by an officer or attorney duly authorised.
- f) If there is no indication as to how a member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a member duly executes the Proxy Form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his/her proxy.
- g) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- h) The Proxy Form must be submitted in the following manner. In default, the Proxy Form shall not be treated as valid:

In hard copy form

The Proxy Form shall be deposited at the Share Registrar's Office, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or

By electronic means

The Proxy Form can be electronically lodged via Tricor's TIH Online website at <https://tjih.online>. Kindly refer to the Administrative Guide for the EGM on the procedure for electronic lodgement of the Proxy Form via TIH Online.

Last date and time for lodging the Proxy Form is **Monday, 29 May 2023 at 10.00 a.m.** being not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.

Personal Data Privacy

- i) By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the shareholder of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The shareholder agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

**STAR MEDIA GROUP BERHAD**Registration No.: 197101000523 (10894-D)
(Incorporated in Malaysia)

No. of shares held :

CDS Account no. :

Contact No. :

**PROXY FROM
Extraordinary General Meeting**

I/We _____

(full name of shareholder as per NRIC/Passport/Certificate of Incorporation in capital letters)

(NRIC/Passport/Company Registration No. _____) of _____

(full address)

being a member of STAR MEDIA GROUP BERHAD, ("the Company") hereby appoint _____

(full name of proxy as per NRIC/Passport in capital letters)

(NRIC/Passport No. _____) of _____

(full address)

and/or, _____ (NRIC/Passport No. _____)

(full name of proxy as per NRIC/Passport in capital letters)

of _____

(full address)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be conducted virtually through live streaming from the Broadcast Venue at Cyberhub, Level 2, Menara Star, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 31 May 2023 at 10.00 a.m.** and at any adjournment thereof.

Please indicate with an "X" in the space below as to how you wish your vote to be cast in respect of the resolution. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Disposal		

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of Shares	Percentage (%)
Proxy 1		
Proxy 2		
Total		100%

Dated this _____ day of _____ 2023

Signature/Common Seal of Member**Notes:****Entitlement to participate and vote**

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR

STAR MEDIA GROUP BERHAD

Registration No. 197101000523 (10894-D)

c/o Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

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