

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

This Circular has been reviewed by UOB Kay Hian Securities (M) Sdn Bhd, being the Adviser to Kanger International Berhad for the Proposals (as defined herein).

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KANGER INTERNATIONAL BERHAD

Registration No.: 201201030306 (1014793-D)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- I. **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,861,936,149 NEW ORDINARY SHARES IN KANGER INTERNATIONAL BERHAD ("KANGER" OR THE "COMPANY") ("KANGER SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.06 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING KANGER SHARE HELD, TOGETHER WITH UP TO 2,861,936,149 FREE DETACHABLE WARRANTS IN KANGER ("WARRANT(S) B") ON THE BASIS OF 1 WARRANT B FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS");**
- II. **PROPOSED ACQUISITION BY KANGER VENTURES SDN BHD (FORMERLY KNOWN AS KANGER DEVELOPMENT (M) SDN BHD), A WHOLLY-OWNED SUBSIDIARY OF KANGER, OF 126 UNITS OF PROPOSED SERVICED APARTMENTS LOCATED ON THE 30TH TO 45TH FLOORS OF TOWER A, ANTARA @ GENTING HIGHLANDS, SITED ON A PIECE OF FREEHOLD LAND HELD UNDER TITLE NO. GRN 45572 (FORMERLY HSD 18603), LOT 43031 (FORMERLY PT 23923), MUKIM AND DISTRICT OF BENTONG, PAHANG DARUL MAKMUR FROM THE DEVELOPER, NAMELY ASET KAYAMAS SDN BHD FOR A TOTAL PURCHASE CONSIDERATION OF RM142,870,000 TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED ACQUISITION"); AND**
- III. **PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF KANGER AND ITS SUBSIDIARIES ("KANGER GROUP" OR THE "GROUP") TO INCLUDE CONSTRUCTION AND RELATED ACTIVITIES ("PROPOSED DIVERSIFICATION")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOB Kay Hian

UOB Kay Hian Securities (M) Sdn Bhd

Registration No.: 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") will be conducted on a fully virtual basis through live streaming and online remote participation and voting. The Notice of EGM and the Form of Proxy are enclosed with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 3121 or email to ir.kanger@shareworks.com.my on or before the date and time indicated below or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Proxy Form : Sunday, 27 June 2021 at 10.30 a.m.

Date and time of the EGM : Monday, 28 June 2021 at 10.30 a.m.

Main venue of the EGM : Board Room of K-3-12 & K-3-13, Solaris Mont Kiara, No. 2, Jalan Solaris, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan (KL). Meeting is hosted virtually at <https://rebrand.ly/KangerEGM> operated by Mlabs Research Sdn Bhd

This Circular is dated 11 June 2021

DEFINITIONS

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

"Act"	:	The Companies Act 2016
"Additional Undertaking"	:	The irrevocable and unconditional undertaking provided by the Undertaking Shareholder to subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/ or their renounee(s) by way of excess application, if necessary, to the extent such that the Minimum Subscription Level is met. In this respect, the Undertaking Shareholder has committed to an additional subscription amount of RM18.50 million to subscribe for 308,333,334 excess Rights Shares (based on the issue price of RM0.06 per Rights Share) under the Proposed Rights Issue with Warrants
"AKSB" or the "Vendor"	:	Aset Kayamas Sdn Bhd
"Bamboo Products Manufacturing and Trading"	:	Manufacturing and trading of bamboo flooring, bamboo furniture and related products
"Board"	:	The Board of Directors of Kanger
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
"Circular"	:	This circular dated 11 June 2021
"Construction Business"	:	Construction and related activities
"Deed Poll B"	:	The deed poll to be executed by the Company constituting the Warrants B, as may be supplemented from time to time
"Director(s)"	:	The director(s) of Kanger and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
"EGM"	:	The forthcoming extraordinary general meeting of the Company
"Entitled Shareholders"	:	Shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
"Entitlement Date"	:	A date to be determined and announced later by our Board, on which the names of the shareholders of Kanger must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Rights Issue with Warrants

DEFINITIONS (CONT'D)

"Entitlement Undertaking"	:	The irrevocable and unconditional undertaking provided by the Undertaking Shareholder to subscribe for his entitlement in full of the Rights Shares with Warrants B based on his direct shareholding in Kanger as at the Entitlement Date. As at the LPD, the Undertaking Shareholder holds 25,000,000 Kanger Shares. In this respect, the Undertaking Shareholder has undertaken to subscribe in full for his entitlement of 25,000,000 Rights Shares under the Proposed Rights Issue with Warrants, amounting to RM1.50 million (based on the issue price of RM0.06 per Rights Share)
"EPS/ (LPS)"	:	Earnings per share/ (Loss) per share
"ESOS Options"	:	112,015,160 outstanding employees' share option scheme options in the Company as at the LPD. Each outstanding ESOS Option entitles its holder to subscribe for 1 new Kanger Share at an exercise price of RM0.05409 per ESOS Option
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Kanger" or the "Company"	:	Kanger International Berhad (Registration No.: 201201030306 (1014793-D))
"Kanger Group" or the "Group"	:	Kanger and its subsidiaries, collectively
"Kanger Share(s)" or the "Share(s)"	:	Ordinary share(s) in Kanger
"Kanger Ventures"	:	Kanger Ventures Sdn Bhd (formerly known as Kanger Development (M) Sdn Bhd), a wholly-owned subsidiary of Kanger
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	1 June 2021, being the latest practicable date prior to the printing and despatch of this Circular
"LTD"	:	23 April 2021, being the last market day immediately preceding the Price-Fixing Date
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
"Maximum Scenario"	:	Assuming all outstanding ESOS Options are exercised prior to the implementation of the Proposed Rights Issue with Warrants and all Entitled Shareholders fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants
"Minimum Scenario"	:	Assuming none of the outstanding ESOS Options are exercised prior to the implementation of the Proposed Rights Issue with Warrants and the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level

DEFINITIONS (CONT'D)

"Minimum Subscription Level"	:	The minimum subscription level of Rights Shares together with Warrants B to be subscribed by the Undertaking Shareholder to raise the intended minimum level of funds amounting to RM20.00 million from the Proposed Rights Issue with Warrants based on the Entitlement Undertaking and Additional Undertaking
"NA"	:	Net assets attributable to the owners of the Company
"Optima" or the "Independent Registered Valuer"	:	Optima Real Estate Sdn Bhd
"PAT/ (LAT)"	:	Profit after taxation/ (Loss) after taxation
"PBT/ (LBT)"	:	Profit before taxation/ (Loss) before taxation
"Price-Fixing Date"	:	26 April 2021, being the price-fixing date of the Rights Shares
"Proposals"	:	The Proposed Rights Issue with Warrants, Proposed Acquisition and Proposed Diversification, collectively
"Proposed Acquisition"	:	Proposed acquisition by Kanger Ventures of 126 units of proposed serviced apartments located on the 30th to 45th floors of Tower A, Antara @ Genting Highlands, sited on a piece of freehold land held under title no. GRN 45572 (formerly HSD 18603), Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur from the developer, namely the Vendor for the Purchase Consideration
"Proposed Diversification"	:	Proposed diversification of the existing principal activities of Kanger Group to include the Construction Business
"Proposed Rights Issue with Warrants"	:	Proposed renounceable rights issue of up to 2,861,936,149 Rights Shares at an issue price of RM0.06 per Rights Share on the basis of 1 Rights Share for every 1 existing Kanger Share held, together with up to 2,861,936,149 Warrants B on the basis of 1 Warrant B for every 1 Rights Share subscribed for on the Entitlement Date
"Providence" or the "Independent Market Researcher"	:	Providence Strategic Partners Sdn Bhd
"Purchase Consideration"	:	RM142,870,000, being the total purchase consideration for the Proposed Acquisition to be satisfied entirely via cash
"Rights Share(s)"	:	Up to 2,861,936,149 new Kanger Shares to be issued at an issue price of RM0.06 per Rights Share pursuant to the Proposed Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SPA"	:	Conditional sale and purchase agreement dated 24 February 2021 entered into between Kanger Ventures and the Vendor for the Proposed Acquisition

DEFINITIONS (CONT'D)

- "Subject Properties" : 126 units of proposed serviced apartments located on the 30th to 45th floors of Tower A, Antara @ Genting Highlands, which is situated on a piece of freehold land held under Title No. GRN 45572 (formerly HSD 18603), Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur
- "TERP" : Theoretical ex-rights price of Kanger Shares
- "Undertakings" : The Entitlement Undertaking and Additional Undertaking, collectively
- "Undertaking Shareholder" or "Mr Kuah" : Kuah Choon Ching
- "UOB Kay Hian" or the "Adviser" : UOB Kay Hian Securities (M) Sdn Bhd
- "VWAP" : Volume weighted average market price
- "Warrant(s) B" : Up to 2,861,936,149 free detachable warrants in Kanger with a proposed tenure of 5 years to be issued pursuant to the Proposed Rights Issue with Warrants

All references to "**our Company**" or "**the Company**" or "**we**" or "**us**" or "**our**" or "**ourselves**" are made to our Company, and where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, reference to "**Board**" is to our Board of Directors and reference to "**Management**" is to our Directors and key management personnel as at the LPD of this Circular.

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

Unless otherwise stated and wherever applicable, the amount represented in this Circular has been rounded to the nearest whole cent, for ease of reference. Unless specifically referred to, words denoting incorporating the singular shall, where applicable, include the plural and vice versa and words denoting incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

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

Key information	Description	Reference to Circular
Summary of the Proposals	<p><u>Proposed Rights Issue with Warrants</u></p> <p>The Proposed Rights Issue with Warrants entails an issuance of up to 2,861,936,149 Rights Shares at an issue price of RM0.06 per Rights Share on the basis of 1 Rights Share for every 1 existing Kanger Share held, together with up to 2,861,936,149 Warrants B on the basis of 1 Warrant B for every 1 Rights Share subscribed for by the Entitled Shareholders.</p> <p>The Proposed Rights Issue with Warrants will be undertaken on a Minimum Subscription Level, after taking into consideration the minimum level of funds we intend to raise amounting to RM20.00 million, which would entail a minimum subscription of 333,333,334 Rights Shares based on the issue price of RM0.06 per Rights Share. In order to meet the Minimum Subscription Level, the Undertaking Shareholder had provided his irrevocable and unconditional undertaking to subscribe for his entitlement in full of the Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders and/ or their renounee(s) by way of excess application, if necessary, to the extent such that the Minimum Subscription Level is met.</p>	Section 2
	<p><u>Proposed Acquisition</u></p> <p>On 24 February 2021, Kanger Ventures, a wholly-owned subsidiary of our Company, entered into the SPA with the developer, namely AKSB for the acquisition of 126 units of proposed serviced apartments located on the 30th to 45th floors of Tower A, Antara @ Genting Highlands, which is situated on a piece of freehold land held under Title No. GRN 45572 (formerly HSD 18603), Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur for a total purchase consideration of RM142.87 million to be satisfied entirely via cash.</p> <p>The Vendor has agreed to sell and Kanger Ventures has agreed to purchase the Subject Properties free from all encumbrances (save as disclosed in the SPA) and with vacant possession for the Purchase Consideration subject to the terms and conditions of the SPA.</p>	Section 3
	<p><u>Proposed Diversification</u></p> <p>Our Company is undertaking the Proposed Diversification to diversify and expand our Group's source of earnings via generating an additional stream of revenue and income from our Group's new Construction Business, which may include, amongst others, the following:-</p> <ul style="list-style-type: none">(i) Building construction which consists of construction of structures and buildings for residential and non-residential purposes;(ii) Civil engineering which consists of construction of infrastructure such as roads and highways, utility structures, bridges, stadiums and railways; and(iii) Other construction related activities which consist of project management services, mechanical and electrical works, refrigeration and air-conditioning works, painting works, plumbing, sewerage and sanitary works, glass works, carpentry as well as tiling and flooring works.	Section 4

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular																								
Basis of determining and justifications for the issue price of the Rights Shares	<p>The issue price for the Rights Shares of RM0.06 per Rights Share was determined by our Board after taking into consideration, amongst others, the following basis and justifications:-</p> <p>(i) The issue price of RM0.06 per Rights Share represents a premium of approximately 5.82% to the TERP of RM0.0567 per Share, calculated based on the 5-day VWAP of Kanger Shares up to and including the LTD, of RM0.0601 per Share;</p> <p>(ii) The minimum gross proceeds of RM20.00 million intended to be raised from the Proposed Rights Issue with Warrants for the utilisation purposes as set out in Section 2.8 of this Circular;</p> <p>(iii) The prevailing market conditions and historical trading prices of Kanger Shares for the past 12 months up to the LTD; and</p> <p>(iv) Our Company's intention to raise the maximum proceeds possible. Given that there is no underwriting arrangement procured, the issue price of RM0.06 per Rights Share is deemed attractive enough to entice the Entitled Shareholders and/ or their renounee(s) to subscribe for their Rights Shares under their full entitlement.</p>	Section 2.2																								
Utilisation of proceeds from the Proposed Rights Issue with Warrants	<p>Based on the issue price of RM0.06 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue with Warrants will be utilised by Kanger Group in the following manner:-</p> <table border="1"> <thead> <tr> <th></th> <th>Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants</th> <th>Minimum Scenario RM'000</th> <th>Maximum Scenario RM'000</th> </tr> </thead> <tbody> <tr> <td>Full/ partial payment for the Proposed Acquisition</td> <td>Within 12 months</td> <td>18,977</td> <td>142,870</td> </tr> <tr> <td>Business/ investment opportunities</td> <td>Within 12 months</td> <td>-</td> <td>19,476</td> </tr> <tr> <td>Working capital</td> <td>Within 12 months</td> <td>-</td> <td>8,347</td> </tr> <tr> <td>Estimated expenses in relation to the Proposals</td> <td>Upon completion</td> <td>1,023</td> <td>1,023</td> </tr> <tr> <td>Total</td> <td></td> <td>20,000</td> <td>171,716</td> </tr> </tbody> </table>		Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario RM'000	Maximum Scenario RM'000	Full/ partial payment for the Proposed Acquisition	Within 12 months	18,977	142,870	Business/ investment opportunities	Within 12 months	-	19,476	Working capital	Within 12 months	-	8,347	Estimated expenses in relation to the Proposals	Upon completion	1,023	1,023	Total		20,000	171,716	Section 2.8
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Estimated expenses in relation to the Proposals	Upon completion	1,023	1,023																							
Total		20,000	171,716																							
Rationale and justification for the Proposals	<p>Proposed Rights Issue with Warrants</p> <p>(i) To strengthen our financial position and capital base, by reducing our Group's gearing level and increasing our NA thereby providing greater financial flexibility;</p> <p>(ii) To enable the issuance of new Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants;</p> <p>(iii) To provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of our Group by subscribing to the Rights Shares; and</p> <p>(iv) To raise gross proceeds of up to RM171.72 million for the utilisation purposes as set out in Section 2.8 of this Circular.</p>	Section 5.1																								

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
	<p><u>Proposed Acquisition</u></p> <p>(i) To continue our Group's property investment and management business and is in line with our Group's intention to continuously seek for suitable and viable acquisition opportunities in strategic locations to expand the contribution of the property investment and management segment of our Group;</p> <p>(ii) Our Group will be able to enjoy an en-bloc (i.e. bulk purchase) discount on the prevailing price of the Subject Properties. In addition, our Board expects that the Subject Properties may appreciate in value in the near future; and</p> <p>(iii) To sell the Subject Properties for capital gains and pending such sale, our Group may lease out the Subject Properties as vacation rental for rental income.</p>	Section 5.2
	<p><u>Proposed Diversification</u></p> <p>(i) To diversify and expand our Group's revenue and earnings via entering the new Construction Business; and</p> <p>(ii) To derive synergy with the property investment and management segment, by allowing our Group to offer a broader range of property-related services and by leveraging on the property investment and management segment's existing business network of property developers/ owners to tender for new construction contracts.</p>	Section 5.3
Approvals required/ obtained	<p>The Proposals are subject to the following approvals being obtained:-</p> <p>(i) Bursa Securities, which was obtained on 2 June 2021;</p> <p>(ii) shareholders of Kanger at the EGM; and</p> <p>(iii) any other relevant authorities and/ or parties, if required.</p>	Section 9
Interests of directors, major shareholders, chief executive and/ or persons connected to them	<p>None of the Directors, major shareholders, chief executive of our Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposals, save for their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess Rights Shares application), to which all Entitled Shareholders are similarly entitled.</p>	Section 11
Directors' statement and recommendation	<p>Our Board, having considered all aspects of the Proposals, including but not limited to the rationale for the Proposals, the effects of the Proposals, the salient terms of the SPA as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue with Warrants, is of the opinion that the Proposals are in the best interests of our Company and the terms and conditions of the SPA as well as the Purchase Consideration are fair and reasonable.</p> <p>Accordingly, our Board recommends that you VOTE IN FAVOUR of the resolutions pertaining to the Proposals at the EGM.</p>	Section 14



KANGER INTERNATIONAL BERHAD

Registration No.: 201201030306 (1014793-D)
(Incorporated in Malaysia)

Registered Office

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

11 June 2021

Board of Directors

Datuk Nur Jazlan Bin Mohamed (*Independent Non-Executive Chairman*)

Wu Wai Kong (*Executive Director*)

Kuah Choon Ching (*Executive Director*)

Low Poh Seong (*Independent Non-Executive Director*)

Mazlan Bin Mohamad (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/ Madam,

- I. PROPOSED RIGHTS ISSUE WITH WARRANTS;**
- II. PROPOSED ACQUISITION; AND**
- III. PROPOSED DIVERSIFICATION**

1. INTRODUCTION

On 24 February 2021, UOB Kay Hian had, on behalf of our Board, announced that we proposed to undertake the following:-

- (i) a renounceable rights issue of up to 2,861,936,149 new ordinary shares in Kanger on the basis of 1 Rights Share for every 1 existing Kanger Share held, together with up to 2,861,936,149 Warrants B on the basis of 1 Warrant B for every 1 Rights Share subscribed for, on an entitlement date to be determined and announced later;
- (ii) an acquisition by Kanger Ventures, of 126 units of proposed serviced apartments located on the 30th to 45th floors of Tower A, Antara @ Genting Highlands, sited on a piece of freehold land held under Title No. GRN 45572 (formerly HSD 18603), Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur from the developer, namely the Vendor for a total purchase consideration of RM142,870,000 to be satisfied entirely via cash; and
- (iii) a diversification of the existing principal activities of Kanger Group to include construction and related activities.

On 26 April 2021, UOB Kay Hian had, on behalf of our Board, announced that our Board had on even date resolved to fix the issue price of the Rights Shares at RM0.06 per Rights Share. The issue price of RM0.06 per Rights Share was determined and fixed by our Board after taking into consideration the basis and justifications as set out in **Section 2.2** of this Circular.

On 2 June 2021, UOB Kay Hian had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 2 June 2021, resolved to approve the following, subject to the conditions as disclosed in **Section 10** of this Circular:-

- (i) admission of the Warrants B to the official list of Bursa Securities; and
- (ii) listing and quotation for up to 2,861,936,149 Rights Shares and up to 2,861,936,149 Warrants B pursuant to the Proposed Rights Issue with Warrants on the ACE Market of Bursa Securities; and
- (iii) listing and quotation for up to 2,861,936,149 new Kanger Shares to be issued arising from the exercise of the Warrants B on the ACE Market of Bursa Securities.

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

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

2. PROPOSED RIGHTS ISSUE WITH WARRANTS

2.1 Basis and number of Rights Shares and Warrants B to be issued

The Proposed Rights Issue with Warrants entails an issuance of up to 2,861,936,149 Rights Shares at an issue price of RM0.06 per Rights Share on the basis of 1 Rights Share for every 1 existing Kanger Share held, together with up to 2,861,936,149 Warrants B on the basis of 1 Warrant B for every 1 Rights Share subscribed for by the Entitled Shareholders.

As at the LPD, Kanger has an issued share capital of RM270,453,831 comprising 2,749,920,989 Kanger Shares. In addition, as at the LPD, we have 112,015,160 outstanding ESOS Options, which are granted but yet to be exercised. Our Board has undertaken not to offer any further ESOS options until the completion of the Proposed Rights Issue with Warrants.

The actual number of Rights Shares to be issued will be determined based on the total number of issued Shares as at the Entitlement Date and the actual number of Warrants B to be issued will depend on the subscription rate of Rights Shares subscribed by the Entitled Shareholders.

The Proposed Rights Issue with Warrants will be undertaken on a Minimum Subscription Level, after taking into consideration the minimum level of funds we intend to raise from the Proposed Rights Issue with Warrants amounting to RM20.00 million, which would entail a minimum subscription of 333,333,334 Rights Shares based on the issue price of RM0.06 per Rights Share and will be channelled towards the proposed utilisation as set out in **Section 2.8** of this Circular. In order to meet the Minimum Subscription Level, the Undertaking Shareholder, who is the Executive Director cum shareholder of Kanger, had vide his letter dated 24 February 2021 provided his irrevocable and unconditional undertaking to subscribe for his entitlement in full of the Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders and/ or their renounee(s) by way of excess application, if necessary, to the extent such that the Minimum Subscription Level is met.

Assuming all the outstanding ESOS Options are exercised prior to the implementation of the Proposed Rights Issue with Warrants, our enlarged number of issued Shares will be 2,861,936,149 Kanger Shares and assuming all the Entitled Shareholders subscribe in full for their respective entitlements of the Rights Shares, a maximum of 2,861,936,149 Rights Shares together with a maximum of 2,861,936,149 Warrants B may be issued, raising maximum gross proceeds of up to approximately RM171.72 million based on the issue price of RM0.06 per Rights Share. In addition, assuming all 2,861,936,149 Warrants B are exercised, a total of 2,861,936,149 Shares will be issued arising therefrom, raising further gross proceeds of up to approximately RM143.10 million based on the indicative exercise price of RM0.05 per Warrant B.

Please refer to **Section 2.8** of this Circular for the proposed utilisation of proceeds from the Proposed Rights Issue with Warrants.

The Warrants B will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants B will be issued in registered form and constituted by the Deed Poll B, as may be supplemented from time to time.

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants B. For avoidance of doubt, the Rights Shares and the Warrants B are not separately renounceable.

In determining the entitlement of the Entitled Shareholders under the Proposed Rights Issue with Warrants, fractional entitlements, if any, will be dealt with in such manner and on such terms and conditions as our Board in its sole and absolute discretion deem fit or expedient and in the best interests of our Company.

The Rights Shares and Warrants B that are not taken up or validly taken up, shall be made available for excess Rights Shares with Warrants B application by the other Entitled Shareholders and/ or their renounee(s). Our Board intends to allocate the excess Rights Shares together with Warrants B in a fair and equitable manner on a basis to be determined by our Board.

2.2 Basis of determining and justifications for the issue price of the Rights Shares

The issue price for the Rights Shares of RM0.06 per Rights Share was determined by our Board after taking into consideration, amongst others, the following basis and justifications:-

2.2.1 Basis for determining the issue price of Rights Shares

The issue price of RM0.06 per Rights Share was determined by our Board after taking into consideration the TERP calculated based on the 5-day VWAP of Kanger Shares up to and including the LTD.

The issue price of RM0.06 per Rights Share represents a premium of approximately 5.82% to the TERP of RM0.0567 per Share, calculated based on the 5-day VWAP of Kanger Shares up to and including the LTD, of RM0.0601 per Share.

2.2.2 Justifications for determining the issue price of Rights Shares

Our Board had also taken into consideration further justifications in determining the issue price of the Rights Shares including, amongst others, the following:-

- (i) The minimum gross proceeds of RM20.00 million intended to be raised from the Proposed Rights Issue with Warrants for the utilization purposes as set out in **Section 2.8** of this Circular;

- (ii) The prevailing market conditions and historical trading prices of Kanger Shares for the past 12 months. The issue price of RM0.06 per Rights Share represents a premium/ (discount) to the following historical trading prices of Kanger Shares as set out below:-

	Premium/ (Discount)		
	RM	RM	%
TERP based on the 5-day VWAP of Kanger Shares up to and including the LTD	0.0567	0.0033	5.82
Last price as at the LTD	0.0600	-	-
5-day VWAP up to and including the LTD	0.0601	(0.0001)	(0.17)
1-month VWAP up to and including the LTD	0.0680	(0.0080)	(11.76)
3-month VWAP up to and including the LTD	0.0949	(0.0349)	(36.78)
6-month VWAP up to and including the LTD	0.1558	(0.0958)	(61.49)
12-month VWAP up to and including the LTD	0.1787	(0.1187)	(66.42)

(Source: Bloomberg)

Based on the above, the issue price of RM0.06 per Rights Share represents the following:-

- (a) the last price as at the LTD;
- (b) a premium of approximately 5.82% to the TERP calculated based on the 5-day VWAP of Kanger Shares up to and including the LTD; and
- (c) a discount ranging from approximately 0.17% to 66.42% to the 5-day VWAP, 1-month VWAP, 3-month VWAP, 6-month VWAP, and 12-month VWAP up to and including the LTD.
- (iii) Notwithstanding the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level, it is our Company's intention to raise the maximum proceeds possible. Given that there is no underwriting arrangement procured for the balance portion of the Rights Shares that remain unsubscribed, the issue price of RM0.06 per Rights Share is deemed attractive enough to entice the Entitled Shareholders and/ or their renounee(s) to subscribe for their Rights Shares under their full entitlement.

2.3 Basis of determining and justifications for the exercise price of the Warrants B

The Warrants B attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who subscribe for the Rights Shares.

The exercise price of the Warrants B will be determined and announced by our Board at a later date after receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration, amongst others, the following:-

- (i) The Warrants B will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who successfully subscribe for the Rights Shares;
- (ii) The historical trading prices of Kanger Shares for the past 12 months; and
- (iii) Our Board intends to fix the exercise price of the Warrants B subject to a discount range of 10% to 30% to the TERP based on the 5-day VWAP of Kanger Shares immediately preceding the price-fixing date. The abovementioned range of discount will allow our Board to fix the exercise price of the Warrants B at a sufficiently attractive price to incentivise Warrant B holders to exercise the Warrants B and increase their equity participation in the Company, while also allowing our Board the flexibility to accommodate for potential fluctuations in prevailing market conditions and prices.

For illustrative purposes only, the exercise price of the Warrants B is assumed at an indicative exercise price of RM0.05 per Warrant B, which represents a discount of approximately 26.58% to the TERP of RM0.0681 per Share, calculated based on the 5-day VWAP of Kanger Shares up to and including the LPD, of RM0.0943 per Share.

2.4 Ranking of the Rights Shares and new Kanger Shares to be issued arising from the exercise of the Warrants B

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing Kanger Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

The new Kanger Shares to be issued arising from the exercise of the Warrants B shall, upon allotment and issuance, rank equally in all respects with the existing Kanger Shares, save and except that the new Kanger Shares to be issued arising from the exercise of the Warrants B shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new Kanger Shares.

2.5 Listing of and quotation for the Rights Shares, Warrants B and new Kanger Shares to be issued arising from the exercise of the Warrants B

Bursa Securities had, vide its letter dated 2 June 2021, approved the admission of the Warrants B to the official list of Bursa Securities as well as the listing of and quotation for the Rights Shares, Warrants B, and the new Kanger Shares to be issued arising from the exercise of the Warrants B, on the ACE Market of Bursa Securities.

2.6 Minimum Subscription Level, undertakings and underwriting arrangements for the Proposed Rights Issue with Warrants

Our Board has determined to undertake the Proposed Rights Issue with Warrants on the Minimum Subscription Level basis after taking into consideration the minimum level of funds of approximately RM20.00 million that our Company intends to raise from the Proposed Rights Issue with Warrants that will be channeled towards the proposed utilisation as set out in **Section 2.8** of this Circular.

In order to meet the Minimum Subscription Level, Mr Kuah, who is the Executive Director cum shareholder of Kanger, had vide his letter dated 24 February 2021 provided his irrevocable and unconditional undertaking to subscribe for the following:-

- (i) his entitlement in full of the Rights Shares with Warrants B based on his direct shareholding in Kanger as at the Entitlement Date. As at the LPD, the Undertaking Shareholder holds 25,000,000 Kanger Shares, representing approximately 0.91% of the issued share capital of Kanger. For avoidance of doubt, the Undertaking Shareholder does not hold any ESOS Options as at the LPD. In this respect, the Undertaking Shareholder has undertaken to subscribe in full for his entitlement of 25,000,000 Rights Shares under the Proposed Rights Issue with Warrants, amounting to RM1.50 million (based on the issue price of RM0.06 per Rights Share); and
- (ii) additional Rights Shares not taken up by other Entitled Shareholders and/ or their renounee(s) by way of excess application, if necessary, to the extent such that the Minimum Subscription Level is met. In this respect, the Undertaking Shareholder has committed to an additional subscription amount of RM18.50 million to subscribe for 308,333,334 excess Rights Shares (based on the issue price of RM0.06 per Rights Share) under the Proposed Rights Issue with Warrants.

Pursuant to his letter of undertaking dated 24 February 2021, the Undertaking Shareholder has also irrevocably and unconditionally undertaken that he will not sell or in any way dispose of or transfer or otherwise reduce his existing interest in Kanger or any part thereof during the period commencing from the date of his letter of undertaking (i.e. 24 February 2021) up to the completion of the Proposed Rights Issue with Warrants.

For clarification, only in the event of a shortfall in the number of Rights Shares subscribed (including the Entitled Shareholders' and/ or their renounee(s)' respective entitlements and any excess Rights Shares applied for but excluding the Additional Undertaking) as at the closing date and time of receipt of applications, the Additional Undertaking shall then crystallise whereby the Undertaking Shareholder shall apply via the excess Rights Shares application (to fulfil its obligation under the Additional Undertaking) to subscribe for additional Rights Shares not taken up by other Entitled Shareholders and/ or their renounee(s).

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For illustrative purpose, the details of the Undertakings under the Minimum Scenario are set out below:-

Undertaking Shareholder	Direct shareholdings as at the LPD		Entitlement Undertaking (A) No. of Rights Shares	Additional Undertaking (B) No. of Rights Shares ²	Undertakings (A) + (B) No. of Rights Shares	Direct shareholdings after the Proposed Rights Issue with Warrants		Funding required RM
	No. of Shares	% ^{*1}				No. of Shares	% ^{*3}	
Mr. Kuah	25,000,000	0.91	25,000,000	308,333,334	333,333,334	358,333,334	11.62	20,000,000

Notes:-

¹ Based on the total issued Shares of 2,749,920,989 as at the LPD

² Assuming no other Entitled Shareholders subscribe for Rights Shares, the Undertaking Shareholder will subscribe for an additional 308,333,334 Rights Shares based on the issue price of RM0.06 per Rights Share pursuant to the Additional Undertaking

³ Computed based on the enlarged issued share capital of 3,083,254,323 Shares after the Proposed Rights Issue with Warrants under the Minimum Scenario

As the Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level, our Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/ or their renounee(s) pursuant to the Proposed Rights Issue with Warrants. The Undertaking Shareholder had confirmed, vide his letter dated 24 February 2021, that he has sufficient financial resources to fulfill his obligations as specified in the Undertakings and such confirmation had been verified by UOB Kay Hian, being the Principal Adviser for the Proposed Rights Issue with Warrants.

As illustrated in the table above, the shareholding of the Undertaking Shareholder will increase from 0.91% to 11.62% pursuant to the completion of the Proposed Rights Issue with Warrants under the Minimum Scenario. Further, assuming the full exercise of the Warrants B, the shareholding of the Undertaking Shareholder may further increase from 11.62% to 20.24%. As such, pursuant to the Proposed Rights Issue with Warrants under the Minimum Scenario (including assuming the full exercise of Warrants B to be held by the Undertaking Shareholder), the Undertaking Shareholder and the person(s) acting in concert with him ("**PAC(s)**"), if any, will not trigger a mandatory take-over offer for all the remaining Shares not already owned by them pursuant to Paragraph 4.01 of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

Pursuant to Rule 8.02(1) of the Listing Requirements, our Company must ensure that at least 25% of the total listed Shares are in the hands of public shareholders. For information purposes, the public shareholding spread of our Company is not expected to fall below 25% of our enlarged issued share capital after the completion of the Proposed Rights Issue with Warrants under the Minimum Scenario, including assuming the full exercise of the Warrants B to be held by the Undertaking Shareholder.

2.7 Indicative salient terms of the Warrants B

The Warrants B will be issued in registered form and constituted by the Deed Poll B. Please refer to **Appendix I** of this Circular for the salient terms of the Warrants B.

2.8 Utilisation of proceeds from the Proposed Rights Issue with Warrants

Based on the issue price of RM0.06 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue with Warrants will be utilised by Kanger Group in the following manner:-

	Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario RM'000	Maximum Scenario RM'000
Full/ partial payment for the Proposed Acquisition ^{*1}	Within 12 months	18,977	142,870
Business/ investment opportunities ^{*2}	Within 12 months	-	19,476
Working capital ^{*3}	Within 12 months	-	8,347
Estimated expenses in relation to the Proposals ^{*4}	Upon completion	1,023	1,023
Total		20,000	171,716

Notes:-

^{*1} Our Board has earmarked up to approximately RM142.87 million to fully/ partially finance the Proposed Acquisition, further details of which are set out in **Section 3** of this Circular. Should there be any shortfall between the Purchase Consideration and the proceeds earmarked for the full/ partial payment of the Purchase Consideration, it is our Board's intention to finance such a shortfall through bank borrowings as set out in **Section 3.3** of this Circular.

^{*2} Our Group has been seeking for suitable and viable business/ investment opportunities in our Group's existing business as well as in complementary businesses for the intention of expanding our Group's earnings. Our Group is considering several business/ investment opportunities, which include, amongst others, acquisitions/ investments in the property sector and/ or investments in property projects for investment/ leasing purposes.

At this juncture, our Board is still in the midst of contemplating new business opportunities as mentioned above and has yet to finalise the terms of any such business opportunity. In this regard, our Group has earmarked up to RM19.48 million of the proceeds to be raised from the Proposed Rights Issue with Warrants for the said potential business/ investment opportunities. In the event such investment opportunities is/ are not within the existing business of our Group, our Board will ensure compliance with the provisions of the Listing Requirements, specifically Rule 10.13 of the Listing Requirements.

Our Group shall make the requisite announcements and/ or shall seek shareholders' approval in accordance with the Listing Requirements as and when new investment(s) are identified and the terms of negotiations are finalised. However, in the event our Group is unable to identify any suitable and viable investment opportunities within the permitted timeframe, the proceeds earmarked for business/ investment opportunities will continue to be placed as deposits with licensed financial institutions or short-term money market instruments, until such time when our management is able to identify a suitable and viable investment opportunity. Any interest income earned from such deposits or instruments will be used to fund the working capital of our Group.

*3 The proceeds earmarked for working capital shall be utilised to finance the day-to-day expenses of our Group's existing business and/ or new Construction Business, an indicative breakdown of which, under the Maximum Scenario, is set out below:-

Details of utilisation	Indicative percentage allocation %	Amount of proceeds RM'000
For the Construction Business:-		
Payment to third-party subcontractors/ consultants	50	4,173
Project staff overheads (e.g. insurance as well as travel and meal allowances)	10	835
Project office utilities, supplies and upkeep	20	1,669
For our Group's existing business:-		
Sales and marketing expenses (e.g. costs to expand our number of appointed dealers for bamboo related products, launching of new bamboo related products/ brands and sales and marketing expenses for our Group's property investment and management)	10	835
General administrative expenses including, amongst others, office utilities, stationeries and upkeep of office	10	835
Total	100	8,347

In the event the Proposed Diversification, as set out in **Section 4** of this Circular, does not materialise, the proceeds earmarked for working capital shall be purely allocated towards working capital of our Group's existing business, i.e. property investment and management and Bamboo Products Manufacturing and Trading, an indicative breakdown of which, under the Maximum Scenario, is set out below:-

Details of utilisation	Indicative percentage allocation %	Amount of proceeds RM'000
For our Group's existing business:-		
Sales and marketing expenses (e.g. costs to expand our number of appointed dealers for bamboo related products, launching of new bamboo related products/ brands and sales and marketing expenses for our Group's property investment and management)	75	6,260
General administrative expenses including, amongst others, office utilities, stationeries and upkeep of office	25	2,087
Total	100	8,347

Notwithstanding the above, the actual breakdown of the proceeds earmarked for working capital is subject to our Group's operational requirements at the time of utilisation and as such can only be determined at a later stage.

*4 The proceeds earmarked for estimated expenses in relation to the Proposals will be utilised as set out below:-

	RM'000
Professional fees	856
Regulatory fees	82
Other incidental expenses in relation to the Proposals	85
Total	1,023

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for the working capital of our Group.

The actual gross proceeds to be raised from the Proposed Rights Issue with Warrants is dependent on the final issue price and the number of Rights Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for the working capital of our Group.

Pending the utilisation of proceeds from the Proposed Rights Issue with Warrants for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used as working capital of our Group, the details and breakdown of which has yet to be determined at this juncture.

The gross proceeds to be raised from the exercise of the Warrants B is dependent on the total number of Warrants B exercised during the tenure of the Warrants B as well as the exercise price of the Warrants B. As such, the exact amount to be raised and timeframe for utilisation of the proceeds from the exercise of the Warrants B is not determinable at this juncture. Nevertheless, we anticipate that any proceeds raised from the exercise of Warrants B will be utilised within 12 months from the date of receipt of such proceeds. For illustrative purposes only, the gross proceeds to be raised upon the full exercise of the Warrants B based on the indicative exercise price of RM0.05 per Warrant B under the Minimum Scenario and Maximum Scenario is set out below:-

	Minimum Scenario	Maximum Scenario
No. of Warrants B	333,333,334	2,861,936,149
Total gross proceeds raised assuming all outstanding Warrants B are exercised (RM)	16,666,667	143,096,807

Such gross proceeds to be raised from the exercise of Warrants B will be utilised as additional working capital to finance our Group's day to day operations. The proceeds may be utilised to finance, amongst others, employee salaries, payment to trade creditors as well as general expenses such as utilities and office expenses, the breakdown of which has yet to be determined at this juncture.

2.9 Other fund raising exercises in the past 12 months

Private Placement

On 13 October 2020, Kanger had announced a private placement of up to 20% of the total number of issued Shares ("**Private Placement**"). Pursuant to the Private Placement, a total of 183,237,544 Shares that were issued at the issue price of RM0.1673 per Share, were listed on 23 November 2020, a total of 195,973,879 Shares that were issued at the issue price of RM0.1596 per Share, were listed on 26 November 2020, and a total of 7,759,261 Shares that were issued at the issue price of RM0.1593 per Share, were listed on 11 December 2020. Pursuant to this Private Placement, we had issued a total of 386,970,684 Shares and raised gross proceeds of approximately RM63.17 million.

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The Private Placement was completed on 11 December 2020 and the status of the utilisation of proceeds raised from the Private Placement as at the LPD is set out below:-

Proposed utilisation	Timeframe for utilisation from completion of the Private Placement	Amount raised RM'000	Amount utilised as at the LPD RM'000
Future viable investment* ¹	Within 36 months	31,525	2,300
Working capital for existing business* ²	Within 12 months	31,525	14,800
Estimated expenses in relation to the Private Placement	Upon completion	120	120
Total		63,170	17,220

Notes:-

*¹ Our Group intends to pursue business expansion/ future viable investment into the healthcare industry. The proceeds raised from the Private Placement shall be utilised to finance any suitable and viable potential business(es)/ investment(s), which may include, but not limited to, investment(s) in healthcare business(es) or asset(s) to facilitate our Group's venture into the healthcare industry.

In this regard, on 29 September 2020, Kanger and Sinopharm Group Hunan Changde Medical Co Ltd ("**Sinopharm Hunan Changde**") had entered into a strategic collaboration agreement to collaborate as strategic partners to undertake the distribution of COVID-19 vaccine and medical equipment developed by China National Pharmaceutical Group Corporation ("**Sinopharm**") group of companies in Malaysia ("**Collaboration Agreement**"). In addition, our Board had announced on 23 November 2020 that National Institutes of Biotechnology Malaysia ("**NIBM**"), an agency under the Ministry of Science, Technology and Innovation Malaysia had issued a letter to Kanger stating that NIBM had no objections for Kanger to communicate with the relevant stakeholders of Sinopharm to purchase COVID-19 vaccines for private sector use in Malaysia.

Subsequently, on 9 March 2021, we had announced that our Company was allocated 10,000 doses of COVID-19 vaccines from Sinopharm for trial purposes. At this juncture, our Board expects that the first batch of vaccines will arrive in the last quarter of 2021. For shareholders' information, approval is required from the National Pharmaceutical Regulatory Agency for the safety, effectiveness and efficacy of the vaccines and the application was submitted on 20 May 2021 to Pengarah Kanan Perkhidmatan Farmasi (PKPF) with expected approval to be obtained within 3 months from the aforesaid application date.

Kanger Group had also entered into the following:-

- (i) a memorandum of understanding with Zuellig Pharma Sdn Bhd to collaborate on the import, warehousing and distribution of COVID-19 vaccines in Malaysia on 23 October 2020; and
- (ii) a memorandum of understanding with K-Star Sport Limited to appoint K-Star Sport Limited (or its subsidiary) as the sales agent of COVID-19 vaccines in Malaysia on 26 October 2020.

On 27 May 2021, our Board had announced that Kanger intends to procure and import Sinopharm COVID-19 vaccines into the state of Sabah subject to Sinopharm COVID-19 vaccines being approved by the relevant authorities in Malaysia. As mentioned above, approval is required from the National Pharmaceutical Regulatory Agency for the safety, effectiveness and efficacy of the vaccines and the application was submitted on 20 May 2021 to Pengarah Kanan Perkhidmatan Farmasi (PKPF) with expected approval to be obtained within 3 months from the aforesaid application date. At this juncture, our Group is in the midst of negotiations and has yet to finalise any terms and conditions or enter into any definitive agreements with respect to the potential venture into Sabah. We shall make the requisite announcements and/ or shall seek shareholders' approval in accordance with the Listing Requirements as and when any terms and conditions are finalised or any definitive agreements are entered into.

For further clarification, the respective parties of the Collaboration Agreement and the abovementioned memorandums of understanding intend to enter into respective definitive agreements to set out further terms and conditions of their collaboration. As at the LPD, our Group is in the midst of negotiations with the respective counterparties and expects to enter into definitive agreements and finalise the terms and conditions of the abovementioned business collaborations by the third quarter of 2021. As such, our Group has yet to fully utilise the raised proceeds of RM31.53 million for future viable investment(s). Our Group anticipates that it will fully utilise such proceeds by the fourth quarter of 2023.

² *The proceeds earmarked for working capital for existing projects have been partly utilised to finance the day-to-day operations of our Group, including, among others, procurement of raw materials and operating expenses such as, general administrative expenses, utilities, staff overheads and others. At this juncture, our Group has yet to fully utilise the raised proceeds for working capital and anticipates that it will fully utilise such proceeds by the fourth quarter of 2021.*

Proposed Subscription

On 26 April 2021, Kanger had entered into a conditional share sale agreement for the proposed acquisition of 51.0% equity interest in Sung Master Holdings Sdn Bhd ("**Sung Master**") ("**Proposed Acquisition of Sung Master**"), a company engaged in the sales and trading of building materials for instance, timber flooring, tiles, bulk cement, concrete, locksets and sanitary ware, that is similar to the current business activities of Kanger, which is in the manufacturing and trading of building materials i.e. bamboo flooring and related products.

In conjunction with the above, on 26 April 2021, Kanger had also entered into a subscription agreement with Mr Kuah for a subscription of 769,513,179 new Kanger Shares ("**Subscription Share(s)**") at the subscription price of RM0.06 per Subscription Share to be fully satisfied in cash ("**Proposed Subscription**") and the proceeds to be raised from the Proposed Subscription are intended to partially finance the purchase consideration of the Proposed Acquisition.

The listing application in relation to the Proposed Acquisition of Sung Master and Proposed Subscription had been submitted to Bursa Securities on 12 May 2021 and as at the LPD, we are pending the approval from Bursa Securities in relation to the Proposed Acquisition of Sung Master and Proposed Subscription. Further details on the Proposed Acquisition of Sung Master and Proposed Subscription are set out in **Section 6.8.5** of this Circular.

Save for the Private Placement and Proposed Subscription, we have not undertaken any other fund raising exercises in the 12 months prior to the date of this Circular.

3. PROPOSED ACQUISITION

On 24 February 2021, Kanger Ventures, a wholly-owned subsidiary of our Company, entered into the SPA with the developer, namely AKSB for the acquisition of 126 units of proposed serviced apartments located on the 30th to 45th floors of Tower A, Antara @ Genting Highlands, which is situated on a piece of freehold land held under Title No. GRN 45572 (formerly HSD 18603), Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur for a total purchase consideration of RM142.87 million to be satisfied entirely via cash. Please refer to **Appendix III** of this Circular for the salient terms of the SPA.

The Vendor has agreed to sell and Kanger Ventures has agreed to purchase the Subject Properties free from all encumbrances (save as disclosed in the SPA) and with vacant possession for the Purchase Consideration subject to the terms and conditions of the SPA.

The Proposed Acquisition is not deemed as a related party transaction under Rule 10.08 of the Listing Requirements. Following the completion of the Proposed Acquisition, Kanger will become the sole-owner of the Subject Properties.

As set out in **Appendix III** of this Circular and in accordance with the terms of the SPA, the obligations of Kanger Ventures and the Vendor to complete the Proposed Acquisition is conditional upon, amongst others, the Vendor obtaining the following:-

- (i) the written approval/ consent from the Minister of Urban Wellbeing, Housing and Local Government ("**Minister**") that the sale of the Subject Properties shall not be subjected to Schedule H Sale and Purchase Agreement as provided in the Housing Development (Control and Licensing) Act 1966 (Act 118) ("**HDA Act**") and the Housing Development (Control and Licensing) Regulation 1989 ("**HDA Regulation**") ("**Minister's Approval**"); and
- (ii) the Development Order for Antara @ Genting Highlands.

For shareholders' information, on 14 April 2021, the Vendor had obtained the approval for the Development Order for Antara @ Genting Highlands from the Bentong Municipal Council vide its letter dated 14 April 2021. Further, the above condition in item (i) was fulfilled on 30 April 2021 pursuant to the letter dated 30 April 2021 from the National Housing Department of the Ministry of Housing and Local Government.

In addition, the Vendor shall ensure that the following, amongst others, be obtained within 3 months from the date all conditions precedent in the SPA are fulfilled or any other period as may be agreed between the parties of the SPA:-

- (i) the Advertising Permit and Developer License ("**AP/DL**") for Antara @ Genting Highlands, which in the event the AP/DL does not include the sale of the Subject Properties, the Vendor shall apply for consent from the Minister of the exemption of AP/DL for sale of the Subject Properties to Kanger Ventures; and
- (ii) the approved Building Plan by the relevant authority and filed with Commissioner of Building under the Strata Management Act 2013 [Act 757].

For shareholders' information, the requirement for AP/DL was waived in respect of the Subject Properties vide the abovementioned 30 April 2021 letter.

Pursuant to the Proposed Acquisition, our Group is able to enjoy an en-bloc (i.e. bulk purchase) discount from the Subject Properties. For shareholders' information, Optima has estimated an en-bloc discount from the Subject Properties of approximately 19% based on its valuation report dated 16 March 2021. Premised on the future prospects of the Subject Properties as set out in **Section 6.11** of this Circular, our Board anticipates that the Subject Properties may appreciate in value in the near future, the subsequent sale of which is expected to derive capital gains to our Group. For clarification, our Group intends to sell the Subject Properties for capital gains and pending such sale, our Group may lease out the Subject Properties as vacation rental for rental income.

3.1 Details of the Subject Properties

The Subject Properties entails 126 units of proposed serviced apartments located on the 30th to 45th floors of Tower A, Antara @ Genting Highlands. Antara @ Genting Highlands, which is currently being developed by AKSB, is an on-going residential development consisting of 4 towers with 1 floor of commercial/ retail space, 1 floor dedicated to a convention hall and 3 floors of common amenities and facilities, atop a 10 storey car park podium situated on a piece of freehold land held under Title No. GRN 45572 (formerly HSD 18603), Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur.

The location map of Antara @ Genting Highlands (of which the Subject Properties form a part) is diagrammatically illustrated as follows:-



The salient details of Antara @ Genting Highlands and the Subject Properties are as follows:-

Location	<p>Antara @ Genting Highlands (of which the Subject Properties form a part) is situated in the locality of Genting Highlands, Pahang</p> <p>It is located along the western boundary of Jalan Genting Sempah-Genting Highlands travelling from Genting Sempah towards Genting Highlands, with the subject site approximately 1 kilometre to Resorts World Genting, Genting Highlands. It is approximately 8 kilometres from the Gohtong Jaya roundabout and is directly accessible from Jalan Genting Sempah-Genting Highlands.</p> <p>Antara @ Genting Highlands is situated approximately 220 kilometres to the west of Kuantan and 235 kilometres to Bandar Indera Mahkota, accessible via the Kuala Lumpur-Karak Expressway. Bentong town is approximately 50 kilometres north east from the subject site. Janda Baik and Bukit Tinggi are approximately 30 kilometres and 35 kilometres from the subject site respectively.</p> <p>The immediate locality is a mixture of leisure properties in nature, serviced residences and plots of vacant development land. Notable landmarks within the immediate radius are Chin Swee Caves Temple, Awana Skyway Chin Swee station, Cradle Rock Genting Highlands, Peacehaven, Ria Apartments, Kayangan Apartments and Genting Highlands Fire and Rescue Station.</p>
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Proposed development details	<p>A total of 1,460 units of fully-furnished residential serviced apartment segregated as follows:-</p> <p>Block A (4th to 49th floors) – 46-storey comprising 374 units (of which 126 units located on the 30th to 45th floors comprise the Subject Properties, which Kanger shall acquire pursuant to the Proposed Acquisition)</p> <p>Block B (4th to 47th floors) – 44-storey comprising 356 units Block C (4th to 47th floors) – 44-storey comprising 356 units Block D (4th to 49th floors) – 46-storey comprising 374 units</p> <p>There will be four towers (Blocks A to D) atop 3 floors of common facilities and amenities (1st to 3rd floors) including co-working space, gymnasium, multipurpose room, 3 function rooms, surau, changing rooms, sauna and toilets as well as 1 floor for a convention hall measuring 22,445 square feet (upper ground floor), 1 floor for commercial/ retail space (ground floor) and 10 floors of elevated car park podium comprising 2,767 car park bays (lower ground 1 to lower ground 10 floors).</p> <p>Antara @ Genting Highlands is under construction and development (with approximately 12% completion as at the LPD) with expected completion by January 2026. The proposed development will be carried out in 2 phases; the first phase of the development shall comprise the podium block together with Blocks A and B and the second phase shall comprise Blocks C and D. At this juncture, the first phase of the development is anticipated to be completed by June 2025.</p>
Land area	5.345 acres (equivalent to approximately 232,823 square feet) for the entire development of Antara @ Genting Highlands
Proposed gross built-up area	<p>Approximately 2,918,828 square feet (the entire development of Antara @ Genting Highlands).</p> <p>Blocks A to D of Antara @ Genting Highlands will comprise of 4 residential serviced apartment unit types, namely Type A, Type B, Type C1/ C2 and Type C3, which have a proposed gross built-up area of 520 square feet, 800 square feet, 1,030 square feet and 1,040 square feet, respectively. The Subject Properties (located in Block A) will comprise 14 units of Type A, 56 units of Type B, 42 units of Type C1/ C2 and 14 units of Type C3.</p>
Tenure	Freehold
Registered proprietor	Aset Kayamas Sdn Bhd
Development order	<p>The Vendor had obtained the development order for a development of 2 blocks of serviced apartments and a hotel (i.e. the initial concept of Antara @ Genting Highlands) from the Bentong Municipal Council on 9 January 2020 vide approval reference number M.P.BTG/PP/GH/5/16/2019KM(OSC).</p> <p>Subsequently, the Vendor had made a revised application to the development order for the said development, now known as Antara @ Genting Highlands, which included, amongst others, a change in components from 2 blocks of serviced apartments and a hotel to 4 blocks of serviced apartments. A letter of no objection dated 30 November 2020 was issued to the Vendor by PLANMalaysia@Pahang (Pahang Town and Country Planning Department) in relation to the revised development order for Antara @ Genting Highlands. On 14 April 2021, the Vendor had obtained the approval for the revised development order for Antara @ Genting Highlands from the Bentong Municipal Council vide its letter dated 14 April 2021 with approval reference number M.P.BTG/PP/GH/5/16/2019KM(OSC)Jld2.</p>
Category of land use	Building

Express condition	Nil
Encumbrances	Nil
Restriction in interest	Nil
Valuation approach/ Date of valuation	In arriving at the market value of the Subject Properties, Optima had used a two-tiered adjustment approach. Under the first tier, the Comparison Approach and the Investment Method, Income Approach were adopted to determine the value of a single unit of the 126 units forming the Subject Properties. Under the second tier, adjustments were made to the value of the single unit to reflect the dissimilarities between unit type, built-up area and floor level. The Comparison Approach was adopted as the primary method as there are reliable sale comparables available for analysis. The market value of the Subject Properties represents the aggregate of the individual values of the 126 units less en-bloc discount, i.e. discount to reflect the bulk purchase of 126 units by a single purchaser/ 5 January 2021
Audited net book value	Nil based on the latest audited account of the Vendor as at 31 December 2019

As at the LPD, Antara @ Genting Highlands is under construction and development (with approximately 12% completion as at the LPD), with expected completion within 54 months from the unconditional date of the SPA, in accordance with the terms and conditions of the SPA. Therefore, the vacant possessions of the Subject Properties have not been obtained at this juncture.

3.2 Basis and justification of the Purchase Consideration

The Purchase Consideration was arrived at, on a willing buyer willing seller basis, after taking into consideration the market value of the Subject Properties of RM143,000,000 (assuming the Subject Properties are completed in accordance to the approved building plans and specifications and fully furnished in good workmanship as set out in **Appendix II** of this Circular) as appraised by Optima in its valuation report dated 16 March 2021.

Based on the valuation by Optima dated 5 January 2021, the Subject Properties were valued as 126 units of assumed completed serviced apartments at RM143,000,000 using a two-tiered adjustment approach. Under the first tier, the Comparison Approach and the Investment Method, Income Approach were adopted to determine the value of a single unit of the 126 units forming the Subject Properties. Under the second tier, adjustments were made to the value of the single unit to reflect the dissimilarities between unit type, built-up area and floor level. The Comparison Approach was adopted as the primary method as there are reliable sale comparables available for analysis. The market value of the Subject Properties represents the aggregate of the individual values of the 126 units less en-bloc discount, i.e. discount to reflect the bulk purchase of 126 units by a single purchaser. Based on in its valuation report dated 16 March 2021, Optima has estimated the en-bloc discount from the Subject Properties to be approximately 19%.

Optima is of the view that the Comparison Approach reflects the fair market value of the Subject Properties as there are reliable sale comparables available for analysis. The purchase consideration of RM142,870,000 represents a discount of RM130,000 or approximately 0.09% to the market value of RM143,000,000 as ascribed by Optima.

Please refer to **Appendix II** of this Circular for further details on the valuation of the Subject Properties.

Our Board had also taken into consideration further justifications in determining the Purchase Consideration as set out below:-

- (i) the future prospects of the Subject Properties and its strategic location in close proximity to the leisure and tourism destination, Genting Highlands, as set out in **Section 6.11** of this Circular; and
- (ii) the rationale and justifications for the Proposed Acquisition as set out in **Section 5.2** of this Circular.

3.3 Mode of settlement and source of funding

The Purchase Consideration will be satisfied entirely in cash in the following manner:-

Source of funding	Minimum Scenario RM'000	Maximum Scenario RM'000
Cash consideration	18,977	142,870
Bank borrowings	123,893	-
Purchase Consideration	142,870	142,870

On the date of the SPA, Kanger Ventures had paid a deposit amounting to 10% of the Purchase Consideration ("**Deposit**") to AKSB in accordance with the terms and conditions of the SPA. The remaining 90% of the Purchase Consideration shall be paid in tranches within 54 months from the unconditional date of the SPA in the manner as set out in **Appendix III** of this Circular.

Under the Maximum Scenario, Kanger is expected to raise up to approximately RM171.72 million from the Proposed Rights Issue with Warrants and the Purchase Consideration shall be financed entirely via the proceeds to be raised from the Proposed Rights Issue with Warrants. Under the Minimum Scenario, Kanger will raise RM20.00 million, of which RM18.98 million is earmarked for the partial settlement of the Purchase Consideration. As such, there will be a shortfall of approximately RM123.89 million between the Purchase Consideration and the proceeds earmarked for the partial settlement of the Purchase Consideration ("**Shortfall**"). It is our Board's intention to finance the Shortfall entirely through bank borrowings. For shareholders' information, as 31 March 2021, our Group's bank borrowings amounted to RM59.22 million.

3.4 Liabilities to be assumed by Kanger

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

3.5 Additional financial commitment required

Save for the Purchase Consideration, there is no additional financial commitment required by Kanger for the Proposed Acquisition.

3.6 Information on the Vendor

Aset Kayamas Sdn Bhd was incorporated on 11 January 2011 in Malaysia under the Companies Act, 1965 as a private company limited by shares. It is principally involved in investment holding and property development activities. As at the LPD, the Vendor has an issued share capital of RM43,000,000 comprising 43,000,000 ordinary shares.

Set out below are the details of the shareholders and the directors together with their respective direct and indirect shareholdings in the Vendor as at the LPD:-

Name	Designation	Nationality	< ----- Direct ----- >		< ----- Indirect ----- >	
			No. of shares	% ^{*1}	No. of shares	% ^{*1}
Tan Sri Datuk Chai Kin Kong	Director	Malaysian	42,999,999	100.0	-	-
Chai Woon Huai	Director	Malaysian	1	_*2	-	-

Notes:-

*1 Based on the total issued shares of 43,000,000 in AKSB.

*2 Negligible

4. PROPOSED DIVERSIFICATION

At present, our Group is principally engaged in Bamboo Products Manufacturing and Trading as well as property investment and management.

A segmental breakdown of Kanger Group's financial performance (from continuing operations only) for the past 2 audited financial years up to the FYE 31 December 2019 and for the latest unaudited 12-month FPE 31 December 2020 is set out below:-

	<-----Audited----->		<--Unaudited-->
	FYE 31 December 2018	FYE 31 December 2019	12-month FPE 31 December 2020
Revenue (RM'000)			
Bamboo Products Manufacturing and Trading	57,130	65,047	32,791
Property investment and management	-	-	-
Others*1	-	-	-
Group	57,130	65,047	32,791

Note:-

*1 Other segments of our Group comprise research and development and investment holding.

The Bamboo Products Manufacturing and Trading segment has been the main contributor to the financial performance of Kanger Group, contributing 100% of our Group's total revenue for the past 2 financial years up to the FYE 31 December 2019 and the latest 12-month FPE 31 December 2020, respectively.

Based on the above, our Company is undertaking the Proposed Diversification to diversify and expand our Group's source of earnings via generating an additional stream of revenue and income from our Group's new Construction Business, which may include, amongst others, the following:-

- (i) Building construction which consists of construction of structures and buildings for residential and non-residential purposes;
- (ii) Civil engineering which consists of construction of infrastructure such as roads and highways, utility structures, bridges, stadiums and railways; and
- (iii) Other construction related activities which consist of project management services, mechanical and electrical works, refrigeration and air-conditioning works, painting works, plumbing, sewerage and sanitary works, glass works, carpentry as well as tiling and flooring works.

Supported by the extensive experience and capabilities of the key management personnel, as set out in **Section 4.1** of this Circular, our Group aims to undertake the Construction Business and will seek to build its construction order book by securing contracts (involving the abovementioned construction activities) from, amongst others, property developers and commercial property owners, as a sub-contractor or main contractor to the project. As part of its efforts to undertake future construction projects, our Group intends to submit an application for a G7 contractor license from the Construction Industry Development Board ("**CIDB**") by the third quarter of 2021, after shareholders' approval is obtained for the Proposed Diversification.

The new Construction Business may also generate synergy with the property investment and management segment, by leveraging on the segment's existing business network of property developers/ owners to tender for new construction contracts. Further, the venture into Construction Business provides a horizontal expansion of our Group's property investment and management activities, which will allow our Group to offer a broader range of related services within the property sector to provide additional value to clients.

Premised on the above, our Board anticipates that the new Construction Business may contribute 25% or more of the net profits of Kanger Group or cause a diversion of 25% or more of the NA of Kanger Group moving forward. As such, our Board proposes to seek the approval of shareholders of Kanger for the Proposed Diversification pursuant to Rule 10.13(1) of the Listing Requirements.

Notwithstanding the Proposed Diversification, Kanger Group will continue with its existing business in the same manner.

At present, our Group has secured 6 construction projects, which have a total remaining contract value of RM495.85 million. For avoidance of doubt, our Group is only responsible for the project management of these construction projects, hence there is no significant financial commitment required to undertake such works in these construction projects. Notwithstanding that, we will fund the required financial commitment via proceeds from the Proposed Rights Issue with Warrants allocated for working capital as set out in **Section 2.8** of this Circular, progress billings from the construction projects, internally generated funds and/ or bank borrowings, the breakdown of which has yet to be determined at this juncture.

In undertaking the Construction Business moving forward, additional financial commitment will only be required as and when additional construction projects are undertaken by our Group. Such financial commitment will be funded via proceeds from the Proposed Rights Issue with Warrants allocated for working capital as set out in **Section 2.8** of this Circular, progress billings from the additional construction projects, internally generated funds and/ or bank borrowings, the breakdown of which has yet to be determined as it is dependent on, amongst other factors, the scope of works, duration and technical requirements of the additional construction projects, as and when secured. In the event the Proposed Rights Issue with Warrants does not materialise, the financial commitment required for the Construction Business will be funded via progress billings from construction projects, internally generated funds and/ or bank borrowings.

4.1 Key management personnel

Our Group has identified Loke Seng Chew, Yap Qing Fu and Nor Fateha Binti Mustapha as the key management personnel to lead our Group's new Construction Business. Further details of the qualifications and experience of the key management personnel are set out below:-

- i. **Loke Seng Chew**, a Malaysian aged 49, is the General Manager of Kanger Ventures and has over 23 years of professional experience in construction-related industries. He will be responsible for leading and overseeing the progress of construction projects under our Group's Construction Business.

Loke Seng Chew had obtained a Diploma in Architecture from the Pertama Institute of Technology in 1994 followed by an Advanced Diploma in Architecture from Melbourne University in 1997.

He began his career in 1997 as a Senior Technical Coordinator for Veritas Architects Sdn Bhd where he was mainly responsible for assisting in architectural design development and consultancy. In 2002, he left Veritas Architects Sdn Bhd and joined Mah Sing Properties Sdn Bhd as a Business Development & Project Planner, wherein he was mainly involved in project planning, design development, feasibility studies and market surveys for property development. He left Mah Sing Properties Sdn Bhd in 2005 and from 2005 to 2006, he worked for Kuala Lumpur Pavilion Sdn Bhd as a Senior Retail Design Coordinator, primarily responsible for project coordination, coordinating design development and meeting of technical provisions as well as overseeing construction progress.

In 2007, Loke Seng Chew left Kuala Lumpur Pavilion Sdn Bhd to join Ireka Development Management Sdn Bhd as a Deputy Vice President, Projects, where he was primarily responsible for project monitoring and planning, liaising with authorities and consultants and monitoring design implementation. He left Ireka Development Management Sdn Bhd in 2010 and from 2010 to 2015, he was a Project Manager for Hap Seng Land Sdn Bhd. In 2015, he left Hap Seng Land Sdn Bhd and joined Areca Properties Sdn Bhd as a Project Manager before leaving to join Garudah Searah Sdn Bhd as a Project Manager in 2017. As a Project Manager for the abovementioned companies, he was mainly responsible for overseeing and planning project progress, leading design development and liaising with authorities and consultants. In 2021, he left Garudah Searah Sdn Bhd to join Kanger Ventures as the Project Manager, a position he holds until today.

The details of some of the construction projects he has been involved in during his previous employment are set out as follows:-

Projects	Position held	Commencement	Completion	Contract value RM'million
Construction of 986 units of condominiums and 828 units of affordable apartments in Bandar Tun Razak, Kuala Lumpur	Project Manager	June 2017	Ongoing	386
Construction of 117 units of condominiums and 30 units of villas in Puchong, Selangor	Project Manager	May 2010	July 2012	78
Construction of a mixed development comprising a 30-storey office tower and 16-storey office tower atop a 4-storey retail mall podium and 3-storey underground basement carpark in Mont Kiara, Kuala Lumpur	Project Manager	Year 2007	Year 2010	200
Construction of two tower blocks comprising 399 units of condominiums in Mont Kiara, Kuala Lumpur	Project Manager	Year 2007	Year 2010	250

- ii. **Yap Qing Fu**, a Malaysian aged 32, is the Project Manager of Kanger Ventures and has over 7 years of professional experience in construction-related industries. He will be responsible for monitoring, planning and coordinating the progress of construction projects under our Group's Construction Business.

Yap Qing Fu had obtained a Bachelor's Degree of Civil Engineering from the University Malaysia Pahang in 2013.

He began his career in 2013 as a Project Engineering cum Superintending Officer for RJP Sdn Bhd where he was mainly responsible for supervising construction works, preparing submissions and project designs as well as liaising with authorities and consultants. In 2015, he left RJP Sdn Bhd and joined UAC Development & Construction Sdn Bhd as a Project Executive, primarily responsible for reviewing project design and plans, preparing submissions and contract documents as well as liaising with authorities and consultants. He left UAC Development & Construction Sdn Bhd in 2017 and from 2017 until 2019, he was a Development Executive for WCT Land Sdn Bhd, mainly involved in coordinating and reviewing project designs, plans and submissions.

In 2019, Yap Qing Fu left WCT Land Sdn Bhd to join Gamuda Land Sdn Bhd as a Senior Project Executive, where he was mainly responsible for coordinating and reviewing project designs, plans and submissions as well as assisting in project monitoring and coordination. Subsequently, in 2020, he left Gamuda Land Sdn Bhd and joined AKSB as an Assistant Project Manager, primarily responsible for assisting in planning, managing, co-ordinating and monitoring project progress and the development of design. In 2021, he left AKSB and joined Kanger Ventures as the Assistant Project Manager, a position he holds until today.

The details of some of the construction projects he has been involved in during his previous employment are set out as follows:-

Projects	Position held	Commencement	Completion	Contract value RM'million
Construction of a mixed development consisting of 3 blocks of 16, 28 & 32 storey serviced apartments comprising 1128 units and 90 units of 2 storey retail shops in Kota Kemuning, Selangor	Senior Project Executive	November 2020	Ongoing	600
Construction of 3 blocks of 31 – 43 storey condominiums comprising 940 units in Seputeh, Kuala Lumpur	Project Executive	June 2020	Ongoing	880
Construction of 3 blocks of 25 – 26 storey condominiums comprising 430 units in Mont Kiara, Kuala Lumpur	Project Executive	September 2017	Ongoing	560
Construction of a mixed development consisting of a 12 storey hotel comprising 204 rooms with an integrated mall in Johor Bahru, Johor	Project Executive	June 2018	Ongoing	150

- iii. **Nor Fateha Binti Mustapha**, a Malaysian aged 34, is the Quantity Surveyor of Kanger Ventures and has over 9 years of professional experience in construction-related industries. She will be responsible for coordinating the preparation of tenders and contracts, reviewing cost estimations, tracking project progress, and handling contractual matters and disputes under our Group's Construction Business.

She obtained a Diploma in Quantity Surveying in 2009 and obtained a Bachelor of Quantity Surveying in 2011 from Universiti Teknologi MARA Shah Alam.

She began her career in 2011 as a Quantity Surveyor for Proven Holding Sdn Bhd before leaving to join VQS Praktis Sdn Bhd as a Quantity Surveyor in 2012. As a Quantity Surveyor for the abovementioned companies, she was mainly responsible for preparing tenders and contract documents, estimating cost rates and sums as well as liaising with consultants and contractors on contractual matters. In 2015, she left VQS Praktis Sdn Bhd and joined AKSB as a Quantity Surveyor before being promoted to Senior Quantity Surveyor in 2016. At AKSB, she was mainly responsible for reviewing cost estimations, supervising the preparation of tenders and contract documents as well as the administration of contract documents. In 2021, she left AKSB to join Kanger Ventures as the Quantity Surveyor, a position she holds until today.

The details of some of the construction projects she has been involved in during her previous employment are set out as follows:-

Projects	Position held	Commencement	Completion	Contract value RM'million
Construction of 986 units of condominiums and 828 units of affordable apartments in Bandar Tun Razak, Kuala Lumpur	Quantity Surveyor	June 2017	Ongoing	386
Construction of 1,450 units of affordable apartments and a 6-storey car park podium in Bukit Jalil, Kuala Lumpur	Quantity Surveyor	October 2016	July 2020	464
Construction of 1,536 units of affordable apartments in Bukit Jalil, Kuala Lumpur	Quantity Surveyor	May 2015	April 2019	582
Construction of 4 blocks of 38-storey apartments in Melaka	Quantity Surveyor	January 2012	March 2014	340
Construction of 2 blocks of 4-storey student hostels in Johor, Negeri Sembilan, Pulau Pinang and Banting	Quantity Surveyor	January 2011	November 2013	120

In addition to the key management personnel mentioned above, as at the LPD, our Group intends to recruit additional full-time employees, with sufficient skills and experience, to be responsible for supporting the key management personnel in the Construction Business. The indicative breakdown of the intended Construction Business team (other than the key management personnel) by department is set out below:-

Department	No. of employees
Project management	3
Quantity surveying	3
Contract management	1
Total	7

Our management is currently selecting and interviewing qualified and experienced candidates for the abovementioned staff positions to support the Construction Business and the recruitment for such positions is expected to be completed by the third quarter of 2021.

5. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

5.1 Proposed Rights Issue with Warrants

Our Board is of the view that the Proposed Rights Issue with Warrants is the most appropriate avenue to raise the necessary funding for our Group as set out in **Section 2.8** of this Circular after taking into consideration the following:-

- (i) the Proposed Rights Issue with Warrants will strengthen our financial position and capital base, by reducing our Group's gearing level and increasing our NA thereby providing greater financial flexibility, as illustrated in **Section 8.2** of this Circular;
- (ii) the Proposed Rights Issue with Warrants will enable the issuance of new Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants;
- (iii) the Proposed Rights Issue with Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of our Group by subscribing to the Rights Shares; and
- (iv) as set out in **Section 2.8** of this Circular, up to RM142.87 million of the proceeds to be raised is intended to be utilised for the full payment of the Proposed Acquisition, which is expected to generate revenue for our Group moving forward via the subsequent sale of the Subject Properties for capital gains. In addition, up to RM19.48 million of the proceeds to be raised will be used to fund investment/ business opportunities which may include, amongst others, joint ventures, mergers and acquisitions of businesses and/ or investments in land bank and/ or property projects in the property sector, with the intention of growing our Group's property investment and management business. Further, up to RM8.35 million of the expected proceeds will be used to fund our Group's immediate working capital requirements, which will allow our Group flexibility in respect of financial allocations for its operational requirements.

The Warrants B have been attached to the Rights Shares to provide the Entitled Shareholders with additional incentive to subscribe for the Rights Shares. The Warrants B will potentially allow the Entitled Shareholders who subscribe for the Rights Shares to benefit from the possible capital appreciation of the Warrants B and increase their equity participation in our Company at a predetermined price over the tenure of the Warrants B. Our Company would also be able to raise additional proceeds as and when the Warrants B are exercised.

5.2 Proposed Acquisition

Kanger had obtained the approval from its shareholders for the diversification of the principal activities of Kanger Group to include property investment and management ("**Diversification**") at Kanger's extraordinary general meeting held on 7 April 2015. Please refer to **Section 4** of this Circular for a segmental breakdown of Kanger Group's financial performance for the past 2 audited financial years up to the FYE 31 December 2019 and for the latest unaudited 12-month FPE 31 December 2020.

The proposed acquisition of the Subject Properties is intended to continue our Group's property investment and management business and is in line with our Group's intention to continuously seek for suitable and viable acquisition opportunities in strategic locations which may include, amongst others, acquisition of properties to expand the contribution of the property investment and management segment of our Group. For avoidance of doubt, any future acquired properties may be sold for capital gains or leased out for rental income and/ or the provision of management services, thus expanding the contribution of our property investment and management segment. In view that the Proposed Acquisition is on a bulk purchase basis, our Group will be able to enjoy an en-bloc discount on the prevailing price of the Subject Properties. In addition, our Board expects that the Subject Properties may appreciate in value in the near future, premised on the future prospects of the Subject Properties as set out in **Sections 6.6 and 6.11** of this Circular.

While the near term outlook of the property market in Malaysia has been adversely affected by the COVID-19 pandemic and the resulting Movement Control Order ("**MCO**"), the long term recovery prospects are positive, supported by the growing population trend of Malaysia from approximately 31.2 million in 2015 to an estimated 32.7 million in 2019, which in turn is expected to increase demand for residential properties. Further, supportive government policies such as the Government of Malaysia lowering the threshold price of unsold high-rise units for foreigners, from RM1 million to RM600,000 is expected to attract foreign buyers to invest in residential properties in Malaysia. Moreover, the Subject Properties are situated in the state of Pahang and as set out in **Section 6.6** of this Circular, the residential property development market in Pahang is forecast to grow 12.6% in transaction volume, from 12,081 transactions in 2021 to 13,608 transactions in 2022. During the same period, the value of the residential property development market in Pahang is forecast to grow 14.8%, from RM2.7 billion in 2021 to RM3.1 billion in 2022.

Following the completion of the Proposed Acquisition, our Group aims to sell the Subject Properties for capital gains and pending such sale, our Group may lease out the Subject Properties as vacation rental for rental income. Premised on the above and barring any unforeseen circumstances, our Board anticipates that our Group's proposed acquisition of the Subject Properties will expand the earnings of our Group's property investment and management segment in its ordinary course of business, which in turn may contribute to the growth of our Group's overall business moving forward.

5.3 Proposed Diversification

Our Group intends to diversify and expand its revenue and earnings via entering the new Construction Business, which may include, amongst others, undertaking building construction, civil engineering and project management contracts as a main contractor or subcontractor.

Our Board believes the new Construction Business may also derive synergy with the property investment and management segment, by allowing our Group to offer a broader range of property-related services to provide additional value to future clients. Further, the Construction Business may leverage on the property investment and management segment's existing business network of property developers/ owners to tender for new construction contracts.

Our Group shall leverage the skills and capabilities of the key management personnel, as set out in **Section 4.1** of this Circular, to undertake the new Construction Business. Further thereto, to support our Group's efforts to secure and undertake new construction contracts, our Group intends to submit an application for a G7 contractor license from the CIDB by the third quarter of 2021, which will enable our Group to undertake construction projects of any value.

Premised on the above, our Board anticipates that the Proposed Diversification will enable our Group to expand to include the Construction Business and derive an additional stream of income moving forward.

6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE SUBJECT PROPERTIES AND OUR GROUP

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronics ("E&E") products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order ("MCO 2.0") and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

Domestic demand recorded a smaller decline of 1.0% (4Q 2020: -4.5%) in the first quarter of 2021, weighed down by the contraction in private sector expenditure amid the imposition of MCO 2.0. However, the impact of MCO 2.0 was smaller given that most economic sectors were allowed to operate and with continued policy support for households and businesses. On the external front, robust external demand particularly for E&E products, contributed to a continued expansion in net exports.

Private consumption contracted by 1.5% during the quarter (4Q 2020: -3.5%). Although household spending was affected by the imposition of MCO 2.0, the impact was smaller compared to the MCO last year amid relatively less restrictive containment measures. While wage and employment growth remain in contraction, the overall growth improved, as most businesses continued to operate, which lent support to household spending. Spending on online platforms also continued to increase, cushioning the impact of the drop of in-store spending, as reflected in the expansion of the index of online retail sales (1Q 2021: 22.8%; 4Q 2020: 30.4%). Furthermore, consumer expenditure remained supported by various stimulus measures including the EPF i-Sinar withdrawals, wage subsidies as well as the Targeted Repayment Assistance (TRA). Public consumption improved to 5.9% (4Q 2020: 2.4%) amid a rebound in supplies and services spending, particularly by the Federal Government. Growth was also supported by faster expansion in emoluments.

Private investment recorded its first positive growth since the fourth quarter of 2019 (1Q 2021: 1.3%; 4Q 2020: -6.6%). This was supported mainly by the increase in capital expenditure from new and ongoing investment projects, particularly in the services and manufacturing sectors. Public investment registered a contraction of 18.6% (4Q 2020: -20.4%). While the Federal Government fixed assets spending was higher, investment by public corporations contracted at a larger pace, particularly in the oil and gas and telecommunication subsectors.

Despite the recent re-imposition of containment measures, the impact on growth would be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity. Higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors. The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll-out of vaccines both globally and domestically.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)

Recovery in the domestic economy, which began in the second half of 2020, is expected to continue in 2021 (the Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021). The recovery, nevertheless, is expected to be uneven and will be shaped by several factors, including the course of the COVID-19 pandemic and vaccine rollout, the extent of external spillovers, sector-specific developments, and the degree of improvement in labour market conditions. Amid a highly uncertain operating environment, continued and targeted policy measures will remain central in supporting growth going forward.

COVID-19 developments remain key in influencing Malaysia's growth trajectory in 2021, particularly the extent and duration of containment measures and the rollout of vaccines. Malaysia entered the year with the tightening of containment measures in most states with a resurgence in cases since late last year. The corresponding restrictions and weakness in sentiments amid the uncertain progress of the pandemic will likely weigh further on spending in the early part of 2021. Nevertheless, the overall impact for the year is expected to be smaller than in 2020, owing to a less restrictive and more targeted approach to contain the COVID-19 resurgence. In particular, the flexibility for more economic sectors to operate should lessen supply and demand disruptions. Firms and consumers are also better adapted to physical distancing requirements and other operating procedures to contain the spread of infections.

Concurrently, the rollout of vaccines domestically beginning February 2021 will provide some lift to consumer sentiments and spending. However, as mass vaccination to induce herd immunity is expected to occur in a phased manner, the improvement in sentiments is expected to be gradual. As such, international tourism activities for Malaysia are unlikely to resume in a meaningful way, to limit community transmission and imported cases.

Notwithstanding the COVID-19 situation, a positive development is on the external spillovers from the broader recovery in global demand. This will sustain domestic production, investment, and export activity. Firms in the export-oriented industries and the supporting sectors are poised to benefit from improving domestic demand in key trade partner economies and the global technology upcycle. Of note, the rising demand for remote working equipment and medical-related products augurs well for firms in the manufacturing industry, particularly electrical and electronics as Malaysia forms an integral part of the global value chain. Beyond these, the recovery in global commodity prices and demand should lift commodity production and export revenues.

(Source: Outlook and Policy in 2021, Economic and Monetary Review 2020, Bank Negara Malaysia)

6.2 Overview and outlook of the global economy

After an estimated 3.5% contraction in 2020, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022. This reflects the stronger than expected recovery on average across regions in the second half of the year.

Consistent with recovery in global activity, global trade volumes are forecast to grow about 8.0% in 2021, before moderating to 6.0% in 2022. Services trade is expected to recover more slowly than merchandise volumes however, which is consistent with subdued cross border tourism and business travel until transmission declines everywhere.

Advanced economies, in general, have been able to provide expansive fiscal support to households and firms (direct tax and spending measures as well as equity injections, loans, and guarantees), and central banks have reinforced this with expanded asset purchase programs, funding-for-lending facilities, and, for some, interest rate cuts. Reflecting the strong policy support and the anticipated widespread availability of vaccines in summer 2021, the projected output loss compared with the pre-COVID forecast is relatively smaller for advanced economies than other countries. Recovery paths vary within our Group, with the United States of America ("**United States**") and Japan projected to regain end-2019 activity levels in the second half of 2021, while in the euro area and the United Kingdom activity is expected to remain below end-2019 levels into 2022.

Emerging market and developing economies are also projected to trace diverging recovery paths. Considerable differentiation is expected between China—where effective containment measures, a forceful public investment response, and central bank liquidity support have facilitated a strong recovery—and other economies. Oil exporters and tourism-based economies within our Group face particularly difficult prospects considering the expected slow normalization of cross-border travel and the subdued outlook for oil prices. Close to 90 million people are likely to fall below the extreme poverty threshold during 2020–21. Across regions, vulnerabilities, economic structure, and pre-crisis growth trends, together with the severity of the pandemic and the size of the policy response to combat the fallout, shape recovery profiles.

(Source: World Economic Outlook, January 2021, the International Monetary Fund (IMF))

6.3 Overview and outlook of the economy in China

Following a collapse in the first quarter of 2020, economic activity in China has since recovered fast but unevenly. The rollback of lockdown measures combined with a sizable fiscal and monetary policy support led to a quick rebound of economic activity. Real gross domestic product ("**GDP**") rebounded to 3.2% year-on-year in the second quarter following a 6.8% contraction in the first quarter. Starting in the second half of 2020, economic activity firmed further, and the economy expanded by 4.9% year-on-year in the third quarter, bringing growth in the first three quarters to 0.7% year-on-year. Growth became more broad-based as all components of aggregate demand contributed positively to headline GDP. The recovery, however, relied heavily on public support while private consumption has rebounded but continued to lag. The contribution of net exports to growth has remained positive since the second quarter of this year, supported by rising exports of medical equipment and electronics amid trailing imports.

On the supply side, industrial production has continued to expand at a faster pace than services. Industrial production growth surpassed its pre-pandemic growth rate, expanding by 6.0% year-on-year in 2020 Q3, suggesting supply-side constraints have largely eased. Industrial value-added growth rose across sectors, with auto, machinery equipment, and computer and electronics increasing the most. Growth in the services sector accelerated to 4.3% year-on-year but remained below its pre-pandemic rates, reflecting a slow recovery of sub-sectors that were hit hard by COVID-19, such as transportation and traditional wholesale and retail trade. Meanwhile, output in the agricultural sector expanded by 3.9% in 2020 Q3—faster than during the same period last year, despite the impact of floods on production.

On the demand side, public and real estate investment drove the recovery in economic growth. Following a contraction in the first quarter, gross capital formation accelerated in subsequent quarters, increasing by 11.6% year-on-year in 2020 Q2 and 6.1% in 2020 Q3. Public investment in infrastructure, supported by special bond issuances at the central and local government level, initially drove much of the acceleration in investment, which started to moderate in the second half of this year on receding policy support. The contribution of gross capital formation to overall growth slowed to 2.6% in the third quarter from 5.0% the previous quarter. Meanwhile, growth in manufacturing investment steadily increased as uncertainty eased but continued to trail infrastructure and real estate investment. As investor confidence started to improve on the back of a steady recovery in private sector corporate revenues and profits, private investment also started to firm up in recent months

The recovery of private consumption was more protracted, held back by losses in household income and lingering behavioral effects of the pandemic. Following a sharp contraction in the first quarter of 2020, consumption started a gradual recovery in subsequent quarters and increased by 3.1% year-on-year in 2020 Q3. It contributed positively to economic growth for the first time this year in the third quarter by 1.7%, helped by an improving labor market, rising household income, lower precautionary savings, and strengthening consumer confidence. Services consumption has been recovering slowly, held back by lingering restrictions in contact-intensive sectors. Retail sales, a key indicator for private consumption, steadily improved across a broad range of consumption goods in recent months.

Trade flows have experienced a strong cyclical post-recession rebound since 2020 Q2—a temporary deviation from the ongoing long-term structural slowing trend. Export sector activity has picked up steadily following the sharp contraction in the first quarter of this year. The rebound in exports, which was initially driven by strong demand for medical supplies and electronic goods in response to increased remote work, has broadened to other product groups that were previously lagging. China's import performance has also been improving on the back of a broadening domestic recovery. China's import growth accelerated in 2020 Q3, supported by broadening and firming domestic demand.

(Source: China Economic Update, World Bank, published in December 2020)

China is expected to post positive GDP growth in 2020 (+1.8%). As the pandemic was brought under control early, economic activity rebounded strongly in the second and third quarters of 2020. Despite weaker activity in services, real GDP growth of 8.0% is expected in 2021.

(Source: Economic Outlook for Southeast Asia, China and India 2021, published in February 2021)

6.4 Overview and outlook of the Bamboo industry in China

Bamboo is an important resource as its versatility allows it to be used in many applications such as for the construction of scaffolding, houses and bridges, for manufacturing furniture, woven products and crafts.

It is estimated that a fifth of the world's bamboo is grown in China. The Government of China recognises the value of bamboo to the economy and environment, and promotes the cultivation of bamboo as well as contributes towards scientific and technological development of the bamboo products industry.

The bamboo products industry in China can be measured by the production output of bamboo products in China, including bamboo flooring products. The bamboo products industry in China grew from USD31.8 billion (RM131.8 billion) in 2016 to USD43.8 billion (RM181.5 billion) in 2019 at a compound annual growth rate ("CAGR") of 11.3%. Providence estimates that the bamboo products industry in China will grow to USD48.0 billion (RM201.7 billion) in 2020. Moving forward, the bamboo products industry is forecast to grow from USD52.8 billion (RM221.8 billion) in 2021 to USD58.1 billion (RM244.1 billion) in 2022 at a growth rate of 10.0%.

Despite the growing production of bamboo products, China's exports of bamboo products contracted at a negative CAGR of 4.3% between 2016 and 2019. This indicates that bamboo products produced in China continued to be consumed in the country.

The drop in exports in 2018 and 2019 was largely attributed to the China-United States trade war, with both countries imposing tariffs on each other's goods since mid-2018, including bamboo products. As the United States is the second largest consumer of bamboo products after the European Union, the China-United States trade war have impacted the exports of bamboo products from China. Nevertheless, consumption of bamboo products continued to be supported by local demand, as seen from the growing production of bamboo products during the period.

In China, GDP per capita increased from RMB54,139 (RM33,766.5) in 2016 to RMB72,447 (RM44,134.7) in 2020 at a CAGR of 7.6%. The increase in GDP per capita indicates higher spending power. The population's increasing spending power will increase the likelihood of expenditure on consumer-based products, including bamboo products. Specifically, higher spending power would increase spending on building and refurbishing properties for greater comfort and pleasure, which could include installation of higher quality flooring products. Bamboo flooring is considered a high-quality flooring product and is durable to changes in room's humidity and temperature.

As bamboo products are also used in the construction industry such as for flooring, fencing, blinds, boards, scaffolding, houses and bridges, the bamboo products industry in China is expected to be impacted by the outlook of the local construction industry. The total value of contracts by construction enterprises increased at a CAGR of 13.6% between 2016 and 2019, from CNY37.2 trillion (RM23.3 trillion) to CNY54.5 trillion (RM32.7 trillion). Similar to other countries, the construction industry in China is expected to be adversely affected by the COVID-19 pandemic. Nevertheless, the country has resumed most major construction projects since March 2020, including the Wuhan Tienhe International Airport, Hanjiang Waterway Improvement, Chengjiang - Huaning expressway and Guangnan Nasa – Xichou Xingjie expressway projects.

China has stopped commercial logging in natural forests for timber in a bid to create an environmentally and economically sustainable model for future development. China will also increase efforts to establish 20 national forest reserves to reduce dependence on timber imports. This has created a loss of jobs as well as additional demand for timber substitutes. As bamboo is an alternative to timber, this bodes well for the bamboo products industry in China. China's mountainous areas are conducive to cultivating bamboo, which brings benefits such as improving forest land fertility, creating rural employment and mitigating climate change.

Development of the bamboo industry will create job opportunities in bamboo cultivation, processing and production. The Government of China has thus targeted the development of the bamboo sector through the China National Bamboo Plan 2011-2020. Among the measures implemented are scientific support on variety selection, breeding, cultivation, prevention of diseases and pests, technological innovation as well as product research and development.

Through the continued development of the bamboo processing industry to create more diverse and value-added products, as well as improve processing technologies and equipment, this is expected to increase the potential of the bamboo products industry in China. In recent years, there has been an increase in the variety of commercial bamboo products such as flooring, laminated furniture, building panels, high quality yarn and fabrics, activated carbon and bamboo extracts. Bamboo continues to be viewed as an excellent substitute for wood due to its attractive appearance, strength, durability and sustainability.

(Source: Independent Market Researcher's report by Providence)

6.5 Overview and outlook of the Global Bamboo industry

The global bamboo products market grew from USD60.0 billion (RM248.7 billion) in 2016 to USD72.1 billion (RM298.7 billion) in 2019 at a CAGR of 6.3%. Providence estimates that the global bamboo products market will grow to USD75.8 billion (RM318.5 billion) in 2020. Moving forward, the global bamboo products market is forecast to grow from USD79.9 billion (RM335.7 billion) in 2021 to USD84.3 billion (RM354.2 billion) in 2022 at a growth rate of 5.5%.

The global demand for bamboo products is driven by consumer awareness and increasing use of sustainable alternatives to timber. Consumers are concerned about the effects of timber logging, such as deforestation, global warming, soil erosion and loss of wildlife habitat. Due to these sustainability concerns and increasing environmental awareness, bamboo has become more in demand globally as it is viewed as a more eco-friendly, biodegradable and more easily renewable resource. In addition, it is more cost-effective than timber. There is also growing demand for eco-friendly products, as governments around the world spread awareness and ban single-use plastics.

The demand for bamboo products is also driven by the growing global disposable income. The world GDP per capita has been increasing from USD10,286 (RM42,642.7) in 2016 to USD11,442 (RM47,400.8) in 2019, registering a CAGR of 3.6% during the period. With higher spending power, consumers are more likely to spend on consumer-based products, including bamboo products. Specifically, consumers with greater spending power have a higher likelihood of spending on building and refurbishing areas for greater comfort and pleasure. This includes spending on bamboo flooring, which is considered a high-quality flooring product and is durable to changes in room's humidity and temperature.

Meanwhile, bamboo products used in the construction industry such as for flooring, fencing, blinds, boards, scaffolding, houses and bridges, will also be driven by the growth of the construction industry. Between 2017 and 2019, the global construction market size is estimated to have grown from USD10.8 trillion (RM44.8 trillion) in 2017 to USD12.7 trillion (RM52.6 trillion) in 2019, registering a CAGR of 8.4%. As a material used in the refurbishment of existing properties or construction of new properties, demand for bamboo products is expected to benefit from the growing construction industry. While the global construction industry is expected to be affected in 2020 by the short-term uncertainties and impact arising from the COVID-19 pandemic, construction in many countries is expected to continue in order to support economic development.

(Source: Independent Market Researcher's report by Providence)

6.6 Overview and outlook of the property market in Malaysia

Property market in Pahang

The residential property development market in Pahang has witnessed growing demand over the years, as depicted by increase in property transaction volume and value in the state. There were 9,661 transactions worth RM2.1 billion in 2016, which increased to 11,627 transactions worth RM2.6 billion in 2019. The transaction volume and value registered CAGRs of 6.4% and 7.2% respectively.

In the third quarter of 2020, there were 3,272 transactions valued at RM712.8 million, compared to 2,713 transactions valued at RM607.5 million in the third quarter of 2019. This indicates the continuous demand for residential property in Pahang despite the overall slowdown in the economy resulting from the COVID-19 pandemic.

Moving forward, the transaction volume of the residential property development market in Pahang is estimated to have increased by 1.5% between 2019 and 2020 to 11,796 in 2020. Providence also forecasts the transaction volume of the residential property development market in Pahang to grow at a rate of 12.6%, from 12,081 transactions in 2021 to 13,608 transactions in 2022.

During the same period, the value of the residential property development market in Pahang is estimated to have grown by 3.8% between 2019 and 2020 to RM2.7 billion in 2020. Moving forward, Providence forecasts the value of the residential property development market in Pahang to grow at a rate of 14.8%, from RM2.7 billion in 2021 to RM3.1 billion in 2022.

The growth in the residential property development market in Pahang is attributed to the growing population in Malaysia, which grew from approximately 31.2 million in 2015 to an estimated 32.7 million in 2019. As the population increases, there will be more demand for residential properties.

Property market in Malaysia

There were 203,064 transactions worth RM65.6 billion in 2016, which increased to 209,295 transactions worth RM72.4 billion in 2019. The transaction volume and value registered CAGRs of 1.0% and 3.3% respectively.

In the third quarter of 2020, there were 55,845 transactions valued at RM19.4 billion, compared to 53,147 transactions valued at RM18.1 billion in the previous year. This is attributed to the various Government initiatives which have been implemented to boost the residential property market during the COVID-19 pandemic.

Providence estimates that the residential property development market in Malaysia will grow, in terms of transaction volume, by 1.6% to 212,644 transactions in 2020. Moving forward, the transaction volume of the residential property development market in Malaysia is forecast to grow by 3.5% from 216,046 transactions in 2021 to 223,608 transactions in 2022.

Providence estimates that the residential property development market in Malaysia will grow, in terms of transaction value, by 1.7% to RM73.6 billion in 2020. Moving forward, the value of the residential property development market in Malaysia is forecast to grow by 4.0% to RM74.8 billion in 2021 to reach RM74.8 billion in 2022.

The aim of Shared Prosperity Vision 2030 is to provide a decent standard of living to all Malaysians by 2030. Malaysia's GDP per capita grew from RM37,739 in 2015 to RM46,450 in 2019. The increase in disposable income leads to a rise in a more affluent population that has greater spending power. Consequently, consumer purchases may diversify from necessities to larger purchases such as residential properties.

While the COVID-19 pandemic and resulting MCO have caused a slowdown in economic activities, the Government of Malaysia has announced stimulus packages and initiatives to cushion the adverse impacts of the COVID-19 pandemic on the construction sector and improve the outlook of the residential property sector. Among them include:

- (i) Under Budget 2020, to assist Malaysians who are unable to afford to purchase houses, the Government of Malaysia introduced the Rent To Own financing scheme, in collaboration with selected financial institutions and property developers, to assist people who are unable to afford the deposit and access to financing for the purchase of their first homes. With this, home buyers will initially rent the property, prior to obtaining end-financing in the 6th year to purchase the property. Budget 2020 also extended the Youth Housing Scheme to 31 December 2021 to assist youths in purchasing their first homes. In addition, the Government of Malaysia lowered the threshold price of unsold high-rise units for foreigners, from RM1 million to RM600,000 to attract foreign buyers to invest in residential properties in Malaysia;
- (ii) As part of the economic easing measures to cushion the headwinds arising from the COVID-19 pandemic, Bank Negara Malaysia had reduced its overnight policy rate from 2.7% in February 2020 to 2.5% in March 2020, and then further reduced the overnight policy rate to 2.0% in May 2020 and 1.75% in July 2020. As a result, all commercial banks in Malaysia have also lowered their respective base rates and base lending rates. The lower rates will lower the borrowing costs for property owners, which is expected to support the overall property industry to a certain extent;
- (iii) Real Property Gains Tax was exempted for disposal of residential homes from 1 June 2020 to 31 December 2021. This exemption is limited to the disposal of three units of residential homes per individual;
- (iv) In June 2020, the Short-Term Economic Recovery Plan was introduced to stimulate the property market and provide relief to residential properties purchasers affected by the COVID-19 pandemic. Amongst the incentives include uplifting of the 70.0% margin of financing limit for the third housing loan onwards to property valued at RM600,000 and above during the period of the Home Ownership Campaign, as well as the reintroduction of Home Ownership Campaign allowing for stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10.0% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1 June 2020 to 31 May 2021; and
- (v) Budget 2021 also included initiatives to boost the residential property market, including the extension of full stamp duty exemption on instruments of transfer and loan agreement for first time home buyers until 31 December 2025; and the extension of the Rent-to-Own Scheme until 2022.

(Source: Independent Market Researcher's report by Providence)

6.7 Overview and outlook of the construction industry in Malaysia

The construction industry in Malaysia can be depicted by the number of awarded construction projects in the country. There were 8,717 awarded construction projects in 2017. After the General Election 2018, there were postponement and cost-cutting measures of several major infrastructure construction projects in Malaysia including East Coast Rail Link and the MRT projects, impacting the construction industry in 2018. As a result, the number of awarded construction projects in Malaysia declined in 2018 to 8,576 projects.

As several of these major infrastructure construction projects were only re-launched in mid-2019, the construction industry in Malaysia rebounded in the following year to 10,130 projects in 2019. The growth in number of awarded construction projects between 2018 and 2019 were primarily due to an increase in number of infrastructure construction projects in the year.

The construction industry was adversely impacted by the COVID-19 pandemic in 2020, as indicated by a decline in number of awarded construction projects by 13.7%, from 10,130 projects in 2019 to 8,744 projects in 2020. This is largely because the COVID-19 pandemic had resulted in the implementation of the MCO in March 2020 which restricted many businesses from operating excluding businesses deemed as essential services. Although construction activities were deemed as essential services and many construction companies could resume their activities within 2 weeks from the implementation of the MCO, the MCO caused economic uncertainty which led to the postponement of commencement of new construction projects. The MCO also caused delays in the execution of existing projects, and exerted cash flow pressures on construction companies involved in these projects. This also contributed to the deferment of awarding new projects to construction companies during this period.

Nevertheless, Providence expects the construction industry to recover in 2021 and grow at 1.9% to 8,910 projects in the year. Providence also expects that the construction industry will continue to recover in the following years largely due to the initiatives announced by the Government of Malaysia under the PRIHATIN, Short-Term Economic Recovery Plan and Budget 2021.

In March 2020, the Government of Malaysia announced the initiatives under the Prihatin Rakyat Economic Stimulus Package ("**PRIHATIN**") to cushion the headwinds of the COVID-19 pandemic. These initiatives include infrastructure projects in Federal Land Development Authority (FELDA) and other areas; upgrade of dilapidated schools in Sabah and Sarawak; refurbishment of houses under the *Perumahan Rakyat Termiskin* program and maintenance of federal and rural road projects.

In June 2020, the Short-Term Economic Recovery Plan was introduced to stimulate the property market and provide relief to residential properties purchasers affected by the COVID-19 pandemic. Amongst the incentives include uplifting of the 70.0% margin of financing limit for the third housing loan onwards to property valued at RM600,000 and above, as well as the reintroduction of Home Ownership Campaign between 1 June 2020 to 31 May 2021. Also, as part of the economic-easing measures to cushion the headwinds arising from the COVID-19 pandemic, Bank Negara Malaysia had reduced its overnight policy rate from 2.7% in February 2020 to 1.75% in July 2020. The lower rates will lower the borrowing costs for property owners, which is expected to encourage demand for residential and commercial properties.

The Budget 2021 included RM1.3 billion allocation to implement rural and intervillage road projects. The Budget 2021 also included allocation to fund the Pan Borneo Highway, Gemas-Johor Bahru Electrified Double-Tracking Project and Klang Valley Double Tracking Project Phase One. Key projects such as the Johor Bahru-Singapore Rapid Transit System Link and MRT 3 in Klang Valley will also be continued. Budget 2021 also included initiatives to boost the residential property market, including the extension of full stamp duty exemption on instruments of transfer and loan agreement for first time home buyers until 31 December 2025; and the extension of the Rent-to-Own Scheme until 2022.

In addition, the Government will also focus on ensuring businesses continuity by, amongst others, allocating RM1 billion fund to support the research and development investments in companies focusing on high value-added technology; various tax incentives to attract foreign businesses into the country; National Development Scheme valued at RM1.4 billion to support the implementation and development of domestic supply chain and increase the production of local products. This will financial initiatives are expected to contribute to the demand for commercial and industrial properties.

Apart from the abovementioned Government of Malaysia's initiatives, the Construction Industry Development Board also announced initiatives to reduce the impact of the COVID-19 pandemic on contractors and property developers. The initiatives include a 2-month deferment of levy payment for private sector projects; relaxation of contractor registration conditions; postponement of the Micro Competitiveness Rating for Enhancement evaluation requirement for G1 contractors until 2021; and waiver of Management Efficiency Certificate and Integrity Course requirements. Moreover, there are other initiatives for construction personnel, in addition to the fee reduction for the Certificate of Approval.

Although the MCO was re-imposed in Johor, Melaka, Penang, Sabah, Selangor and Wilayah Persekutuan between 13 January 2021 and 26 January 2021, and later extended to all States in Malaysia except for Sarawak between 22 January 2021 to 5 March 2021, most businesses including companies in the construction industry, are still allowed to operate as usual, subject to standard operating procedures imposed by the Government of Malaysia. As such, disruptions to the businesses in the construction industry were minimised during this period. However, the re-implementation of the full MCO on 1 June 2021 restricted most construction activities except for critical construction activities, and is thus expected to lead to delays in project implementations in the year.

(Source: Independent Market Researcher's report by Providence)

6.8 Additional information

6.8.1 Current financial performance and financial position of our Group

The financial summary of our Group based on the audited consolidated financial results for the past 3 years up to the FYE 31 December 2019 and the latest unaudited quarterly results for the 12-month FPE 31 December 2020, are set out below:-

	<-----Audited FYE 31 December----->			Unaudited 12-
	2017 RM'000	2018 RM'000	2019 RM'000	month FPE 31 December 2020 RM'000
Revenue	66,478	57,130	65,047	32,791
PBT/ (LBT)	8,109	3,685	9,264	(31,080)
PAT/ (LAT)	7,770	3,808	9,420	(31,080)
EPS/ (LPS) (sen)	0.97	0.45	1.00	(2.09)
Total interest-bearing borrowings	55,004	61,418	50,913	58,192
Total fixed deposits, cash and bank balances	10,053	10,917	10,263	65,736
Net cash generated from/ (used in) operating activities	14,016	(5,210)	12,020	43,484
Non-current assets	93,403	103,749	122,517	219,277
Current assets	90,728	100,769	116,687	169,488
Non-current liabilities	28,091	37,251	46,191	42,214
Current liabilities	33,642	34,853	39,909	93,940
Shareholders' funds/ NA	122,397	125,984	143,620	239,461
Total equity	122,397	132,414	153,104	252,611

	<-----Audited FYE 31 December----->			Unaudited 12-
	2017 RM'000	2018 RM'000	2019 RM'000	month FPE 31 December 2020 RM'000
Weighted average no. of Shares outstanding ('000)	798,461	839,843	940,855	1,486,650
NA per Share (RM)	0.15	0.14	0.13	0.11
Current ratio (times)	2.70	2.89	2.92	1.61
Gearing ratio (times)	0.45	0.46	0.35	0.23

FYE 31 December 2017 vs FYE 31 December 2016

Our Group recorded revenue of RM66.48 million for the FYE 31 December 2017 which represents a decrease of RM2.31 million or 3.36% as compared to the preceding financial year of RM68.79 million. The decrease in revenue was due to the decrease of RM8.33 million in the sales of bamboo related products to international markets (e.g. Canada, New Zealand and other countries in Europe, Asia and South America) partially offset by the increase of RM6.02 million in domestic (i.e. China) sales of bamboo related products during the financial year under review. The decrease in international sales and increase in domestic sales was mainly attributable to our Group's internal restructuring of our marketing department in the FYE 31 December 2017, wherein some of our marketing personnel previously responsible for international sales were transferred to our domestic sales team in line with our Group's focus on domestic sales and the favourable outlook for the domestic market at the time.

Our Group recorded PAT of RM7.77 million for the FYE 31 December 2017 which represents an increase of RM2.29 million or 41.79% as compared to the preceding financial year of RM5.48 million mainly due to the decrease in administrative expenses of RM2.96 million from RM8.04 million for the FYE 31 December 2016 to RM5.08 million for the FYE 31 December 2017. The decrease in administrative expenses was mainly attributable to the absence of expenses related to the implementation and issuance of the redeemable convertible notes of approximately RM1.12 million, which we had recognised in the FYE 31 December 2016.

During the FYE 31 December 2017, the NA of our Group increased from RM121.42 million to RM122.40 million, due to our Group recording total comprehensive income of RM0.98 million.

During the FYE 31 December 2017, the total borrowings of our Group increased from RM34.04 million to RM55.00 million, mainly attributable to the increase in term loans repayable from licenced banks of RM21.58 million.

FYE 31 December 2018 vs FYE 31 December 2017

Our Group recorded revenue of RM57.13 million for the FYE 31 December 2018 which represents a decrease of RM9.35 million or 14.06% as compared to the preceding financial year of RM66.48 million. The decrease in revenue was mainly attributable to the decrease of RM9.30 million from the sale of bamboo related products as a result of the following:-

- (i) decrease in demand from international customers (e.g. Mexico, Canada and United States) mainly due to the trade war between the United States and China during the financial year under review; and
- (ii) decrease in domestic (i.e. China) sales as a result of the closure of our factory in Yanshan, China in 2018. For shareholders' information, our factory in Yanshan, China was closed down due to directives issued by the local authorities in China to industrial plants to cut emissions that would affect air quality.

Our Group recorded PAT of RM3.81 million for the FYE 31 December 2018 which represents a decrease of RM3.96 million or 50.97% as compared to the preceding financial year of RM7.77 million mainly due to the following:-

- (i) lower gross profit recorded which was in tandem with the decrease in revenue for the financial year under review; and
- (ii) increase in administrative expenses of RM1.36 million from RM5.08 million for the FYE 31 December 2017 to RM6.44 million for the FYE 31 December 2018. The higher administrative expenses was mainly attributable to property, plant and equipment written off of RM1.06 million from the abovementioned closure of our factory in Yanshan, China.

During the FYE 31 December 2018, the NA of our Group increased from RM122.40 million to RM125.98 million, mainly attributable to the issuance of 92,896,399 Shares pursuant to the conversion of 92,896,399 redeemable convertible notes, which raised approximately RM8.00 million.

During the FYE 31 December 2018, the total borrowings of our Group increased from RM55.00 million to RM61.42 million, mainly attributable to the increase in term loans repayable from licenced banks of RM7.12 million.

FYE 31 December 2019 vs FYE 31 December 2018

Our Group recorded revenue of RM65.05 million for the FYE 31 December 2019 which represents an increase of RM7.92 million or 13.86% as compared to the preceding financial year of RM57.13 million. The increase in revenue was mainly attributable to higher sales for our Group's products as a result of marketing and promotional campaigns undertaken during the financial year under review.

Our Group recorded PAT of RM9.42 million for the FYE 31 December 2019 which represents an increase of RM5.61 million or 147.24% as compared to the preceding financial year of RM3.81 million mainly due to the following:-

- (i) higher gross profit recorded which was in tandem with the increase in revenue for the financial year under review; and
- (ii) recognition of a cash incentive of RM5.2 million received from the local authority of Jingzhou, China for our Group's efforts to invest, develop, promote as well as set up a high-technology integrated bamboo processing plant and research & development centre in Jingzhou.

During the FYE 31 December 2019, the NA of our Group increased from RM125.98 million to RM143.62 million, mainly attributable to the issuance of 202,469,135 Shares pursuant to the conversion of 202,469,135 redeemable convertible notes, which raised approximately RM12.10 million.

During the FYE 31 December 2019, the total borrowings of our Group decreased from RM61.42 million to RM50.91 million, mainly attributable to the decrease in bill payables from licenced banks of RM11.23 million.

12-month FPE 31 December 2020 vs 12-month FPE 31 December 2019

Our Group recorded revenue of RM32.79 million for the 12-month FPE 31 December 2020 which represents a decrease of RM32.26 million or 49.59% as compared to RM65.05 million in the preceding financial period. The decrease in revenue was mainly attributable to slowdown in business operations as a result of government-mandated lock downs due to the COVID-19 outbreak in several countries which our Group operates in during the financial period under review. In addition, in the first quarter of 2020, our Group had commenced the relocation of our bamboo processing and manufacturing operations from Ganzhou, China to Jingzhou, China, hence lesser revenue was contributed from our subsidiary in Ganzhou during the financial period under review.

Our Group recorded LAT of RM31.08 million for the 12-month FPE 31 December 2020 as compared to PAT of RM9.42 million in the preceding financial period mainly due to the following:-

- (i) increase in administrative expenses of RM14.63 million from RM7.67 million for the 12-month FPE 31 December 2019 to RM22.30 million for the 12-month FPE 31 December 2020 mainly due to:-
 - (a) the recognition of share based payment expenses of RM4.03 million as a result of ESOS options offered during the financial period under review while our Group had not recognised any share based payment expenses during the preceding financial period; and
 - (b) the loss on disposal of investment in quoted shares of RM4.87 million incurred during the financial period under review while our Group had not incurred any loss on disposal of investment in quoted shares during the preceding financial period; and
- (ii) other operating expenses incurred of RM10.91 million for the 12-month FPE 31 December 2020, while our Group had not incurred any other operating expenses for the 12-month FPE 31 December 2019, mainly due to the write off of our Group's ageing bamboo product inventories amounting to RM6.59 million during the 12-month FPE 31 December 2020.

During the 12-month FPE 31 December 2020, the NA of our Group increased from RM143.62 million to RM239.46 million, mainly attributable to the issuance of 1,027,773,152 Shares pursuant to the conversion of 560,802,468 redeemable convertible notes, exercise of 80,000,000 ESOS Options and issuance of 386,970,684 new placement Shares, raising approximately RM109.97 million.

During the 12-month FPE 31 December 2020, the total borrowings of our Group increased from RM50.91 million to RM58.19 million, mainly attributable to the increase in term loans repayable from licenced banks of RM8.33 million.

6.8.2 Value creation of the Proposals to our Group and our shareholders

As set out in **Section 2.8** of this Circular, the Proposed Rights Issue with Warrants may raise gross proceeds of up to RM171.72 million under the Maximum Scenario, the majority of which is intended to be utilised for the following:-

- (i) the full settlement of the Purchase Consideration pursuant to the Proposed Acquisition, which is anticipated to generate revenue for our Group moving forward via the subsequent sale of the Subject Properties for capital gains;

- (ii) potential investment/ business opportunities which may include, amongst others, joint ventures, mergers and acquisitions of businesses and/ or investments in land bank and/ or property projects in the property sector, for the purpose of growing our Group's property investment and management business; and
- (iii) our Group's immediate working capital requirements, which will allow our Group flexibility in respect of financial allocations for its operational requirements. In turn, this may enable our Group to carry out its operations in a more timely and efficient manner.

In addition, the Proposed Rights Issue with Warrants provides the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro-rata basis as well as to further participate in the prospects and future growth of our Group via subscribing for the Rights Shares. Further thereto, Warrants B are attached to the Rights Shares under the Proposed Rights Issue with Warrants to provide Entitled Shareholders with the opportunity to further increase their equity participation in the Company and benefit from potential capital appreciation of the Warrants B over the tenure of the Warrants B. Additionally, any exercise of the Warrants B by Entitled Shareholders will raise additional proceeds for our Group and further strengthen its financial position.

The Proposed Acquisition is being undertaken to grow the earnings of our Group's property investment and management segment and our Group's overall business. Based on the strategic location of the Subject Properties in close proximity to Genting Highlands as well as the long-term outlook for the property market in Malaysia and Pahang as set out in **Sections 3.1 and 6.6** of this Circular, respectively, our Board expects that the value of the Subject Properties may appreciate over the long-term. Further, the Proposed Acquisition is expected to capture an en-bloc discount to the market price of the Subject Properties in view that it is on a bulk purchase basis. Premised on the above, post-completion of the Proposed Acquisition, our Group intends to sell the Subject Properties for capital gains and pending such sale, our Group may lease out the Subject Properties as vacation rental for rental income.

Our Group is also undertaking the Proposed Diversification to diversify and expand its revenue and earnings base to include the new Construction Business. As set out in **Section 4.1** of this Circular, our Group shall leverage on the expertise and experience of its key management personnel to undertake the Construction Business and our Group intends to submit an application for a G7 contractor license from the CIDB in the third quarter of 2021, which will enable our Group to undertake construction projects of any value. We aim to develop synergy between our new Construction Business and property investment and management segment through offering a broader range of property-related services (i.e. construction and property management services) to provide additional value to our future clients. Moreover, our Group may tap into the property investment and management segment's existing business network of property developers/ owners to tender for new construction contracts and expand the Construction Business.

6.8.3 Impact of the Proposals to our Group and our shareholders

The Proposed Acquisition and Proposed Diversification will not involve the issuance of Kanger Shares. As such, the Proposed Acquisition and Proposed Diversification will not have any impact on our Group's issued share capital, NA and gearing level as well as substantial shareholders' shareholdings.

The pro forma effects of the Proposed Rights Issue with Warrants on our Group's issued share capital, substantial shareholding structure, NA, gearing level and earnings and EPS are disclosed in **Section 8** of this Circular.

The Proposed Rights Issue with Warrants is expected to raise gross proceeds of up to RM20.00 million and RM171.72 million under the Minimum Scenario and Maximum Scenario respectively, which is expected to result in the following effects:-

		Audited as at 31 December 2019 RM'000	Pro forma I Subsequent adjustments up to the LPD* ¹ RM'000	Pro forma II After Pro forma I and the Proposed Rights Issue with Warrants* ²	
				Minimum Scenario* ³ RM'000	Maximum Scenario* ⁴ RM'000
Issued capital	share	104,326	270,454	281,454	370,957
No. of shares in issue ('000)		1,093,826	2,749,921	3,083,254	5,723,872
Current assets		151,488	309,707	328,684	486,460
Current liabilities		93,940	93,940	93,940	93,940
Current ratio (times)	ratio	2.92	3.30	3.50	5.18
NA		143,620	309,157	328,134	485,909
NA per Share (RM)		0.13	0.11	0.11	0.08
Total borrowings		54,263	54,263	178,156* ⁵	54,263
Gearing ratio (times)	ratio	0.35	0.17	0.53	0.11

Notes:-

*¹ From 1 January 2020 up to the LPD, a total of 1,656,094,905 Shares has been issued from the conversion of 702,231,039 redeemable convertible notes, exercise of 566,893,182 ESOS Options and issuance of 386,970,684 new placement Shares, raising approximately RM158.22 million and after adjusting for the corresponding reversal of share option reserve amounting to approximately RM7.91 million to share capital as a result of the abovementioned exercise of ESOS Options

*² Figures shown are after deducting the estimated expenses of RM1.023 million in relation to the Proposals and before the other utilisation of proceeds of the Proposed Rights Issue with Warrants.

*³ Assuming that 333,333,334 Rights Shares are issued at the issue price of RM0.06 per Rights Share to the Undertaking Shareholder under the Minimum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account, and the recognition of 333,333,334 Warrants B at the theoretical fair value of RM0.027 per Warrant B as extracted from Bloomberg as at the LPD

*⁴ Assuming all 112,015,160 outstanding ESOS Options are exercised at the exercise price of RM0.05409 per ESOS Option prior to the implementation of the Proposed Rights Issue with Warrants and all 2,861,936,149 Rights Shares are issued at the issue price of RM0.06 per Rights Share to all the Entitled Shareholders under the Maximum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account, and the recognition of 2,861,936,149 Warrants B at the theoretical fair value of RM0.027 per Warrant B as extracted from Bloomberg as at the LPD

*⁵ Assuming approximately RM123.89 million being the Shortfall pursuant to the Proposed Acquisition will be financed via bank borrowings

The Proposals are not expected to have any material effect on the earnings and EPS of our Group for the FYE 31 March 2022. However, there will be a dilutive effect on the EPS of our Group for the FYE 31 March 2022 due to the increase in the number of Shares in issue arising from the Proposed Rights Issue with Warrants. Notwithstanding that, the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings of our Group in the ensuing financial year(s) via the utilisation of the proceeds as set out in **Section 2.8** of this Circular. Further, the Proposed Acquisition and Proposed Diversification are expected to contribute positively to our Group's future earnings as and when any benefits therefrom are realised as set out in **Sections 5.2 and 5.3** of this Circular.

The Proposed Rights Issue with Warrants may have a dilutive effect on the shareholdings of Entitled Shareholders who subscribe for less than their full respective entitlements of Rights Shares under the Proposed Rights Issue with Warrants. Under the Maximum Scenario, the Proposed Rights Issue with Warrants is expected to reduce our Group's gearing level, increase our current ratio, enlarge the share capital of our Company and increase our shareholders' funds.

6.8.4 Adequacy of the Proposals in addressing the financial concerns of our Group

Our Group had recorded PBT of RM8.11 million (FYE 31 December 2017), RM3.69 million (FYE 31 December 2018) and RM9.26 million (FYE 31 December 2019) for the past 3 audited financial years up to the FYE 31 December 2019. However, our Group had incurred LBT of RM31.08 million for the latest unaudited 12-month FPE 31 December 2020.

To improve our Group's earnings, we are undertaking the Proposed Acquisition and Proposed Diversification. Following the completion of the Proposed Acquisition, our Group intends to sell the Subject Properties for capital gains. Based on the future prospects of the Subject Properties as set out in **Section 6.11** of this Circular, our Board is optimistic that our Group may be able to sell the Subject Properties to grow property investment and management segment earnings moving forward. In addition, the Proposed Diversification is anticipated to facilitate our Group to generate an additional stream of revenue and income from our new Construction Business, based on the future prospects of the Proposed Diversification as set out in **Section 6.9** of this Circular.

In line with the above, the Proposed Rights Issue with Warrants is intended to raise gross proceeds for, amongst others, the partial/ full payment of the Purchase Consideration and financing our Group's potential investment/ business opportunities which may include joint ventures, mergers and acquisitions of businesses and/ or investments in land bank and/ or property projects in the property sector as set out in **Section 2.8** of this Circular. The abovementioned potential investment/ business opportunities are intended to grow the earnings of our Group and at this juncture, our Board is still in the midst of contemplating such business opportunities and has yet to finalise the terms of any such business opportunity.

Barring any unforeseen circumstances and premised on the above as well as the other steps which have been taken/ will be taken to improve the financial condition of our Group as set out in **Section 6.8.5** of this Circular, our Board is of the view that the Proposals and such other steps are adequate at this juncture to address our Group's financial concern, i.e. to improve our Group's earnings.

6.8.5 Steps or action which have been taken/ will be taken to improve the financial condition of our Group

As set out in **Section 6.8.4** of this Circular, our Group is undertaking the Proposals to improve our Group's earnings and financial performance. Looking forward, our Group will leverage on the experience and capabilities of the key management personnel as set out in **Section 4.1** of this Circular and will apply for the G7 contractor license, which is expected to be submitted by the third quarter of 2021, with the intention of growing the financial contribution of our Group's new Construction Business.

Further, our management is also keen to explore viable investments in the healthcare industry and any successful venture into the healthcare industry is expected to increase our Group's revenue and earnings and reduce reliance on our Group's existing business. Accordingly, we had undertaken the Private Placement, which was completed on 11 December 2020 and had raised gross proceeds of RM63.17 million, of which RM31.53 million is allocated to finance any suitable and viable potential business(es)/ investment(s) to facilitate our Group's venture into the healthcare industry. Further details on our Group's venture into the healthcare industry and the status of the utilisation of proceeds from the Private Placement as at the LPD are set out in **Section 2.9** of this Circular. For shareholders' information, as at the LPD, our Group is in the midst of negotiations with the counterparties and expects to enter into definitive agreements and finalise the terms and conditions of our on-going business collaborations in the healthcare industry by the third quarter of 2021 as set out in **Section 2.9** of this Circular.

Our Group shall also look to improve and expand the distribution channels for our bamboo related products by identifying suitable agents and/ or distributors in China, as well as marketing campaigns on e-commerce platforms to better attract customers. At this juncture, we have also identified the expansion of our Group's bamboo-related product portfolio as a strategy to expand the earnings of our Bamboo Products Manufacturing and Trading segment. As such, we had added bamboo furniture marketed under the KAR-ACE brand, which is targeted for the China market, to our bamboo related offerings and our Group plans to further enhance our product portfolio by focusing on launching new series of bamboo flooring products with a focus on strand woven bamboo flooring.

On 26 April 2021, Kanger had entered into a conditional share sale agreement for the Proposed Acquisition of Sung Master. Sung Master is a company engaged in the sales and trading of building materials for instance, timber flooring, tiles, bulk cement, concrete, locksets and sanitary ware, that is similar to the current business activities of Kanger, which is in the manufacturing and trading of building materials i.e. bamboo flooring and related products. Our Board believes that the Proposed Acquisition of Sung Master would provide an additional revenue and income source to our Group moving forward, premised on the fact that earnings were recorded by Sung Master for its past 3 financial years/ period up to the FPE 30 June 2020.

In conjunction with the above, on 26 April 2021, Kanger had also entered into a subscription agreement with Mr Kuah for the Proposed Subscription and the proceeds to be raised from the Proposed Subscription are intended to partially finance the purchase consideration of the Proposed Acquisition.

For shareholders' information, the highest percentage ratio applicable to the Proposed Acquisition of Sung Master pursuant to Rule 10.02(g) of the Listing Requirements is approximately 91.8%, calculated based on 51.0% of the net profit of Sung Master based on its latest audited financial statements for the FPE 30 June 2020 of RM6.32 million against the total net profit of our Group based on our latest audited financial statements for the FYE 31 December 2019 of RM6.88 million. Premised on the above, the Proposed Acquisition of Sung Master and the Proposed Subscription are subject to the approval of our shareholders being obtained at a general meeting of our Company to be convened.

Barring any unforeseen circumstances, our Board is of the view that the abovementioned steps may improve our Group's earnings moving forward. At this juncture, save for the ongoing corporate exercises, our Board is not considering any other corporate exercises to improve our Group's financial performance and condition. Nevertheless, our Board will continue to evaluate our Group's financial performance as well as the ongoing COVID-19 pandemic moving forward, and will consider undertaking future corporate exercises should the need/ opportunity arise. Should our Board identify any suitable and viable corporate exercises, our Board shall make the requisite announcements and/ or seek shareholders' approval in accordance with the Listing Requirements.

6.9 Future prospects of the Proposed Diversification

As set out in **Section 4** of this Circular, our Group is undertaking the Proposed Diversification to enable the diversification and expansion of its principal activities to include construction related business.

Based on the extensive experience and capabilities of the key management personnel as set out in **Section 4.1** of this Circular, our management is of the view that the new Construction Business will contribute positively to the future earnings of our Group.

In addition, our Group's intended application for the G7 contractor license, which is expected to be submitted by the third quarter of 2021, will facilitate Kanger Group to bid for and potentially secure new construction contracts to grow the Construction Business.

Premised on the above, the positive long term outlook of the Malaysian economy as set out in **Section 6.1** of this Circular and the projected recovery of the construction industry as set out in **Section 6.7** of this Circular, our Board is cautiously optimistic for the growth and prospects of the Construction Business moving forward.

(Source: Management of Kanger)

6.10 Impact of the COVID-19 pandemic

The ongoing COVID-19 pandemic had forced governments to employ varying lockdowns and movement restrictions since early 2020 which curbed global economic activity. The Chinese Government had begun to enforce travel restrictions and closures of non-essential business from 23 January 2020 onwards in response to COVID-19. In addition, the Malaysian Government had enforced the MCO that started on 18 March 2020, where all travel and social gatherings had been restricted as well as the closures of non-essential businesses.

The operations of our bamboo processing plants and sales offices were affected by such government lockdowns including, amongst others, our sales office located in Kuala Lumpur, Malaysia was forced to close during the MCO. In addition, the relocation of our main bamboo processing plant from Ganzhou, China to Jingzhou, China was halted and disrupted. Jingzhou is in the Hubei province of China, which was subjected to strict lockdown measures, such as the closure of all non-essential business, including manufacturing plants, in the Hubei province from 24 January 2020 until 10 March 2020 (including the extended Lunar New Year holiday from 24 January 2020 to 2 February 2020). As our Bamboo Products Manufacturing and Trading segment, which has been the main contributor to our financial performance, was not deemed essential business, the COVID-19 pandemic negatively impacted our financial performance for the 12-month FPE 31 December 2020 as set out in **Section 6.8.1** of this Circular.

Following the relaxation of government lockdowns in China and Malaysia with the lifting of travel restrictions and non-essential business allowed to resume, our Bamboo Products Manufacturing and Trading segment had gradually resumed its operations and revenue contribution to our Group. Operationally, we have and will continue to implement COVID-19 preventive procedures such as providing hand sanitisers at our premises and having virtual meetings whenever possible.

Looking forward, our Board is of the view that the impact of COVID-19 on our Group's long-term prospects will improve premised on the on-going global COVID-19 vaccine rollout, gradual resumption of global and domestic economic activities, normalisation of labour market conditions and easing of travel restrictions. However, there can be no assurance that any prolonged adverse development arising from the re-imposition of MCO, COVID-19 and/ or any other external factors (including the re-imposition of travel restrictions and business closures in China) will not adversely affect the financial performance and operations of our Group.

6.11 Future prospects of the Subject Properties and Kanger Group

Pursuant to the Proposed Acquisition, our Group had entered into the SPA on 24 February 2021 to purchase the Subject Properties, which is currently under development and is expected to be completed within 54 months from the unconditional date of the SPA, in accordance with the terms and conditions of the SPA. Our Group intends to sell the Subject Properties for capital gains.

The Subject Properties are strategically situated in the well-known leisure and tourism destination, Genting Highlands. It is located along the western boundary of Jalan Genting Sempah-Genting Highlands travelling from Genting Sempah towards Genting Highlands, with the subject site approximately 1 kilometre to Resorts World Genting, Genting Highlands. It is approximately 8 kilometres from the Gohtong Jaya roundabout and is directly accessible from Jalan Genting Sempah-Genting Highlands.

The immediate locality is a mixture of leisure and tourism properties in nature interspersed with serviced residences and plots of vacant development land. Notable landmarks within the immediate radius are Chin Swee Caves Temple, Awana Skyway Chin Swee station, Cradle Rock Genting Highlands, Peacehaven, Ria Apartments, Kayangan Apartments and Genting Highlands Fire and Rescue Station. Other notable landmarks nearby include First World Hotel, Awana SkyWay cable car, Genting Highlands Premium Outlets, SkyAvenue mall and Skytropolis Indoor Theme Park.

As set out in **Section 6.6** of this Circular, the long term prospects of the property market in Malaysia is supported by the growing population trend of Malaysia from approximately 31.2 million in 2015 to an estimated 32.7 million in 2019, and as the population increases, there will be more demand for residential properties. The Government of Malaysia has also taken measures that are expected to improve the property market in Malaysia including, amongst others, the reduction of Bank Negara Malaysia's overnight policy rate from 2.7% to 1.75% in 2020. Following the reduction in overnight policy rate, all commercial banks in Malaysia had also lowered their respective base rates and base lending rates, which in turn lowered borrowing costs for existing and prospective property owners. In addition, the Subject Properties are located in the state of Pahang, wherein the value of the residential property development market in Pahang is forecasted to grow at a rate of 14.8%, from RM2.7 billion in 2021 to RM3.1 billion in 2022 as set out in **Section 6.6** of this Circular.

Premised on the above, our Board is optimistic of the future prospects of the Subject Properties and anticipates that our Group may be able to sell the Subject Properties to grow property investment and management segment earnings moving forward, which is in line with our Group's objectives to continuously seek for suitable and viable acquisition opportunities in strategic locations to further expand the property investment and management segment.

Notwithstanding the above and the Proposed Diversification as set out in **Section 4** of this Circular, our Group remains committed to its Bamboo Products Manufacturing and Trading segment, which has been the sole contributor of our Group's revenue for the recent financial years and period as set out in **Section 4** of this Circular. Accordingly, our Group has also expanded its bamboo related products portfolio to include bamboo furniture marketed under the KAR-ACE brand, which is targeted for the China market.

Further, our Group will look to improve and expand distribution channels for our bamboo related products by identifying suitable agents and/ or distributors in China to increase the number of appointed dealers in our sales network, as well as undertaking marketing campaigns on e-commerce platforms (e.g. JD.com, Alibaba's Taobao and WeChat) to better attract customers.

Premised on the above and barring any unforeseen circumstances, our Board, having considered the relevant economy and industry outlook as well as the prospects of the Proposed Diversification, is cautiously optimistic of our Group's future prospects and that the Proposed Acquisition is expected to contribute positively to the financial performance of Kanger Group.

(Source: Management of Kanger)

7. RISK FACTORS

Our Board anticipates that Kanger Group may be exposed to the following material risk factors, which may not be exhaustive, pursuant to the Proposed Acquisition:-

7.1 Completion risk

The completion of the Proposed Acquisition is conditional upon, amongst others, the conditions precedent of the SPA being fulfilled or waived as set out in **Appendix III** of this Circular. There can be no assurance that all necessary conditions will be fulfilled or waived within the timeframe stipulated in the SPA. If any of the necessary conditions set out in the SPA are not met/ waived within the stipulated time frame, the SPA will be terminated and the Proposed Acquisition will not be completed.

Nevertheless, our Board will take reasonable steps to ensure that the conditions precedents are met in a timely manner and that every effort is made to obtain all necessary approvals for the Proposed Acquisition in a timely manner.

7.2 Investment risk

Although the Proposed Acquisition is expected to contribute positively to the future earnings of our Group, there is no assurance that such anticipated benefits will be realised. In addition, any decline in economic conditions or the property market in Malaysia as a result of the COVID-19 pandemic and the MCO imposed by the Government of Malaysia, may affect the potential benefits to be derived from the Proposed Acquisition. As such, the duration required for our Group to recoup its investment may be longer than anticipated.

Nevertheless, our Group has made efforts to mitigate the above risks by adopting prudent investment strategies and conducting detailed assessments and reviews of Antara @ Genting Highlands containing the Subject Properties and the comparable properties in the surrounding area prior to making its investment decision. Our Board, after having considered the potential risks and benefits associated with the Proposed Acquisition, remains optimistic of the potential benefits to be derived therefrom.

Pursuant to the Proposed Diversification, Kanger Group will be exposed to risks inherent in the construction industry which include, but are not limited to, the following:-

7.3 Business diversification risk

The Proposed Diversification will lead to the diversification of our Group's core business to include the Construction Business. As such, our Group will be exposed to risks inherent in the construction industry, including amongst others, fluctuations in cost of building materials, shortage of skilled workers, availability of competent subcontractors, construction site accidents, obtainment of regulatory approvals and adverse weather conditions. There can be no assurance that any changes in these factors will not have any material adverse effect on our Group's business and financial performance in the future.

Our Group intends to mitigate these risks through, amongst others, leveraging on the experience and competency of the key management personnel in the Construction Business and applying for a G7 contractor license from the CIDB, which would allow our Group to undertake construction projects of any value. In addition, Kanger Group shall conduct periodic reviews of its Construction Business to ensure that prudent financial management and efficient operating procedures are in place to limit the impact of the abovementioned risks. However, there is no assurance that any occurrence of the aforementioned events will not have a material adverse effect on Kanger Group's future business and earnings.

7.4 Competition risk

Following the Proposed Diversification, our Group will face direct competition from both new entrants and existing players in the construction industry. Nevertheless, Kanger Group will endeavour to take proactive measures to remain competitive in this business by amongst others, constantly keeping abreast with the latest market conditions, leveraging the experience of the key management team and actively seeking to adopt best practices in the construction industry including, amongst others, innovative engineering software and construction management techniques.

However, there can be no assurance that our Group will be able to compete effectively with existing competitors and new entrants in construction industry which may materially affect our Group's Construction Business.

7.5 Dependency on award of new contracts

As the nature of the Construction Business is project-based, there is no assurance that our Group will be able to continuously secure new projects, nor any assurance that new projects secured will be on commercial terms favourable to our Group. The financial performance of our Group's Construction Business depends on our Group's ability to secure new projects to sustain its order book. If our Group is unable to do so, its order book may decline, which may cause a material adverse impact on the growth potential and future financial performance of its Construction Business.

Our Group will seek to limit such risks by actively bidding for and securing new construction contracts by leveraging on the competency of the key management personnel who have relevant expertise and experience in the construction industry. Further, our Group may consider entering into strategic joint ventures to tender for more complex contracts with higher profit margins including, but not limited to, civil engineering projects.

7.6 Political, economic, market and regulatory considerations in relation to the construction industry

With the participation of our Group in the construction industry, the prospects, financial condition and level of profitability of its Construction Business will be subject, to a certain extent, the developments in the rules, policies and regulation of the construction industry of Malaysia. Any adverse developments in political, economic, market, interest rate, taxation, regulatory and social conditions of Malaysia could materially affect our Group's involvement in the construction industry. These include economic downturn, unfavorable monetary and fiscal policy changes and adverse change in governmental policies such as methods of taxation or introduction of new regulations, which are generally beyond our management's control and affect all players in the industry.

Notwithstanding that, our Group will constantly keep abreast with the political, economic and regulatory developments, and may also engage with the relevant stakeholders to evaluate, introduce and/ or undertake measures with the aim of mitigating impact of the aforementioned risks. However, there can be no assurance that any adverse development in the economic, political and regulatory environment in Malaysia will not have a material adverse effect on the operations and financial performance of our Group's Construction Business.

7.7 Dependency on key management personnel

As in any other business, Kanger Group's success in the new Construction Business will depend on the capabilities, skills, competencies and continued effort of the key management personnel. Recognising the importance of the key management personnel involved, our Group will adopt appropriate approaches, including incentives, remuneration packages as well as provide a good working environment to promote productivity and retain their services. In addition, Kanger Group will also identify high-performing senior management and/ or employees to take on additional responsibilities and provide appropriate remuneration packages to retain their services in an effort to mitigate Kanger Group's dependency on key management personnel.

However, there is no assurance that our Group will not lose any such key management personnel, high-performing senior management and/ or employees before a suitable replacement is hired, which will adversely affect the success of Kanger Group's Construction Business.

7.8 Impact of COVID-19 on the Construction Business of our Group

The World Health Organisation had on 11 March 2020 declared the COVID-19 outbreak as a global pandemic. As a measure to contain the outbreak, the Government of Malaysia announced the MCO which is effective from 18 March 2020. Effective 4 May 2020, the MCO was transitioned into the CMCO until 9 June 2020. As announced on 7 June 2020, the CMCO had further been transitioned into a recovery MCO ("**RMCO**") which had commenced with effect from 10 June 2020 until 31 August 2020. Subsequently vide an announcement on 28 August 2020, the RMCO was further extended from 31 August 2020 until 31 December 2020. Under the RMCO, more economic sectors and businesses were allowed to be opened subject to adherence with the necessary strict standard operating procedures ("**SOP**").

However, following the resurgence of COVID-19 infections in Malaysia, the Government of Malaysia had re-implemented and then extended the CMCO in various states of Malaysia for varying durations from 13 October 2020 onwards. Subsequently, the Government of Malaysia had announced the re-imposition of the MCO in, amongst other states, Selangor, Kuala Lumpur, Sabah and Putrajaya from 13 January 2021 until 5 March 2021, which had halted all non-essential construction activities.

The outbreak of COVID-19 is an event of force majeure that is beyond the control of our Group. There is no assurance that the continuation of the COVID-19 outbreak, the MCO and/ or CMCO will not have a material adverse impact on the market conditions, the construction industry and environment and/ or the progress of our Group's construction projects. Potential risks arising therefrom may include but not limited to significant delays in the progress of our Group's projects due to the re-imposition of the MCO and/ or CMCO as well as COVID-19 outbreaks in our Group's sites or worker accommodations and sustained significant costs to comply with the SOPs, any of which may result in an adverse effect on our Group's Construction Business.

Notwithstanding the above, our Group will continuously monitor the COVID-19 outbreak and take necessary mitigating action, which may include working remotely when feasible to reduce the number of employees working on-site, health screening of on-site workers and visitors, home-quarantine for employees who have had close contact with suspected or confirmed COVID-19 cases, and increased daily sanitisation in the workplace.

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8. EFFECTS OF THE PROPOSALS

The Proposed Acquisition and the Proposed Diversification, on a standalone basis, will not have any effect on Kanger Group's issued share capital, NA and gearing level as well as substantial shareholders' shareholdings as there is no issuance of Kanger Shares involved.

8.1 Issued share capital

The pro forma effects of the Proposed Rights Issue with Warrants on the issued share capital of our Company are as follows:-

	<-----Minimum Scenario----->		<-----Maximum Scenario----->	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	2,749,920,989	270,453,831	2,749,920,989	270,453,831
Assume full conversion of ESOS	-	-	112,015,160	6,058,900 ^{*1}
	2,749,920,989	270,453,831	2,861,936,149	276,512,731
Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants	333,333,334	11,000,000 ^{*2}	2,861,936,149	94,443,893 ^{*2}
	3,083,254,323	281,453,831	5,723,872,298	370,956,624
Shares to be issued arising from the full exercise of Warrants B	333,333,334	16,666,667 ^{*3}	2,861,936,149	143,096,807 ^{*3}
Reversal of warrant reserve pursuant to the full exercise of Warrants B	-	9,000,000 ^{*4}	-	77,272,276 ^{*4}
Enlarged issued share capital	3,416,587,657	307,120,498	8,585,808,447	591,325,707

Notes:-

^{*1} Assuming all 112,015,160 outstanding ESOS Options are exercised at the exercise price of RM0.05409 per ESOS Option.

^{*2} Computed based on the issue price of RM0.06 per Rights Share and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account

^{*3} Computed based on the indicative exercise price of RM0.05 per Warrant B

^{*4} Computed based on the number of Warrants B multiplied by the theoretical fair value of RM0.027 per Warrant B as extracted from Bloomberg

8.2 NA and gearing level

For illustration purposes only, the pro forma effects of the Proposed Rights Issue with Warrants on the audited consolidated NA and gearing level of our Group as at 31 December 2019 are set out below. For shareholders' information only, on 10 February 2021, we had announced the change in our Group's financial year end from 31 December 2020 to 31 March 2021. As such our first set of audited consolidated financial statements after the change shall be for the 15-month FPE 31 March 2021.

Minimum Scenario

	Audited as at 31 December 2019 RM'000	Subsequent events up to the LPD RM'000	I After the Proposed Rights Issue with Warrants RM'000	II After I and assuming full exercise of Warrants B RM'000
Share capital	104,326	270,454 ^{*1}	281,454 ^{*2}	307,120 ^{*5}
Redeemable convertible notes	591	-	-	-
Warrant reserve	-	-	9,000 ^{*2}	- ^{*5}
Reserves	38,703	38,703	37,680 ^{*3}	37,680
Shareholders' equity/ NA	143,620	309,157	328,134	344,800
Non-controlling interests	9,484	9,484	9,484	9,484
Total equity	153,104	318,641	337,618	354,284
No. of shares in issue ('000)	1,093,826	2,749,921 ^{*1}	3,083,254 ^{*2}	3,416,588 ^{*5}
NA per share (RM)	0.13	0.11	0.11	0.10
Total borrowings	54,263	54,263	178,156 ^{*4}	178,156
Gearing ratio (times)	0.35	0.17	0.53	0.50

Notes:-

- ^{*1} From 1 January 2020 up to the LPD, a total of 1,656,094,905 Shares has been issued from the conversion of 702,231,039 redeemable convertible notes, exercise of 566,893,182 ESOS Options and issuance of 386,970,684 new placement Shares, raising approximately RM158.22 million and after adjusting for the corresponding reversal of share option reserve amounting to approximately RM7.91 million to share capital as a result of the abovementioned exercise of ESOS Options
- ^{*2} Assuming that 333,333,334 Rights Shares are issued at the issue price of RM0.06 per Rights Share to the Undertaking Shareholder under the Minimum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account, and the recognition of 333,333,334 Warrants B at the theoretical fair value of RM0.027 per Warrant B as extracted from Bloomberg as at the LPD
- ^{*3} After deducting the estimated expenses of RM1.023 million in relation to the Proposals
- ^{*4} Assuming approximately RM123.89 million being the Shortfall pursuant to the Proposed Acquisition will be financed via bank borrowings
- ^{*5} Assuming 333,333,334 Warrants B are exercised at the indicative exercise price of RM0.05 per Warrant B under the Minimum Scenario and the reversal of the warrant reverse to share capital

Maximum Scenario

	Audited as at 31 December 2019 RM'000	Subsequent events up to the LPD RM'000	I Assuming full exercise of ESOS Options RM'000	II After I and the Proposed Rights Issue with Warrants RM'000	III After II and assuming full exercise of Warrants B RM'000
Share capital	104,326	270,454 ^{*1}	276,513 ^{*2}	370,957 ^{*3}	591,326 ^{*5}
Redeemable convertible notes	591	-	-	-	-
Warrant reserve	-	-	-	77,272 ^{*3}	- ^{*5}
Reserves	38,703	38,703	38,703	37,680 ^{*4}	37,680
Shareholders' equity/ NA	143,620	309,157	315,216	485,909	629,006
Non-controlling interests	9,484	9,484	9,484	9,484	9,484
Total equity	153,104	318,641	324,700	495,393	638,490
No. of shares in issue ('000)	1,093,826	2,749,921 ^{*1}	2,861,936 ^{*2}	5,723,872 ^{*3}	8,585,808 ^{*5}
NA per share (RM)	0.13	0.11	0.11	0.08	0.07
Total borrowings	54,263	54,263	54,263	54,263	54,263
Gearing ratio (times)	0.35	0.17	0.17	0.11	0.08

Notes:-

- ^{*1} From 1 January 2020 up to the LPD, a total of 1,656,094,905 Shares has been issued from the conversion of 702,231,039 redeemable convertible notes, exercise of 566,893,182 ESOS Options and issuance of 386,970,684 new placement Shares, raising approximately RM158.22 million and after adjusting for the corresponding reversal of share option reserve amounting to approximately RM7.91 million to share capital as a result of the abovementioned exercise of ESOS Options
- ^{*2} Assuming all 112,015,160 outstanding ESOS Options are exercised at the exercise price of RM0.05409 per ESOS Option
- ^{*3} Assuming all 2,861,936,149 Rights Shares are issued at the issue price of RM0.06 per Rights Share to all the Entitled Shareholders under the Maximum Scenario and adjusted for the apportionment of its relative fair value between the share capital account and the warrant reserve account, and the recognition of 2,861,936,149 Warrants B at the theoretical fair value of RM0.027 per Warrant B as extracted from Bloomberg as at the LPD
- ^{*4} After deducting the estimated expenses of RM1.023 million in relation to the Proposals
- ^{*5} Assuming all 2,861,936,149 Warrants B are exercised at the indicative exercise price of RM0.05 per Warrant B under the Maximum Scenario and the reversal of the warrant reserve to share capital

8.3 Earnings and EPS

8.3.1 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants, which is expected to be completed by the third quarter of 2021, is not expected to have any material effect on the earnings and EPS of our Group for the FYE 31 March 2022. However, there will be a dilution in the EPS of our Group for the FYE 31 March 2022 due to the increase in the number of Shares in issue arising from the Proposed Rights Issue with Warrants. Notwithstanding that, the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings of our Group in the ensuing financial year(s) via the utilisation of the proceeds as set out in **Section 2.8** of this Circular.

8.3.2 Proposed Acquisition

The Proposed Acquisition is not expected to have any material effect on the earnings and EPS of our Group for the FYE 31 March 2022. However, the Proposed Acquisition is expected to contribute positively to our Group's future earnings as and when capital gains are recognised from the subsequent sale of the Subject Properties.

8.3.3 Proposed Diversification

The Proposed Diversification is not expected to have any material effect on the earnings and EPS of our Group for the FYE 31 March 2022. However, the Proposed Diversification is expected to contribute positively to our Group's future earnings as and when any benefits therefrom are realised as set out in **Section 4** of this Circular.

8.4 Substantial shareholdings structure

As at the LPD, our Company does not have any substantial shareholder. Nevertheless, for shareholders' information purpose, the pro forma effects of the Proposed Rights Issue with Warrants on the Undertaking Shareholder's shareholdings are as follows:-

Minimum Scenario

Undertaking Shareholder	Shareholdings as at the LPD		I After the Proposed Rights Issue with Warrants		II After I and the full exercise of Warrants B				
	<-----Direct----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->			
	No. of Shares	% ^{*1} No. of Shares	% ^{*2} No. of Shares	% ^{*2} No. of Shares	% ^{*3} No. of Shares	% ^{*3} No. of Shares			
Mr Kuah	25,000,000	0.91	-	358,333,334	11.62	-	691,666,668	20.24	-

Notes:-

^{*1} Based on total issued Shares of 2,749,920,989.

^{*2} Based on total issued Shares of 3,083,254,323.

^{*3} Based on total issued Shares of 3,416,587,657.

Maximum Scenario

Undertaking Shareholder	Shareholdings as at the LPD		I After the full exercise of ESOS Options		II After I and the Proposed Rights Issue with Warrants				
	<-----Direct----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->	<-----Direct----->	<-----Indirect----->			
	No. of Shares	% ^{*1} No. of Shares	% ^{*2} No. of Shares	% ^{*2} No. of Shares	% ^{*3} No. of Shares	% ^{*3} No. of Shares			
Mr Kuah	25,000,000	0.91	-	25,000,000	0.87	-	50,000,000	0.87	-

III

After II and the full exercise of Warrants B

<-----Direct-----> <-----Indirect----->

Undertaking Shareholder	No. of Shares	% ^{*4}	No. of Shares	% ^{*4}
Mr Kuah	75,000,000	0.87	-	-

Notes:-

*1 Based on total issued Shares of 2,749,920,989.

*2 Based on total issued Shares of 2,861,936,149.

*3 Based on total issued Shares of 5,723,872,298.

*4 Based on total issued Shares of 8,585,808,447.

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8.5 Convertible securities

As at the LPD, save for the ESOS Options, our Company does not have any other convertible securities.

The Proposed Rights Issue with Warrants may give rise to adjustments to the exercise price and/ or subscription rights of the outstanding ESOS Options held by each holder of the ESOS Options pursuant to the bylaws of the ESOS. Any such adjustment will only be finalised on the Entitlement Date.

9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Kanger Shares as traded on Bursa Securities for the past 12 months from June 2020 to May 2021 are set out below:-

	High RM	Low RM
2020		
June	0.105	0.070
July	0.110	0.085
August	0.325	0.090
September	0.330	0.180
October	0.225	0.135
November	0.215	0.145
December	0.190	0.125
2021		
January	0.160	0.125
February	0.130	0.100
March	0.120	0.060
April	0.085	0.055
May	0.115	0.060
Last transacted market price of Kanger Shares as at 23 February 2021 (being the latest trading day prior to the announcement on the Proposals)		RM0.115
Last transacted market price on 1 June 2021 (being the LPD)		RM0.080

(Source: Bloomberg)

10. APPROVALS REQUIRED/ OBTAINED

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

- (i) Bursa Securities, for the following:-
 - (a) admission of the Warrants B to the official list of Bursa Securities;
 - (b) listing and quotation for up to 2,861,936,149 Rights Shares and up to 2,861,936,149 Warrants B pursuant to the Proposed Rights Issue with Warrants on the ACE Market of Bursa Securities; and
 - (c) listing and quotation for up to 2,861,936,149 new Kanger Shares to be issued arising from the exercise of the Warrants B on the ACE Market of Bursa Securities,

the approval of which has been obtained vide Bursa Securities' letter dated 2 June 2021 subject to the following conditions:-

	Conditions	Status of compliance
(a)	Kanger and UOB Kay Hian must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants;	To be complied
(b)	Kanger and UOB Kay Hian to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants and Proposed Acquisition;	To be complied
(c)	Kanger to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants and Proposed Acquisition are completed; and	To be complied
(d)	Kanger to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants B at the end of each quarter together with a detailed computation of listing fees payable.	To be complied
(ii)	shareholders of Kanger at the EGM.	
	For shareholders' information, the highest percentage ratio applicable for the Proposed Acquisition is approximately 99.48%, calculated based on the Purchase Consideration against the latest audited NA of our Group of RM143.62 million as at the FYE 31 December 2019; and	
(iii)	any other relevant authorities and/ or parties, if required.	

The Proposed Rights Issue with Warrants and the Proposed Acquisition are inter-conditional upon each other. The Proposed Diversification is not conditional upon the Proposed Rights Issue with Warrants and the Proposed Acquisition and vice versa. The Proposals are not conditional upon any other proposal undertaken or to be undertaken by our Company. For avoidance of doubt, the Proposed Acquisition of Sung Master and Proposed Subscription are conditional upon the completion of the Proposed Rights Issue with Warrants (in the event it is approved by our shareholders) but not vice versa.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive of our Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Rights Issue with Warrants, save for their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess Rights Shares application), to which all Entitled Shareholders are similarly entitled.

None of the Directors, major shareholders of our Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Acquisition and the Proposed Diversification.

12. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposed Diversification will take immediate effect upon obtaining the approval from the shareholders of Kanger at the EGM. The Proposed Rights Issue with Warrants is expected to be completed in the third quarter of 2021 and the fulfilment of conditions precedent of the SPA is expected in the third quarter of 2021. The Proposed Acquisition is expected to be completed by the first quarter of 2026, subject to the terms and conditions of the SPA as set out in **Appendix III** of this Circular.

The tentative timetable for the implementation of the Proposals is set out below:-

Month	Events
28 June 2021	<ul style="list-style-type: none">• Convening of the EGM to obtain approval for the Proposals• The Proposed Diversification will take immediate effect upon obtaining the approval from the shareholders of Kanger at the EGM
Early July 2021	<ul style="list-style-type: none">• Announcement on the price-fixing of exercise price for Warrants B• Announcement on the Entitlement Date for the Proposed Rights Issue with Warrants
Mid July 2021	<ul style="list-style-type: none">• Entitlement Date for the Proposed Rights Issue with Warrants• Issuance of abridged prospectus in relation to the Proposed Rights Issue with Warrants
End July 2021	<ul style="list-style-type: none">• Closing date of acceptance and applications for the Rights Shares with Warrants
Mid August 2021	<ul style="list-style-type: none">• Listing of and quotation for the Rights Shares and Warrants B on the ACE Market of Bursa Securities, which will mark the completion of the Proposed Rights Issue with Warrants• Fulfilment of conditions precedent of the SPA
By Mid January 2026	<ul style="list-style-type: none">• Completion of the Proposed Acquisition

13. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save as set out below, our Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the LPD:-

- (i) the Proposed Acquisition of Sung Master;
- (ii) the Proposed Subscription; and
- (iii) the Proposals (which are the subject matter of this Circular).

14. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposals, including but not limited to the rationale for the Proposals, the effects of the Proposals, the salient terms of the SPA, the basis and justification of arriving at the Purchase Consideration, the future prospects of the Proposed Diversification and Subject Properties as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue with Warrants, is of the opinion that the Proposals are in the best interests of our Company and the terms and conditions of the SPA as well as the Purchase Consideration are fair and reasonable.

Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposals at the EGM.

15. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted on a fully virtual basis through live streaming and online remote participation and voting from the Main Venue at Board Room of K-3-12 & K-3-13, Solaris Mont Kiara, No. 2, Jalan Solaris, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) and the EGM is hosted virtually at <https://rebrand.ly/KangerEGM> operated by Mlabs Research Sdn Bhd on Monday, 28 June 2021 at 10.30 a.m., or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposals.

If you are unable to attend, participate, speak and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of our Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 3121 or email to ir.kanger@shareworks.com.my not less than 24 hours before the time appointed for the taking of the poll during the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

16. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of our Board
KANGER INTERNATIONAL BERHAD

DATUK NUR JAZLAN BIN MOHAMED
Independent Non-Executive Chairman

APPENDIX I – SALIENT TERMS OF THE WARRANTS B

Issue size	:	Up to 2,861,936,149 new Warrants B arising in connection with the Proposed Rights Issue with Warrants and are immediately detached from the Rights Shares upon issuance, each carrying the right to subscribe for one new Shares during the Exercise Period at the Exercise Price, subject to the terms and conditions of Deed Poll B.
Form	:	The Warrants B will be issued in registered form and constituted by Deed Poll B.
Exercise period	:	The period commencing on and including the date of issuance of the Warrants B and ending at the close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the 5 th anniversary of the date of issuance, or if such is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
Mode of exercise	:	The registered holder of the Warrant B is required to lodge an exercise form, as set out in the Deed Poll B, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia or by internet bank transfer in accordance with the Deed Poll B.
Exercise price	:	The basis of determining the exercise price of the Warrants B is set out in Section 2.3 of this Circular. The exercise price and the number of outstanding Warrants B shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll B during the Exercise Period.
Exercise rights	:	The rights conferred on a Warrant B holder to subscribe for 1 new Kanger Share for each Warrant B at any time during the Exercise Period and at the Exercise Price subject to the Deed Poll B.
Board lot	:	The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Kanger Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Participating rights of the holders of Warrants B in any distribution and/ or offer of further securities	:	The Warrant B holders are not entitled to vote in any general meeting of our Company and/ or to participate in any distribution other than on winding-up, compromise or arrangement of our Company as set out below and/ or offer of further securities in our Company unless and until the holder of Warrants B becomes a shareholder of our Company by exercising his/ her Warrants B into new Kanger Shares or unless otherwise resolved by our Company in a general meeting.
Adjustments in the exercise price and/ or number of Warrants B	:	The exercise price and/ or number of unexercised Warrants B shall be adjusted in the event of alteration to the share capital of our Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll B. If our Company in any way modify the rights attached to any share or loan capital which is not described in the Deed Poll B so as to convert or make convertible such share or loan capital into, or attached thereto any rights to acquire or subscribe for new shares, our Company must appoint the adviser or the auditors (who shall act as experts) to consider whether any adjustment is appropriate, and if the directors of our Company after such consultation determines that any adjustment is appropriate, the exercise price or the number of Warrants B or both, will be adjusted accordingly.

APPENDIX I – SALIENT TERMS OF THE WARRANTS B (CONT'D)

Rights in the event of winding-up, liquidation, compromise and/ or arrangement	: Where a resolution has been passed for a members' voluntary winding-up of our Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then every holder of Warrants B shall be entitled upon and subject to the provisions of the Deed Poll B at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by irrevocable surrender of his/ her Warrants B to our Company, elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/ her Warrants B to the extent specified in the relevant exercise forms and be entitled to receive out of the assets of our Company which would be available in liquidation as if he/ she had on such date been the holder of the new Shares to which he/ she would have been entitled to pursuant to such exercise.
Ranking of the new Kanger Shares to be issued pursuant to the exercise of Warrants B	: The new Kanger Shares to be issued arising from the exercise of Exercise Rights represented by the Warrants B, shall upon allotment and issue rank <i>pari passu</i> in all respects with the existing Kanger Shares, save and except that the new Kanger Shares will not be entitled to any dividend, right, allotment and/or any other forms of distribution where the entitlement date of such dividend, right, allotment and/or other forms of distribution precedes the relevant date of allotment and issuance of the new Kanger Shares.
Listing status	: The Warrants B and new Kanger Shares to be issued from the exercise of the Warrants B will be listed on the ACE Market of Bursa Securities. Application for approval will be made to Bursa Securities for the admission of Warrants B to the Official List of Bursa Securities and for the listing of and quotation for the Warrants B and new Kanger Shares to be issued from the exercise of the Warrants B on the ACE Market of Bursa Securities.
Modifications	: Our Company may, from time to time, subject to the terms and conditions of the Deed Poll B, without the consent or sanction of the warrant holders, modify, amend or add to the Deed Poll B, if such modification, amendment or addition made does not materially prejudice the interests of the Warrant B holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia. Save for the above, any modification, amendment, deletion or addition to the Deed Poll B shall require the approval of the holders of Warrants B sanctioned by special resolution and may be effected only by the Deed Poll B, executed by our Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary.
Governing law	: Laws of Malaysia.

APPENDIX II – INFORMATION ON THE SUBJECT PROPERTIES

The salient details of Antara @ Genting Highlands and the Subject Properties are as follows:-

<p>Location</p>	<p>Antara @ Genting Highlands (of which the Subject Properties form a part) is situated in the locality of Genting Highlands, Pahang</p> <p>It is located along the western boundary of Jalan Genting Sempah-Genting Highlands travelling from Genting Sempah towards Genting Highlands, with the subject site approximately 1 kilometre to Resorts World Genting, Genting Highlands. It is approximately 8 kilometres from the Gohtong Jaya roundabout and is directly accessible from Jalan Genting Sempah-Genting Highlands.</p> <p>Antara @ Genting Highlands is situated approximately 220 kilometres to the west of Kuantan and 235 kilometres to Bandar Indera Mahkota, accessible via the Kuala Lumpur-Karak Expressway. Bentong town is approximately 50 kilometres north east from the subject site. Janda Baik and Bukit Tinggi are approximately 30 kilometres and 35 kilometres from the subject site respectively.</p> <p>The immediate locality is a mixture of leisure properties in nature, serviced residences and plots of vacant development land. Notable landmarks within the immediate radius are Chin Swee Caves Temple, Awana Skyway Chin Swee station, Cradle Rock Genting Highlands, Peacehaven, Ria Apartments, Kayangan Apartments and Genting Highlands Fire and Rescue Station.</p>
<p>Proposed development details</p>	<p>A total of 1,460 units of fully-furnished residential serviced apartment segregated as follows:-</p> <p>Block A (4th to 49th floors) – 46-storey comprising 374 units (of which 126 units located on the 30th to 45th floors comprise the Subject Properties, which Kanger shall acquire pursuant to the Proposed Acquisition)</p> <p>Block B (4th to 47th floors) – 44-storey comprising 356 units</p> <p>Block C (4th to 47th floors) – 44-storey comprising 356 units</p> <p>Block D (4th to 49th floors) – 46-storey comprising 374 units</p> <p>There will be four towers (Blocks A to D) atop 3 floors of common facilities and amenities (1st to 3rd floors) including co-working space, gymnasium, multipurpose room, 3 function rooms, surau, changing rooms, sauna and toilets as well as 1 floor for a convention hall measuring 22,445 square feet (upper ground floor), 1 floor for commercial/ retail space (ground floor) and 10 floors of elevated car park podium comprising 2,767 car park bays (lower ground 1 to lower ground 10 floors).</p> <p>Antara @ Genting Highlands is under construction and development (with approximately 12% completion as at the LPD) with expected completion by January 2026. The proposed development will be carried out in 2 phases; the first phase of the development shall comprise the podium block together with Blocks A and B and the second phase shall comprise Blocks C and D. At this juncture, the first phase of the development is anticipated to be completed by June 2025.</p>
<p>Land area</p>	<p>5.345 acres (equivalent to approximately 232,823 square feet) for the entire development of Antara @ Genting Highlands</p>
<p>Proposed gross built-up area</p>	<p>Approximately 2,918,828 square feet (the entire development of Antara @ Genting Highlands)</p> <p>Blocks A to D of Antara @ Genting Highlands will comprise of 4 residential serviced apartment unit types, namely Type A, Type B, Type C1/ C2 and Type C3, which have a proposed gross built-up area of 520 square feet, 800 square feet, 1,030 square feet and 1,040 square feet, respectively. The Subject Properties (located in Block A) will comprise 14 units of Type A, 56 units of Type B, 42 units of Type C1/ C2 and 14 units of Type C3.</p>
<p>Tenure</p>	<p>Freehold</p>
<p>Registered proprietor</p>	<p>Aset Kayamas Sdn Bhd</p>

APPENDIX II – INFORMATION ON THE SUBJECT PROPERTIES (CONT'D)

Estimated gross development value	RM2.24 billion for the entire development of Antara @ Genting Highlands
Estimated gross development cost ("GDC")	RM1.50 billion for the entire development of Antara @ Genting Highlands
Source of funding to finance the GDC	Internally generated funds of the developer (i.e. AKSB/ the Vendor)
Commencement and expected completion date	Commencement in August 2020. As at the LPD, Antara @ Genting Highlands is under construction and development (with approximately 12% completion as at the LPD), with expected completion by January 2026
Development order	<p>The Vendor had obtained the development order for a development of 2 blocks of serviced apartments and a hotel (i.e. the initial concept of Antara @ Genting Highlands) from the Bentong Municipal Council on 9 January 2020 vide approval reference number M.P.BTG/PP/GH/5/16/2019KM(OSC).</p> <p>Subsequently, the Vendor had made a revised application to the development order for the said development, now known as Antara @ Genting Highlands, which included, amongst others, a change in components from 2 blocks of serviced apartments and a hotel to 4 blocks of serviced apartments. A letter of no objection dated 30 November 2020 was issued to the Vendor by PLANMalaysia@Pahang (Pahang Town and Country Planning Department) in relation to the revised development order for Antara @ Genting Highlands. On 14 April 2021, the Vendor had obtained the approval for the revised development order from the Bentong Municipal Council vide its letter dated 14 April 2021 with approval reference number M.P.BTG/PP/GH/5/16/2019KM(OSC)Jld2.</p>
Category of land use	Building
Express condition	Nil
Encumbrances	Nil
Restriction in interest	Nil
Audited net book value	Nil based on the latest audited account of the Vendor as at 31 December 2019

The basis of valuation adopted is the **Market Value** which is defined 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 where the parties had each acted knowledgeably, prudently and without compulsion".

In arriving at the market value of the Subject Properties, Optima had used a two-tiered adjustment approach. Under the first tier, the Comparison Approach and the Investment Method, Income Approach were adopted to determine the value of a single unit of the 126 units forming the Subject Properties. Under the second tier, adjustments were made to the value of the single unit to reflect the dissimilarities between unit type, built-up area and floor level. The Comparison Approach was adopted as the primary method as there are reliable sale comparables available for analysis. The market value of the Subject Properties represents the aggregate of the individual values of the 126 units less en-bloc discount, i.e. discount to reflect the bulk purchase of 126 units by a single purchaser.

In addition, the valuation of the Subject Properties was based on the following assumptions:-

- (i) the proposed development (i.e. Antara @ Genting Highlands) and the proposed building plans for 4 blocks of serviced apartments as well as the proposed covered pedestrian walkways are approved by the relevant authorities;

APPENDIX II – INFORMATION ON THE SUBJECT PROPERTIES (CONT'D)

- (ii) the proposed development and the Subject Properties are fully completed in good workmanship in accordance to the approved building plans and specifications and issued with a certificate of completion and compliance (CCC);
- (iii) each component unit will be issued with a strata title which will convey an interest in perpetuity, with all relevant premium, charges and expenses to be borne by the Vendor;
- (iv) the proposed covered pedestrian walkways are fully completed in accordance to the plans and specifications as approved by the relevant authorities; and
- (v) furniture, fixture and equipment are built and installed in good workmanship in accordance to agreement with the Vendor.

The market value derived from the aforesaid adopted method of valuation is as follows:-

Property details	Valuation methodology	Opinion of value
First Tier Adjustment		
1. Base unit value:- Unit No: A-30-07 of Type B1 having a floor area of approximately 800 square feet	Comparison Approach RM1,280,000 Investment Method, RM1,390,000 Income Approach	RM1,280,000
Second Tier Adjustment		
2. Aggregate of values:- 126 serviced apartment units located on the 30th to 45th floors:- (i) Type A: 14 units (ii) Type B: 56 units (iii) Type C1 & C2: 42 units (iv) Type C3: 14 units	Further adjustments of the base unit value on type, built-up area and floor level, thereafter the individual values of the 126 units were summed up.	RM177,363,200
3. Market value of the Subject Properties:- Comprises 126 serviced apartment units having a combined floor area of approximately 109,900 square feet	The aggregate of values less en-bloc discount (i.e. approximately 19% discount). The adjustments include entrepreneur's profit, marketing fee and holding cost.	RM143,000,000

Therefore, the market value of the Subject Properties is taken at **RM143,000,000**.

APPENDIX III – SALIENT TERMS OF THE SPA

1. SALE AND PURCHASE OF THE SUBJECT PROPERTIES

- (i) The Vendor has agreed to sell and Kanger Ventures has agreed to purchase the Subject Properties more particularly described and delineated in the SPA, subject to the terms and conditions contained in the SPA.
- (ii) The parties agree that the total consideration of the Subject Properties is RM142,870,000.00 only, which is payable to the Vendor in the manner as provided in the SPA. The Vendor agrees to sell and transfer ownership of the Subject Properties to Kanger Ventures and/ or its nominees subject to all conditions whether expressed or implied in the issue document of title of the piece of freehold land held under Title No. GRN 45572 (formerly HSD 18603), Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur ("**Land**") and subject to all terms and conditions appearing in the SPA.
- (iii) Without prejudice to the Vendor's right under the SPA, if any of the payments set out in the SPA shall remain unpaid by Kanger Ventures at the expiration of the period of 30 days, interest at the rate of 10% per annum calculated on a daily basis calculated on the actual days elapsed in a 365-day year on such unpaid amount shall commence immediately thereafter and be payable by Kanger Ventures.

2. CONDITIONS PRECEDENT

- (i) The obligation of the parties to complete the sale and purchase of the Subject Properties is conditional upon:-

Approval 1 – Approval/ Consent from Minister and Development Order

- (a) The Vendor shall at its own cost and expense obtain the written approval/ consent from the Minister that the sale of the Subject Properties shall not be subjected to Schedule H Sale and Purchase Agreement as provided in the HDA Act and the HDA Regulation.

(to be hereinafter referred to as "**Approval from Minister**")
- (b) The Vendor shall obtain the Development Order for 4 proposed blocks of residential serviced apartments on the Land known as Antara @ Genting Highlands complete with common facilities ("**Development**") from the relevant authority ("**DO**").
- (c) The Vendor shall proceed diligently and at its own cost and expense to obtain the Approval from Minister and DO within 2 months from the date of the SPA or such extended period as the parties may agree upon in writing ("**1st Approval Period**").
- (d) Upon obtaining the Approval from Minister and DO, the Vendor shall forthwith but in any event not later than 5 working days from obtaining the Approval from Minister and DO, to inform Kanger Ventures in writing.

Approval 2 – Other Approvals

- (a) The parties of the SPA expressly agree that the SPA shall be further subject to Kanger Ventures' shareholder, Kanger, obtaining the following:
- i) Approval from shareholders of Kanger at an EGM to enter into and be subjected to the terms of the SPA and the Proposed Rights Issue with Warrants undertaken by Kanger for the purpose of fund raising for payment of the Purchase Consideration ("**Shareholders' Approval**");
 - ii) Approval from the relevant authorities of the Proposed Rights Issue with Warrants ("**Authorities Approval for Rights Issue with Warrants**");
 - iii) Completion and implementation of the Proposed Rights Issue with Warrants; and
 - iv) Any approval required by Kanger Ventures and/ or Kanger, pursuant to any order, law, rules, regulations or directives of any governmental authorities or any listing requirements or by operation of law for the purpose of the SPA ("**Other Authorities' Approvals**").
- (b) Upon execution of the SPA, Kanger Ventures shall or cause Kanger to proceed diligently and at its own cost and expense to obtain the Shareholders' Approval, Authorities Approval for Rights Issue with Warrants and Other Authorities' Approvals within 4 months from the date of the SPA and to complete implementation of the Proposed Rights Issue with Warrants within 6 months from the date of the SPA or such extended period as the parties may agree upon in writing (collectively, the "**2nd Approval Periods**").
- (c) Upon obtaining the Shareholder's Approval, Kanger shall forthwith but in any event not later than 5 working days from obtaining the Shareholder's Approval inform the Vendor in writing.
- (d) In the event that any of the Shareholders' Approval, Authorities Approval for Rights Issue with Warrant, Other Authorities' Approvals or complete implementation of the Proposed Rights Issue with Warrants cannot be obtained or completed within the 2nd Approval Periods, the SPA shall determine whereupon the Vendor shall refund to Kanger Ventures the Deposit and any other monies paid by Kanger Ventures to the Vendor as part of the Purchase Consideration pursuant to the SPA free of interest within 14 days from the date the Vendor is notified of the rejection of the Shareholder's Approval, Authorities Approval for Rights Issue with Warrants, Other Authorities' Approvals or complete implementation of the Proposed Rights Issue with Warrants in writing, whichever earlier. Thereafter, the SPA shall be null and void and neither party hereto shall have any claims against the other save and except for any antecedent breach.
- (ii) The obligation of the parties to complete the sale and purchase of the Subject Properties under the SPA shall become unconditional on the day when the Approval 1 and Approval 2 have been obtained unconditionally, whichever the later, PROVIDED THAT a copy of the Approval 1 and Approval 2 have been delivered and received by the Vendor's solicitors and Kanger Ventures' solicitors as the case may be (hereinafter referred to as the "**Unconditional Date**"). For the avoidance of doubt, implementation of the Proposed Rights Issue with Warrants will be subject to all Approval 1 being obtained.

APPENDIX III – SALIENT TERMS OF THE SPA (CONT'D)

- (iii) In the event any of the Approval from the Minister and DO cannot be obtained within 1st Approval Period or Shareholders' Approval, Authorities Approval for Rights Issue with Warrant, Other Authorities' Approvals or complete implementation of the Proposed Rights Issue with Warrants cannot be obtained or completed as per 2nd Approval Periods or such extended period as the parties may agree upon in writing for any reason whatsoever, the SPA shall determine whereupon the Vendor shall refund to Kanger Ventures the Deposit and any other monies paid by Kanger Ventures to the Vendor as part of the Purchase Consideration pursuant to the SPA free of interest within 14 days from the date of rejection of any of the Approval from Minister, DO, Shareholder's Approval or Authorities Approval for Rights Issue with Warrants, Other Authorities' Approvals or failure in implementation of the Proposed Rights Issue with Warrants, whichever earlier.

3. CONDITIONS SUBSEQUENT

- (i) The Vendor shall ensure that the following be obtained within 3 months from the Unconditional Date or any other period as may be agreed between the parties, in compliance with Strata Management Act 2013 [Act 757] and HDA Act and/ or HDA Regulation, as the case may be:
 - (a) the Vendor to apply for the AP/DL for the Development, which in the event the AP/DL does not include the sale of the Subject Properties, the Vendor shall apply for consent from the Minister of the exemption of AP/DL for sale of the Subject Properties to Kanger Ventures;
 - (b) the approved Building Plan by the relevant authority and filed with Commissioner of Building under the Strata Management Act 2013 [Act 757] ("**Approved Building Plan**"); and
 - (c) the allocated share units assigned to the Subject Properties by the Vendor's licensed land surveyors in the schedule of parcels filed with the Commissioner of Buildings under the Strata Management Act 2013.
- (ii) The Vendor shall provide the approvals above to Kanger Ventures upon receiving them.

4. CONDITION OF THE SUBJECT PROPERTIES AND VACANT POSSESSION

- (i) The Vendor hereby warrants and confirms that the Subject Properties shall be free from any agricultural or industrial condition expressed or implied and any restriction against the building of housing accommodation thereon and all encumbrances other than those imposed by the provisions of the SPA or already subsisting at the date of the SPA (if any) and any condition expressed or implied affecting the title of the Subject Properties.
- (ii) The Vendor represents that the Land is free from encumbrance.
- (iii) The Vendor shall not immediately and at any time after the date of execution of the SPA subject the Land to any encumbrance without the prior written consent of Kanger Ventures, and the Vendor hereby undertakes that the Subject Properties shall be free from any encumbrances immediately prior to Kanger Ventures taking vacant possession of the Subject Properties from the Vendor.
- (iv) Kanger Ventures shall give such written consent to the Vendor encumbering the Land for the purpose of obtaining financial facility from any bank and/ or financial institution only if Kanger Ventures has first received confirmation in writing from the relevant bank and/ or financial institution disclaiming their rights and interests over the Subject Properties and undertaking to exclude the Subject Properties from any foreclosure proceedings which such bank and/ or financial institution may take against the Vendor and/ or the Land.

APPENDIX III – SALIENT TERMS OF THE SPA (CONT'D)

5. DEFAULT AND DETERMINATION OF THE SPA

(i) If Kanger Ventures:

- (a) fails to pay the Purchase Consideration in accordance with the SPA or any part thereof and any late payment interest payable under **Section 1(iii) of Appendix III** of this Circular for any period in excess of 30 days after the due date of the payment; or
- (b) commits any breach of or fails to perform or observe any material term, condition or covenant of the SPA;

it is hereby agreed that the Vendor shall have the right to terminate the SPA by giving written notice to Kanger Ventures and to forfeit a sum equivalent to 10% of the Purchase Consideration by way of agreed liquidated damages absolutely, any sum in excess thereof (if any) shall be refunded to Kanger Ventures free of interest within 30 days from the date of notice of termination, failing which the Vendor shall be liable to pay interest at the rate of 10% per annum on the unpaid sum to be refunded and/ or paid to be calculated on a daily basis from the expiry of the said 30 days' period until the date of actual refund and/ or payment thereof to Kanger Ventures. Thereafter the Vendor shall be at liberty to deal with or otherwise dispose of the Subject Properties in such manner as the Vendor shall see fit and the SPA shall be terminated and become null and void and be of no further effect and neither party shall have any further claims, actions or proceedings against the other arising out of the SPA.

(ii) If the Vendor:

- (a) fails to complete the sale as set out in the SPA or fails to complete the Development; or
- (b) commits any breach of or fails to perform or observe any terms as per **Sections 3 and 4 of Appendix III** of this Circular,

it is agreed that Kanger Ventures shall have the right to terminate the SPA by giving written notice to the Vendor whereupon the Vendor shall refund all monies paid by Kanger Ventures to the Vendor for its account as part of the Purchase Consideration free of interest within 30 days from the date of notice of termination and in addition pay to Kanger Ventures a sum equivalent to 10% of the Purchase Consideration as an agreed liquidated damages, failing which the Vendor shall be liable to pay interest at the rate of 10% per annum on the unpaid sum to be refunded and/ or paid to be calculated on a daily basis from the expiry of the said 30 days' period until the date of actual refund and/ or payment thereof to Kanger Ventures. Thereafter the Vendor shall be at liberty to deal with or otherwise dispose of the Subject Properties in such manner as the Vendor shall see fit and the SPA shall be terminated and become null and void and be of no further effect and neither party shall have any further claims, actions or proceedings against the other arising out of the SPA.

APPENDIX III – SALIENT TERMS OF THE SPA (CONT'D)

6. MODE OF SETTLEMENT OF THE PURCHASE CONSIDERATION

	Instalments payable	%	Amount
1.	Payable on the date of the SPA in which the Vendor acknowledges receipt of, i.e. the Deposit	10	RM14,287,000.00
2.	Upon completion of foundation work	20	RM28,574,000.00
3.	6 months from commencement of building work	20	RM28,574,000.00
4.	12 months from commencement of building work	15	RM21,430,500.00
5.	Upon completion of the reinforced concrete structural work of the parcels	15	RM21,430,500.00
6.	Upon completion of the drains serving the building	5	RM7,143,500.00
7.	Upon completion of the roads serving the building	5	RM7,143,500.00
8.	Upon the date Kanger Ventures takes vacant possession of the individual Subject Properties	10	Balance of RM14,287,000.00 payable based on individual consideration sum of the individual Subject Properties
	Total	100	RM142,870,000.00

Terms and conditions:

- (i) Payment to be made by Kanger Ventures to the Vendor for items 2 to 7 above shall be supported by certification from the Vendor's architect. Such certifications are to be provided to Kanger Ventures together with invoice. The payment shall be made within 14 days from Kanger Ventures receiving such certification and invoice from the Vendor. For the avoidance of doubt, the payments in for items 2 to 7 above shall be subject to the satisfaction of all conditions precedent in the SPA.
- (ii) In relation to item 8 above, the last 10% of payment shall be based on the individual consideration sum of the Subject Properties for which vacant possession as per the terms and conditions of the SPA is provided to Kanger Ventures by the Vendor.

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES

optima
REAL ESTATE

Your Ref: -
Our Ref.: V/21/002/SC

16th March 2021

Kanger International Berhad
K-3-12 & K-3-13, Solaris Mont Kiara
No. 2, Jalan Solaris, Mont Kiara
50480 Kuala Lumpur

Optima Real Estate Sdn. Bhd.
(Company No. 1331448-X)

Aurora SOVO 1-9-13,
Level 9, Plaza Bukit Jalil, No. 1,
Persiaran Bukit Jalil 1,
Bandar Bukit Jalil,
57000 Kuala Lumpur
Tel: 03-5033 2725



By Email & Post

Dear Sirs/Madam,

VALUATION CERTIFICATE OF:-
AN ASSUMED COMPLETED 126 UNITS OF SERVICED APARTMENTS LOCATED ON 30TH TO 45TH FLOORS OF TOWER A, ANTARA @ GENTING HIGHLANDS (“THE SUBJECT PROPERTY”), SITED ON LOT NO. 43031 (FORMERLY PT 23923), MUKIM AND DISTRICT OF BENTONG, PAHANG DARUL MAKMUR HELD UNDER TITLE NO. GRN 45572 (FORMERLY HSD 18603)

We were instructed by Kanger International Berhad to advise on the Market Value of a legal interest in an assumed completed 126 units of serviced apartments located on 30th to 45th Floors of Tower A, Antara @ Genting Highlands, Genting Highlands, Pahang Darul Makmur vide our Report and Valuation bearing Reference No. V/21/002/SC dated 16th March 2021.

This Report and Valuation has been prepared in accordance with your instructions to value the subject property for purposes of submission to Bursa Malaysia Securities Berhad and for inclusion in the Circular and Abridged Prospectus of Kanger International Berhad in relation to the proposed rights issue with warrants, proposed acquisition of the Subject Property and proposed diversification.

The proposed acquisition of the subject property is subject to the terms and conditions as specifically set out in the conditional sale and purchase agreement dated 16th March 2021 (“Conditional SPA”) provided to us by Kanger International Berhad. Salient details of which are disclosed under item 6.0.

WE WERE SPECIFICALLY INSTRUCTED BY THE CLIENT TO VALUE THE SUBJECT PROPERTY BASED ON THE FOLLOWING ASSUMPTIONS:-

- A. THE PROPOSED DEVELOPMENT AND THE PROPOSED BUILDING PLANS FOR 4 BLOCKS OF SERVICED APARTMENTS AS WELL AS THE PROPOSED COVERED PEDESTRIAN WALKWAYS ARE APPROVED BY THE RELEVANT AUTHORITIES.**
- B. THE PROPOSED DEVELOPMENT AND THE SUBJECT PROPERTY ARE FULLY COMPLETED IN GOOD WORKMANSHIP IN ACCORDANCE TO THE APPROVED BUILDING PLANS AND SPECIFICATIONS AND ISSUED WITH A CERTIFICATE OF COMPLETION AND COMPLIANCE (CCC).**
- C. EACH COMPONENT UNIT WILL BE ISSUED WITH A STRATA TITLE WHICH WILL CONVEY AN INTEREST IN PERPETUITY, WITH ALL RELEVANT PREMIUM, CHARGES AND EXPENSES TO BE BORNE BY THE DEVELOPER.**
- D. THE PROPOSED COVERED PEDESTRIAN WALKWAYS ARE FULLY COMPLETED IN ACCORDANCE TO THE PLANS AND SPECIFICATIONS AS APPROVED BY THE RELEVANT AUTHORITIES.**
- E. FURNITURE, FIXTURE AND EQUIPMENT ARE BUILT AND INSTALLED IN GOOD WORKMANSHIP IN ACCORDANCE TO AGREEMENT WITH THE DEVELOPER.**

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS AS STATED ABOVE, THE APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED.

This Report and Valuation has been prepared 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 and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined 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 where the parties had each acted knowledgeably, prudently and without compulsion”.

Pursuant to this engagement, our Sr Cheok Bee Khim (V-772) inspected the subject property and its surrounding area on 5th January 2021, conducted title and planning search and gathered all relevant information for purpose of this valuation.

For all the purposes and intents, this Valuation Certificate should be read in conjunction with our Report and Valuation bearing Reference No. V/21/002/SC dated 16th March 2021. Brief description of our Report and Valuation are summarised as follows:-

1.0 THE SUBJECT OF THIS VALUATION

The interest in perpetuity in an assumed completed 126 units of serviced apartments on a fully furnished basis as at 5th January 2021.

Details of the component units forming the subject property are tabulated as following:-

No.	Level	Unit No.	Type	Built-Up Area	No.	Level	Unit No.	Type	Built-Up Area
1	30	A-30-01	C3	1,040 sf	38	35	A-35-01	C3	1,040 sf
2	30	A-30-02	C1A	1,030 sf	39	35	A-35-02	C1A	1,030 sf
3	30	A-30-03	B3	800 sf	40	35	A-35-03	B3	800 sf
4	30	A-30-03A	B1A	800 sf	41	35	A-35-03A	B1A	800 sf
5	30	A-30-05	A	520 sf	42	35	A-35-05	A	520 sf
6	30	A-30-06	B2	800 sf	43	35	A-35-06	B2	800 sf
7	30	A-30-07	B1	800 sf	44	35	A-35-07	B1	800 sf
8	30	A-30-08	C1	1,030 sf	45	35	A-35-08	C1	1,030 sf
9	30	A-30-09	C2	1,030 sf	46	35	A-35-09	C2	1,030 sf
10	31	A-31-02	C1A	1,030 sf	47	36	A-36-01	C3	1,040 sf
11	31	A-31-03	B3	800 sf	48	36	A-36-05	A	520 sf
12	31	A-31-03A	B1A	800 sf	49	36	A-36-06	B2	800 sf
13	31	A-31-07	B1	800 sf	50	36	A-36-09	C2	1,030 sf
14	31	A-31-08	C1	1,030 sf	51	37	A-37-01	C3	1,040 sf
15	32	A-32-02	C1A	1,030 sf	52	37	A-37-05	A	520 sf
16	32	A-32-03	B3	800 sf	53	37	A-37-06	B2	800 sf
17	32	A-32-03A	B1A	800 sf	54	37	A-37-09	C2	1,030 sf
18	32	A-32-07	B1	800 sf	55	38	A-38-01	C3	1,040 sf
19	32	A-32-08	C1	1,030 sf	56	38	A-38-02	C1A	1,030 sf
20	33	A-33-01	C3	1,040 sf	57	38	A-38-03	B3	800 sf
21	33	A-33-02	C1A	1,030 sf	58	38	A-38-03A	B1A	800 sf
22	33	A-33-03	B3	800 sf	59	38	A-38-05	A	520 sf
23	33	A-33-03A	B1A	800 sf	60	38	A-38-06	B2	800 sf
24	33	A-33-05	A	520 sf	61	38	A-38-07	B1	800 sf
25	33	A-33-06	B2	800 sf	62	38	A-38-08	C1	1,030 sf
26	33	A-33-07	B1	800 sf	63	38	A-38-09	C2	1,030 sf
27	33	A-33-08	C1	1,030 sf	64	39	A-39-01	C3	1,040 sf
28	33	A-33-09	C2	1,030 sf	65	39	A-39-02	C1A	1,030 sf
29	33A	A-33A-01	C3	1,040 sf	66	39	A-39-03	B3	800 sf
30	33A	A-33A-02	C1A	1,030 sf	67	39	A-39-03A	B1A	800 sf
31	33A	A-33A-03	B3	800 sf	68	39	A-39-05	A	520 sf
32	33A	A-33A-03A	B1A	800 sf	69	39	A-39-06	B2	800 sf
33	33A	A-33A-05	A	520 sf	70	39	A-39-07	B1	800 sf
34	33A	A-33A-06	B2	800 sf	71	39	A-39-08	C1	1,030 sf
35	33A	A-33A-07	B1	800 sf	72	39	A-39-09	C2	1,030 sf
36	33A	A-33A-08	C1	1,030 sf	73	40	A-40-01	C3	1,040 sf
37	33A	A-33A-09	C2	1,030 sf	74	40	A-40-02	C1A	1,030 sf

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



1.0 THE SUBJECT OF THIS VALUATION (cont'd)

No.	Level	Unit No.	Type	Built-Up Area	No.	Level	Unit No.	Type	Built-Up Area
75	40	A-40-03	B3	800 sf	101	43	A-43-02	C1A	1,030 sf
76	40	A-40-03A	B1A	800 sf	102	43	A-43-03	B3	800 sf
77	40	A-40-05	A	520 sf	103	43	A-43-03A	B1A	800 sf
78	40	A-40-06	B2	800 sf	104	43	A-43-05	A	520 sf
79	40	A-40-07	B1	800 sf	105	43	A-43-06	B2	800 sf
80	40	A-40-08	C1	1,030 sf	106	43	A-43-07	B1	800 sf
81	40	A-40-09	C2	1,030 sf	107	43	A-43-08	C1	1,030 sf
82	41	A-41-01	C3	1,040 sf	108	43	A-43-09	C2	1,030 sf
83	41	A-41-02	C1A	1,030 sf	109	43A	A-43A-01	C3	1,040 sf
84	41	A-41-03	B3	800 sf	110	43A	A-43A-02	C1A	1,030 sf
85	41	A-41-03A	B1A	800 sf	111	43A	A-43A-03	B3	800 sf
86	41	A-41-05	A	520 sf	112	43A	A-43A-03A	B1A	800 sf
87	41	A-41-06	B2	800 sf	113	43A	A-43A-05	A	520 sf
88	41	A-41-07	B1	800 sf	114	43A	A-43A-06	B2	800 sf
89	41	A-41-08	C1	1,030 sf	115	43A	A-43A-07	B1	800 sf
90	41	A-41-09	C2	1,030 sf	116	43A	A-43A-08	C1	1,030 sf
91	42	A-42-01	C3	1,040 sf	117	43A	A-43A-09	C2	1,030 sf
92	42	A-42-02	C1A	1,030 sf	118	45	A-45-01	C3	1,040 sf
93	42	A-42-03	B3	800 sf	119	45	A-45-02	C1A	1,030 sf
94	42	A-42-03A	B1A	800 sf	120	45	A-45-03	B3	800 sf
95	42	A-42-05	A	520 sf	121	45	A-45-03A	B1A	800 sf
96	42	A-42-06	B2	800 sf	122	45	A-45-05	A	520 sf
97	42	A-42-07	B1	800 sf	123	45	A-45-06	B2	800 sf
98	42	A-42-08	C1	1,030 sf	124	45	A-45-07	B1	800 sf
99	42	A-42-09	C2	1,030 sf	125	45	A-45-08	C1	1,030 sf
100	43	A-43-01	C3	1,040 sf	126	45	A-45-09	C2	1,030 sf

2.0 LOCATION AND NEIGHBOURHOOD

Location of the subject site The subject site is situated at the well-known leisure and recreational destination, Genting Highlands.

Sited along the western boundary of Jalan Genting Sempah-Genting Highlands travelling from Genting Sempah towards Genting Highlands, the subject site about 5,412 feet above sea level and approximately 1 kilometre to Resorts World Genting, Genting Highlands. It is approximately 8 kilometres from Gohtong Jaya roundabout and is directly accessible from Jalan Genting Sempah-Genting Highlands.

The subject site is situated approximately 220 kilometres to the west of Kuantan and 235 kilometres to Bandar Indera Mahkota, accessible via the Kuala Lumpur-Karak Expressway. Bentong town is approximately 50 kilometres north east from the subject site. Janda Baik and Bukit Tinggi are approximately 30 kilometres and 35 kilometres from the subject site respectively.

Surrounding Neighbourhood The immediate locality is a mixture of leisure properties in nature interspersed with serviced residences and plots of vacant development land. Notable landmarks within the immediate radius are Chin Swee Caves Temple, Awana Skyway Chin Swee station, Cradle Rock Genting Highlands, Peacehaven, Ria Apartments, Kayangan Apartments and Genting Highlands Fire and Rescue Station.

Sprawling over 12,000 acres, Resorts World Genting (RWG) held under the master developer, Genting Group comprise a host of hospitality, shopping, recreational and entertainment facilities. Under a 10-year master plan launched in 2013 – Genting Integrated Tourism Plan (GITP), RWG has been transformed and reinvigorated. This RM5 billion master plan has been designated as an Entry Point Project by the East Coast Economic Region Development Council in Malaysia. A few notable additions completed under the GITP include Tower 3 of First World Hotel, Awana SkyWay cable car, Genting Highlands Premium Outlets (GPO), SkyAvenue mall and Skytropolis Indoor Theme Park.

Gohtong Jaya is a satellite town of Genting Highlands located about 8 kilometres due southwest of the subject site. It has close proximity to GPO and Awana Golf & Country Club. Notable attractions include Gohtong Memorial Hall, Mini Cameron Highlands Garden Genting (Garden in the Sky), Genting Strawberry Leisure Farm, Happy Bee Farm and multiple choices of restaurants along the shophouses at Gohtong Jaya and Genting Permai. Hotels and residences amongst others Swiss Garden, GEO Resort & Hotel, Hotel Seri Malaysia, DZH Health Resort Club, Genting View Resort, Genting Permai Resort, Vista Residences, Geo38 Residence, Midhills at Genting and Mawar Apartment. Other amenities available in the vicinity of Gohtong Jaya are such as schools - Aminuddin Baki Institute, Sri Layang & Highlands National Secondary Schools, Highlands International Boarding School, clinic, petrol station, Gohtong Jaya Police Station and Awana Genting Mosque.

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



2.0 LOCATION AND NEIGHBOURHOOD (cont'd)

There are several high-rise residential developments in Genting Highlands within the past 5 years i.e. Ion D'elemen by NCT Group of Companies, Midhills by LBS Bina Group Berhad, Vista Residences of Kerjaya Prospect Group Berhad, OSK Property's Windmill Upon Hills and geo38 Residence by Pesat Bumi Sdn. Bhd.. Upcoming residential developments include Grand Ion Majestic by NCT Group of Companies, Calestia Genting Highlands by YNH Property Berhad, IBN Highlands City by IBN Highland Sdn. Bhd., Geo Antharas, Geo Elite and Geo Royal by Pesat Bumi's joint venture company, Antharas Hills Sdn. Bhd., Tropicana Grandhill and Pavilion Genting Highlands.

3.0 PROPERTY DESCRIPTION

Site Description The site is an irregular in shaped parcel of land having a titled land area of 2.163 hectares (5.345 acres or 232,823 square feet). It has a total frontage about 395.80 metres (1,299 feet) onto Jalan Genting Sempah – Genting Highlands. Generally, the terrain of the site varies from undulating to slightly hilly.

Construction works within the site commenced in Q3 2019. As at the date of inspection, the overall progress of works was 10% completed.

During our inspection, we noted that there was a temporary sales gallery constructed on the southern portion of the subject site.

The Proposed Development The developer has obtained planning permission for development with 2 blocks of serviced apartments and 1 block of hotel. Subsequently, the developer has applied for amendments on the planning permission for development with 4 blocks of serviced apartments. Brief details of the proposed 4 blocks of serviced apartments are tabulated as follows:-

Development Component	No. of Storey	No. of Unit	Gross Floor Area (sq. metre)
1) Tower A – Serviced Apartment	46	374	75,798.60
2) Tower B – Serviced Apartment	44	356	
3) Tower C – Serviced Apartment	44	356	
4) Tower D – Serviced Apartment	46	374	
5) Commercial Area			5,917.10
6) Amenities/Facilities Area			5,216.40
7) Corridor/ Lobby Area			5,519.10
Total Gross Floor Area exclude Car Park			168,274.00
Total No. of Car Park Bay and Gross Floor Area		2,767	102,894.00
Total Gross Floor Area include Car Park			271,168.00

The proposed development is practically designed in form of four towers of high rise serviced apartments – Towers A and D (4th to 49th floors); Towers B and C (4th to 47th floors), with 3 amenity/facility floors – 1st to 3rd floors (linked respectively for Towers A/B and Towers C/D) atop a 12-storey podium block. There will be 10 levels of elevated car park (LG1 to LG10), commercial/retail space at ground floor and Convention Hall to be located at UG floor of the podium block. Phase 1 of the development shall comprise of the podium block together with Towers A and B; Towers C and D shall fall under Phase 2 of the proposed development.

The design of each tower features five sky garden located respectively at 6th/7th floors, 13th/14th floors, 21st/22nd floors, 31st/32nd floors and 36th/37th floors.

The four towers of serviced apartments are orientated differently to capture panoramic views from the highlands:-

Tower A	Northeast/Southwest
Tower B	East/West
Tower C	North/South
Tower D	Northeast/Southwest

Meanwhile ample parking is provided to the occupants and visitors i.e. 2,767 car park bays including 11 for bus parking bays; 560 motorcycle parking bays.

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



3.0 PROPERTY DESCRIPTION (cont'd)

The proposed amenities/facilities are tabulated as follows: -

Phase 1: Podium block, Tower A and Tower B	
3 rd floor, Towers A & B	Games room, AV room, family party room, Jazz lounge and co-working space.
2 nd floor, Towers A & B	Upper gymnasium, study room, music room, dancing room, multipurpose room, 3 function rooms, male and female changing rooms/washrooms/lockers.
1 st floor, Towers A & B	Lower gymnasium, indoor golf room, playroom, reading room, management office, male and female changing rooms/washrooms/sauna, male and female surau, male and female washrooms and accessible toilet.
UG floor, podium block	Convention hall measuring about 22,445 sq. ft.
Ground floor, podium block	Management office, childcare/kindergarten, male and female surau, male and female toilets and accessible toilet.
Phase 2: Tower C and Tower D	
3 rd floor	Games room, AV room, family party room, Jazz lounge and co-working space.
2 nd floor	Upper gymnasium, 3 function rooms, male and female changing rooms/washrooms/lockers.
1 st floor	Lower gymnasium, indoor golf room, playroom, reading room, management office, male and female changing rooms/washrooms/sauna, male and female washrooms, male and female surau and accessible toilet.

In accordance with the project brief as provided to us by the Client, the serviced apartments, primarily comprises of 4 sizes will be fully furnished by the developer. A typical serviced apartment floor comprises of 9 units per floor. Appended below a summary of the accommodation and number of units in respective proposed towers.

Type	Size (sq. ft.)	Accommodation (No. of Unit)					No. of Unit			
		Bedroom	Bathroom/ Powder Room	Living Dining Kitchen	Balcony	Whirlpool	Phase 1		Phase 2	
							Tower A	Tower B	Tower C	Tower D
A	520	1	1	1	1	0	42	40	40	42
B1/ B1A/ B2/ B3	800	2	2	1	1	0	166	158	158	166
C1/ C1A/ C4	1,030	3	3	1	1	1	124	118	118	166*
C3/ C5	1,040	3	3	1	1	1	42	40	40	0
							374	356	356	374

Note: -

* Tower D shall comprise 166 units of Type C1 & C1A only.

The developer in collaboration with Genting Malaysia proposes two pedestrian covered walkway in order to enhance the accessibility of the proposed development:-

- (i) From UG floor of Tower A (northern boundary) of the subject site to Resort Hotel, RWG. This walkway is approximately 800 metres.
- (ii) From LG 6 of Tower D (southern boundary) of the subject site to Awana Skyway, Chin Swee Station. This walkway is approximately 300 metres.

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



3.0 PROPERTY DESCRIPTION (cont'd)

The Subject Property As mentioned hereinbefore under Item 1.0 of this certificate, the subject property is an assumed completed 126 units of serviced apartments located on 30th to 45th floors of Tower A, Antara @ Genting Highlands.

Based on the information furnished to us by the Client, we noted that the developer intends to sell the serviced apartments on a fully furnished basis. Brief description of 4 types of layout with its accommodation and specifications are as follows:-

Type	Accommodation	Specification
A	A living, a dining area, a kitchen, a balcony, a bedroom and a bath/w.c.	<ul style="list-style-type: none"> • digital lockset to main door • sliding timber door to master bedroom • vanity ledge/counter top in all bathrooms, tempered glass shower screen • kitchen cabinet, kitchen hood & hob, kitchen sink & tap, built-in microwave • wardrobe, storage • TV cabinet, TV • bedhead, bed & mattress • washer, dryer, fridge • sofa, coffee table, side table • dining set • outdoor high table, bar stool • fan and lightings • potted plant, carpet, roller blind
B	A living area, a dining area, a kitchen, a balcony, 2 bedrooms and 2 bath/w.c.	<ul style="list-style-type: none"> • digital lockset to main door • sliding timber door to master bedroom • vanity ledge/counter top in all bathrooms, tempered glass shower screen • kitchen cabinet, kitchen sink & tap, kitchen hood & hob, built-in microwave, • wardrobe, storage • TV cabinet, TV • bedhead, bed & mattress • washer, dryer, fridge • sofa, coffee table, side table • dining set • outdoor high table • fan and lightings • potted plant, artwork, carpet, roller blind
C1 & C2	A living area, a dining area, a kitchen, a balcony, 3 bedrooms, 2 bath/w.c., a powder room and a whirlpool bath.	<ul style="list-style-type: none"> • digital lockset to main door • Sliding timber door to master bedroom • vanity ledge/counter top in all bathrooms, tempered glass shower screen • kitchen cabinet, kitchen sink & tap, kitchen hood & hob, built-in oven • wardrobe, storage • TV cabinet, TV • bedhead, bed & mattress • washer, dryer, fridge • sofa, coffee table, side table • dining set • fan and lightings • potted plant, artwork, carpet, roller blind
C3	A living area, a dining area, a kitchen, a balcony, 3 bedrooms, 2 bath/w.c., a powder room and a whirlpool bath.	<ul style="list-style-type: none"> • digital lockset to main door • sliding timber door to master bedroom, • vanity ledge/counter top in all bathrooms, tempered glass shower screen • kitchen cabinet, kitchen sink & tap, kitchen hood & hob, built-in oven • wardrobe, storage • TV cabinet, TV, • bedhead, bed & mattress • washer, dryer, fridge, • sofa, coffee table, side table • dining set • fan and lightings • potted plant, artwork, carpet, roller blind

4.0 PUBLIC UTILITIES AND SERVICES

The subject site falls under the jurisdiction of the Bentong Municipal Council.

Public utilities and services such as mains water, public sewerage, electricity supply and telephone lines are available in the vicinity and presumably are available for connection to the proposed development and the subject property upon application.

Other essential public services for the area such as collection of refuse, repair and maintenance of roads and roadside drains and street lighting along the main roads i.e. Jalan Genting Sempah – Genting Highlands from the first guard post, "Pondok Pengawal Polis Bantuan Genting Sempah" to Resort World Genting are undertaken by Genting Malaysia Berhad.

Chin Swee Station, Awana Skyway is located at about 1.3 kilometres to the south of the subject site.

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



5.0 EXISTING USE AND OCCUPANCY STATUS

As at the date of our site inspection, we noted that the subject site is undergoing construction of the aforementioned development. As per confirmation on-site progress status provided by the developer, as at 5th January 2021, the overall progress works was 10% completed. We were further informed by the developer that Phase 1 (Towers A and B as well as car park podium) development is estimated to be completed by June 2025.

6.0 LEGAL DESCRIPTION

Particulars of Parent Title	Particulars of title in respect of the subject site as per our official search conducted at the Pahang Darul Makmur Land Registry on 21st December 2020 are as follows:-	
Legal Description	Lot 43031 (formerly PT 23923), Mukim and District of Bentong, Pahang Darul Makmur, held under Title No. GRN 45572 (formerly HSD 18603).	
Land Area	2.163 hectares (or 5.345 acres)	
Tenure	Interest in perpetuity (commonly referred to as "Freehold")	
Reserved Area	"Pengisytiharan Rezab Tanah Bukit"	
Quit Rent	RM71,379.00 per annum	
Category of Land Use	Building	
Express Condition	Nil	
Restriction in Interest	Nil	
Registered Proprietor	Aset Kayamas Sdn. Bhd.	
Encumbrances	Nil	

Salient Details of the Conditional SPA

As per the Conditional SPA made between the Developer, Aset Kayamas Sdn. Bhd. and the Purchaser, Kanger Ventures Sdn. Bhd. (a wholly owned subsidiary of Kanger International Berhad, "KIB"), the Developer intend to develop 4 blocks of serviced apartments known as Antara @ Genting Highlands and the Developer has agreed to sell and the Purchaser has agreed to purchase 126 units with vacant possession in the proposed Tower A of Antara @ Genting Highlands at RM142,870,000.

The basis of sale including:-

- 1) The Developer shall at its own cost and expenses obtain the approval of the building plan from the appropriate authority.
- 2) The Developer to apply for the Advertising Permit and Developer License (APDL) for Antara @ Genting Highlands, which in the event the APDL does not include the sale of the subject property, the Developer shall apply for consent from the Minister of the exemption of APDL for sale of the subject property to the Purchaser.
- 3) The Developer shall at its own cost and expense and at no additional cost to the Purchaser obtain the issue of separate strata titles to the subject property.
- 4) The subject property together with all the common facilities, which shall form part of the common property, shall be constructed in a good and workmanlike manner.
- 5) Vacant possession of the subject property shall be delivered to Purchaser within 54 months from the Unconditional Date (refer the Unconditional Date hereinafter).
- 6) The Developer shall at its own cost and expense, duly comply with all the requirements of the appropriate authority which are necessary for the issuance of the certificate of completion and compliance in respect of the subject property.
- 7) The Developer shall let the Purchaser to take vacant possession of the subject property upon the following:-
 - a. The issuance of certificate of completion and compliance
 - b. Water and electricity supply are ready for connection to the subject property
 - c. The Purchaser has made all payment to the Developer
 - d. The completion of any alteration or additional work (if any)

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



6.0 LEGAL DESCRIPTION (cont'd)

The obligation of the parties to complete the sale and purchase of the subject property are conditional upon:-

Approval 1 – Approval/Consent from Minister of Urban Wellbeing, Housing and Local Government (Minister) and Development Order

- 1) The Developer shall at its own cost and expense obtain the written approval/consent from Minister that the sale of the subject property shall not be subjected to Schedule H Sale and Purchase Agreement as provided in Housing Development (Control and Licensing) Act 1966 (Act 118) and the Housing Development (Control and Licensing) Regulation 1989.
- 2) The Developer shall obtain the Development Order for Antara @ Genting Highlands from the relevant authority.

Approval 2 - Other Approvals

- 1) The parties hereto expressly agree that this Agreement shall be further subject to KIB to obtain the following:-
 - a. Approval from shareholders of KIB in an extraordinary general meeting to enter into and be subjected to the terms of this Agreement and the proposed rights issue with warrants undertaken by KIB for the purpose of fund raising for payment of the purchase price i.e. RM142,870,000.
 - b. Approval from the relevant authorities of the proposed right issue with warrants.
 - c. Completion and implementation of the proposed right issue with warrants
 - d. Any approval required by the Purchaser or KIB, pursuant to any order, law, rules, regulations or directives of any governmental authorities or any listing requirements or by operation of law for the purpose of this Agreement.
- 2) Upon execution of this Agreement, the Purchaser shall or cause KIB to proceed diligently and at its own cost and expense to obtain the shareholder's approvals, authorities approval for the proposed rights issue with warrant and other authorities approvals.

The obligation of the parties to complete the sale and purchase of the subject property under this Agreement shall become unconditional on the day when the Approval 1 and Approval 2 have been obtained unconditionally (the Unconditional Date).

The subject property forms part of the proposed development, Antara @ Genting Highlands. Antara @ Genting Highlands is a serviced apartment project to be undertaken by Aset Kayamas Sdn. Bhd. held under the aforementioned Parent Title. The subject property is presently not issued with individual Strata Title(s) as yet. As such, for purpose of this valuation, we were specifically instructed by the Client to value the subject property subject to the following details and conditions:-

- (i) The subject property to be issued with 126 individual Strata Titles in which, floor plan and built-up area are based on details stipulated under Item 1.0 The Subject of this Valuation and Item 3.0 The Proposed Development of this certificate as well as the Conditional SPA;
- (ii) The combined floor area of the 126 units is 109,900 square feet; and
- (iii) The subject property is free of all encumbrances.

7.0 PLANNING DETAILS

Our verbal enquiries with the Jabatan Perancangan Pembangunan, Bentong Municipal Council revealed that the subject site is designated for Commercial use with a permissible plot ratio of 1:4.

Our further enquiries revealed that the developer, Aset Kayamas Sdn. Bhd. has submitted planning application to the relevant authorities in relation to proposed development. Details of the planning applications are as follows:-

- (i) **Planning Permission – 2 blocks of serviced apartments and 1 block of hotel**
Obtained planning permission on 9th January 2020 vide reference file number Bil (38) dlm. M.P.BTG/PP/GH/5/16/2019 KM (OSC) for development with 2 blocks of serviced apartments (totalling 831 units) and a block of hotel (745 rooms).
- (ii) **Proposed Amendment – 4 blocks of serviced apartments**
The developer's consultant has made an amendment application to the planning permission for the subject site. A submission letter provided to us by the Client (reference file number PIRP/AKSB/D899/S2/JTKSAS/SUB001 – Jab Perancang Bandar, MPB) dated 14th September 2020 stated that the proposed amendment for development with 4 blocks of serviced apartments has complied with all terms by the Jawatankuasa Teknikal Kawasan Sensitif Alam Sekitar Negeri Pahang. Subsequently, Jabatan Perancangan Bandar Dan Desa Negeri Pahang Darul Makmur has on 30th November 2020 via a letter bearing reference file

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



7.0 PLANNING DETAILS (Cont'd)

number Bil.(44) dlm.JPBD/PHG/C5/24666 agreed and certified that the application of amendment on the planning permission has complied with all terms by the relevant technical departments and the developer shall proceed with the application of planning permission to Majlis Perbandaran Bentong.

Briefly, the key proposed amendments as compare to the planning permission obtained on 9th January 2020 vide reference file number Bil (38) dlm. M.P.BTG/PP/GH/5/16/2019 KM (OSC) are as follows:-

Development Component	No. of Storey	No. of Unit	Gross Floor Area (sq. metre)
A. Based on Planning Permission Obtained			
1) Tower A – Serviced Apartment	46	364	44,449.94
2) Tower B – Serviced Apartment	48	467	60,981.81
3) Tower C – Hotel	45	745	46,494.57
4) Commercial Area		27	16,348.00
5) Restaurant		3	
6) Workers' accommodation		50	
7) Commercial Wellness/Conference		2	
Total Gross Floor Area exclude Car Park			168,274.32
Total No. of Car Park Bay and Gross Floor Area		2,333	88,978.45
Total Gross Floor Area include Car Park			257,252.77
B. Based on Proposed Amendment			
8) Tower A – Serviced Apartment	46	374	75,822.80
9) Tower B – Serviced Apartment	44	356	75,798.60
10) Tower C – Serviced Apartment	44	356	
11) Tower D – Serviced Apartment	46	374	
12) Commercial Area			5,917.10
13) Amenities/Facilities Area			5,216.40
14) Corridor/ Lobby Area			5,519.10
Total Gross Floor Area exclude Car Park			168,274.00
Total No. of Car Park Bay and Gross Floor Area		2,767	102,894.00
Total Gross Floor Area include Car Park			271,168.00

- Increase of Gross Floor Area from 257,252.77 sq. metres to 271,168 sq. metres.
- Change in components from 3 blocks of serviced apartments and hotel to 4 blocks of serviced apartments.
- Change in part of the planning permission at car park podium and commercial space.

Notwithstanding, the plot ratio of the proposed amendment has remained unchanged at 1:7.78.

(iii) Proposed Building Plans – 4 blocks of serviced apartments

The application of building plans approval for Antara @ Genting Highlands has been submitted to the relevant authorities for approval vide reference file number AA/P1903/0004, AA/P1903/0005, AA/P1903/0006 and AA/P1903/0007 and are certified received by OSC Majlis Perbandaran Bentong dated 9th December 2020.

(iv) Approved Temporary Sale Gallery

The developer has obtained planning permission to construct a temporary sales gallery on the subject site vide reference file number Bil (33) dlm.MPBTG/JKB/BS/5/04/2019 dated 31st December 2020.

(v) Proposed Covered Walkway

In respect of the proposed covered walkway, linking the subject site with Awana Skyway, Chin Swee Station (to the south) and Theme Park Hotel, Resort World (to the north), we were given to understand that the proposal still at the planning stage.

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



8.0 VALUATION

Valuation Methodology The subject of this valuation comprises 126 serviced apartment units on a fully furnished basis with four different types of layout located on the 30th to 45th floors of Tower A, Antara @ Genting Highlands. For purposes of this valuation, we have used two-tiered adjustment approach in arriving at our opinion of value.

In respect of fully furnished package, we have relied estimated cost prepared by the chartered quantity surveyors i.e. Vescope Sdn. Bhd., which analyses to about RM280 per square foot per built-up area.

First Tier - Value of Base Unit

Under this tier, we have selected one of the 126 units forming the subject property as a BASE UNIT. We have adopted 2 methods of valuation i.e. Comparison Approach and Investment Method, Income Approach to determine the value of Base Unit.

We have analysed both the primary and secondary markets in Genting Highlands to have an overview of the Genting Highlands property market.

Our findings indicated that the developer's selling price at the uphill of Genting Highlands has increased at about 35% to 60% as compared to the launched price for existing serviced apartments which was launched about 5 to 8 years ago by the same developers i.e. NCT Group of Companies and Pesat Bumi Sdn. Bhd.

Our study also shown that current ongoing projects with about 4,000 serviced apartment units are upcoming to the market, adding more units to the 3,400 completed units. There is no sign that the development will pause anytime soon.

The development of new serviced apartments in this locality with higher developer's selling prices signify that COVID-19 pandemic has no shown material impact to the potential of this locality in the long run.

Second Tier – Aggregate Value and Market Value of the Subject Property

We have made further adjustments of Base Unit to reflect the micro dissimilarities include type, built-up area and floor level of the remaining 125 units. The Market Value of the subject property is the residue of the aggregate values of the 126 units less en-bloc discount i.e. to reflect the bulk purchase of 126 units by a single purchaser.

First Tier – Value of Base Unit

Comparison Approach

Comparison Approach provides an indication of value by comparing the property with market evidences of identical or comparable (that is similar) properties for which price information is available, such as a comparison with market transaction in the same, or closely similar, type of property within an appropriate time horizon where dissimilarities exist, adjustments are made.

	Comparable 1	Comparable 2	Comparable 3
Property Address	E7-29-09, ION Delemen @ Genting Highlands, Mukim and District of Bentong, Pahang	E7-20-08, ION Delemen @ Genting Highlands, Mukim and District of Bentong, Pahang	Unit 18A5, Ria Apartment, Genting Highlands, Mukim and District of Bentong, Pahang
Title Category Of Land Use	Commercial	Commercial	Residential
Tenure	Interest- in-perpetuity		
Level	29	20	18
Built-Up Area	990 sf	868 sf	1,184 sf
Date of Valuation / Transaction	27-Nov-18	14-Mar-19	24-Nov-20
Consideration	RM1,158,000	RM900,000	RM1,000,000
Source of Information	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Remarks	Full furnished by the developer No ownership of car parking bay Optional Guaranteed Rental Return	Full furnished by the developer No ownership of car parking bay Optional Guaranteed Rental Return	No ownership of car parking bay
Transacted Price per square foot	RM1,170 psf	RM1,037 psf	RM845 psf
Transacted Price on no furnished basis	RM995 psf	RM862 psf	RM845 psf
Adjustments	Upward adjustments: Macro location, accessibility, age & building quality and full furnished package for the base unit	Upward adjustments: Macro location, accessibility, age & building quality, floor level and full furnished package for the base unit	Upward adjustments: Accessibility, age & building quality, facilities, floor level, built-up area and full furnished package for the base unit
Adjusted Rate	RM1,623 psf	RM1,487 psf	RM1,716 psf

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



8.0 VALUATION (cont'd)

First Tier – Value of Base Unit (cont'd)

Comparison Approach

	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Property Address	Unit 6405, Ria Apartment, Genting Highlands, Mukim and District of Bentong, Pahang	Unit 9405, Ria Apartment, Genting Highlands, Mukim and District of Bentong, Pahang	Unit 4428, Kayangan Apartment, Genting Highlands, Mukim and District of Bentong, Pahang	Unit 6428, Kayangan Apartment, Genting Highlands, Mukim and District of Bentong, Pahang
Title Category Of Land Use	Residential	Residential	Residential	Residential
Tenure	Interest- in-perpetuity			
Level	6	9	4	6
Built-Up Area	1,249 sf	1,249 sf	1,970 sf	1,658 sf
Date of Valuation / Transaction	16-Jul-19	28-Dec-18	5-Nov-20	6-Oct-20
Consideration	RM800,000	RM950,000	RM1,230,000	RM1,100,000
Source of Information	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Remarks	No ownership of car parking bay	No ownership of car parking bay	No ownership of car parking bay	No ownership of car parking bay
Transacted Price per square foot	RM641 psf	RM761 psf	RM624 psf	RM663 psf
Transacted Price on no furnished basis	RM641 psf	RM761 psf	RM624 psf	RM663 psf
Adjustments	Upward adjustments: Accessibility, age & building quality, facilities, floor level, built-up area and full furnished package for the base unit	Upward adjustments: Accessibility, age & building quality, facilities, floor level, built-up area and full furnished package for the base unit	Upward adjustments: Accessibility, age & building quality, facilities, floor level, built-up area and full furnished package for the base unit	Upward adjustments: Accessibility, age & building quality, facilities, floor level, built-up area and full furnished package for the base unit
Adjusted Rate	RM1,401 psf	RM1,611 psf	RM1,435 psf	RM1,507 psf

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



8.0 VALUATION (cont'd)

First Tier – Value of Base Unit (cont'd)

Comparison Approach

	Comparable 8	Comparable 9	Comparable 10	Comparable 11
Property Address	WA 18-07, Windmill Upon Hills, Genting Highlands, Mukim and District of Bentong, Pahang	T1-03-10, Midhills, Genting Highlands, Mukim and District of Bentong, Pahang	T2-32-11, Block A, Geo 38 Residences, Genting Highlands, Mukim and District of Bentong, Pahang	Unit 18-12, Vista Residences, Genting Highlands, Mukim and District of Bentong, Pahang
Title Category Of Land Use	Commercial	Commercial	Commercial	Commercial
Tenure	Interest- in-perpetuity	Leasehold	Interest- in-perpetuity	Leasehold
Level	18	3	32	18
Built-Up Area	783 sf	557 sf	642 sf	887 sf
Date of Valuation / Transaction	21-Sep-20	24-Feb-20	04-Sep-20	12-May-20
Consideration	RM600,000	RM385,000	RM579,506	RM700,000
Source of Information	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)			
Remarks	Full furnished by the developer No ownership of car parking bay	Full furnished by the developer No ownership of car parking bay	Full furnished by the developer No ownership of car parking bay	Full furnished by the developer No ownership of car parking bay
Transacted Price per square foot	RM767 psf	RM691 psf	RM903 psf	RM789 psf
Transacted Price on no furnished basis	RM567 psf	RM491 psf	RM703 psf	RM604 psf
Adjustments	Upward adjustments: Location, accessibility, floor level and full furnished package for the base unit	Upward adjustments: Location, accessibility, tenure, floor level and full furnished package for the base unit Downward adjustments: Built-up area.	Upward adjustments: Location, accessibility, floor level and full furnished package for the base unit	Upward adjustments: Location, accessibility, tenure, floor level and full furnished package for the base unit
Adjusted Rate	RM1,328 psf	RM1,312 psf	RM1,545 psf	RM1,458 psf

Explanatory Notes:

Fully Furnished Package for Comparables

We noted that the Comparables in Ion Delemen, Windmill Upon Hills, Midhills, Geo 38 Residences and Vista Residences come with fully furnished package. In terms of fully furnished package adjustment for the Comparables, we have adopted the same new cost rate as per the subject property which provided by a licensed quantity surveyor, and thereafter made adjustment for depreciation.

Location

Comparables fall within 3 micro locations i.e. within main precinct of Resort World Genting (RWG), fringe of RWG and midhill of Genting Highlands. We did not make adjustment for location for Comparables 3 to 7 and the Subject Property which located within main precinct of RWG. We made adjustments for Comparables 1 and 2 that are located at 4.7km from RWG and at fringe of RWG, and Comparables 8 to 11 that are located at midhill of Genting Highlands based on the findings of our case study.

Facilities

We have compared Ion Delemen to Ria and Kayangan Apartments in our case study. In order to analyse the difference of facilities factor in respect of old apartments against modern serviced apartments, we have first net off other dissimilarities include micro location, built-up area and floor level to arrive at the difference between serviced apartment (Subject Property) and apartment schemes (Ria and Kayangan Apartments).

Floor Level

For floor level adjustment, we have categorised it into 5 groups. First group which consists of the lower floors i.e. the 15th floor and below, and thereafter grouping for every 10 floors higher.

Size/Floor Area

In terms of floor area adjustment, there are 6 floor size bands in total, starting from the first band for those below 600 sq. ft., followed by 601 sq. ft. to 1,000 sq. ft., 1,001 sq. ft. to 1,500 sq. ft., 1,501 sq. ft. to 2,000 sq. ft., 2,001 sq. ft. to 3,000 sq. ft., 3,001 sq. ft. and above.

Fully Furnished Package for Subject Property

In respect of fully furnished package, we have relied estimated cost prepared by the chartered quantity surveyors i.e. Vescope Sdn. Bhd.

COMPUTATION OF MARKET VALUE OF THE BASE UNIT BASED ON COMPARISON APPROACH

In arriving at the Market Value of the Base Unit, we have adopted RM1,600 per square foot for the Base Unit. We have relied on Comparables 3 and 5 in arriving at our opinion of value as they are located at a close proximate to the subject site. We do not rely on Comparable 4 as its transacted yield analysed at about 7.54% which is higher than the market yield of the area. We also placed higher reliance on the Comparables located at uphill of Genting Highlands as from our analysis, the total adjustments for the Comparables 8 to 11 at midhill area are excessive, mainly contributed by a single factor i.e. location.

Base Unit: A-30-07
 Floor Area: 800 sf
 Rate Adopted: RM1,600 psf
MARKET VALUE: RM1,280,000

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



8.0 VALUATION (cont'd)

First Tier – Value of Base Unit (cont'd)

Investment Method, Income Approach

This approach provides an indication of value by capitalising the net annual rental income of the property, whereby net annual rental income is derived from gross annual rent by deducting annual outgoings/expenses of the property with allowance for voids.

Our findings shown that the transacted yield of serviced apartments in midhill of Genting Highlands is in the range of 2.44% to 3.52% which is significantly lower than comparables in the immediate vicinity of the subject property ranged between 5.72% to 7.97%, therefore we have selected concluded rents of units located at uphill of Genting Highlands.

In arriving at the Market Value of Base Unit on this approach, we have considered the rentals of serviced apartments and apartments within the immediate and larger locality, as follows:-

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Address	E4-23-10, ION Delemen @ Genting Highlands, Mukim and District of Bentong, Pahang	E4-23-02, ION Delemen @ Genting Highlands, Mukim and District of Bentong, Pahang	Unit 3418, Ria Apartment, Genting Highlands, Mukim and District of Bentong, Pahang	Unit 3427, Kayangan Apartment, Genting Highlands, Mukim and District of Bentong, Pahang
Title Category of Land Use	Commercial	Commercial	Residential	Residential
Tenure	Interest-in-perpetuity			
Level	23	23	3	3
Built-Up Area	861 sf	635 sf	1,100 sf	1,658 sf
Date of Valuation / Commencement & Expiry	17-Dec-19 to 16-Dec-22	17-Dec-19 to 16-Dec-22	6-Jul-20 to 5-Jan-21	1-Jun-17 to 31-May-19
Rental Rate	RM6,653.85	RM4,657.20	RM5,500.00	RM8,500.00
Source of Information	JPPH	JPPH	Tenancy Details	JPPH
Remarks	Full furnished by the developer No ownership of car parking bay	Full furnished by the developer No ownership of car parking bay	No ownership of car parking bay	No ownership of car parking bay
Rental Rate per square foot	RM7.73 psf	RM7.33 psf	RM5.00 psf	RM5.13 psf
Rental Rate on no furnished basis	RM6.57 psf	RM6.23 psf	RM5.00 psf	RM5.13 psf
Adjustments	Upward adjustments: Macro location, accessibility, floor level and full furnished package for the base unit.	Upward adjustments: Macro location, accessibility, floor level and full furnished package for the base unit.	Upward adjustments: Accessibility, age & building quality, facilities, floor level, built-up area and full furnished package for the base unit.	Upward adjustments: Accessibility, age & building quality, facilities, floor level, built-up area and full furnished package for the base unit.
Adjusted Rate	RM10.64 psf	RM10.12 spf	RM10.50 psf	RM11.38 psf

Explanatory Notes:

Fully Furnished Package for Comparables

We made an adjustment of 15% to reflect the fully furnished package provided in Ion Delemen. This is in line with adjustments made under the Comparison Approach. We have further benchmarked against the market norm by comparing serviced apartment units with and without fully furnished package within the same schemes in Klang Valley i.e. KLCC, Mont Kiara and Bangsar areas.

Location

Refer to Explanatory Note for location adjustment in Comparison Approach.

Facilities

Refer to Explanatory Note for facilities adjustment in Comparison Approach.

Floor Level

Refer to Explanatory Note for floor level adjustment in Comparison Approach.

Size/Floor Area

Refer to Explanatory Note for floor area adjustment in Comparison Approach.

Fully Furnished Package for Subject Property

We made an adjustment of 20% to reflect the fully furnished package provided in the Subject Property based on the estimated cost provided by the chartered quantity surveyor. We have further benchmarked against the market norm by comparing serviced apartment units with and without fully furnished package within the same schemes in Klang Valley i.e. KLCC, Mont Kiara and Bangsar areas.

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



8.0 VALUATION (cont'd)

First Tier – Value of Base Unit (cont'd)

**Investment Method,
Income Approach**

A) ADJUSTED RENTAL RATE		
Comparable No. 1	RM10.64 psf	
Comparable No. 2	RM10.12 psf	
Comparable No. 3	RM10.50 psf	
Comparable No. 4	RM11.38 psf	
We have adopted RM10.50 per square foot for the Base Unit. We have relied on Comparable 3 as it is located at a close proximate to the subject site.		
B) PROPERTY DETAILS (BASE UNIT)		
Unit No.	A-30-07	
Type	B1	
Level	30	
Built-Up Area	800 sf	
C) GROSS INCOME		
Market Rental Rate	RM10.50 psf	
Monthly Gross Rental		RM8,400
D) OUTGOINGS		
Total Monthly Outgoings & Voids	About 10%	RM849
E) NET INCOME		
Net Monthly Rental		RM7,551
Annual Net Rental		RM90,617
F) CAPITAL VALUE		
Yield		6.50%
Years Purchase (YP)		15.38
Market Value		RM1,394,112
say		RM1,390,000
or		RM1,738 psf

We have placed higher reliance on Comparison Approach as there are reliable sale comparables to arrive at the Base Value at RM1,280,000.

**The Subject
Property**

Second Tier – Aggregate Value and Market Value of the Subject Property

Aggregate Value

We have made further adjustments of the Base Unit Value obtained from both Comparison Approach and Investment Method, Income Approach to reflect the micro dissimilarities include type, built-up area and floor level of the remaining 125 units forming the subject property and on a basis that each unit to be marketed and sold separately.

We then summed up to arrive at the Aggregate Values by using the Comparison Approach and Investment Method, Income Approach.

Market Value

The Market Value of the subject property is the residue of the aggregate values of the 126 units less en-bloc discount i.e. to reflect the bulk purchase of 126 units by a single purchaser.

En-Bloc discount is derived on the basis that the Client will re-sale the component units individually to any third parties upon completion of the development and delivery of vacant possession.

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



8.0 VALUATION (cont'd)

Second Tier – Aggregate Value and Market Value of the Subject Property (cont'd)

The Subject Property

Briefly, the subject property made up as follows:-

Type	A	B	C1 & C2	C3	Total
Built-Up Area	520 sf	800 sf	1,030 sf	1,040 sf	
Level	No. of Units				
30	1	4	3	1	9
31	0	3	2	0	5
32	0	3	2	0	5
33	1	4	3	1	9
33A	1	4	3	1	9
35	1	4	3	1	9
36	1	1	1	1	4
37	1	1	1	1	4
38	1	4	3	1	9
39	1	4	3	1	9
40	1	4	3	1	9
41	1	4	3	1	9
42	1	4	3	1	9
43	1	4	3	1	9
44	1	4	3	1	9
45	1	4	3	1	9
TOTAL	14	56	42	14	126

Aggregate Value

A. COMPUTATION OF AGGREGATE VALUE BY COMPARISON APPROACH:-

Unit No. : A-30-07
 Type : B1
 Level : 30
 Built-Up Area : 800 square feet
Base Value : RM1,600 psf

Further adjustments made to the other component units forming the Subject Property:-

- (i) Floor Level
- (ii) Type & Built-Up Area

BASE	Type A (30th to 35th Floors)	Type C1 & C2 (30th to 35th Floors)	Type C3 (30th to 35th Floors)	Type A (36th to 45th Floors)	Type B (36th to 45th Floors)	Type C1 & C2 (36th to 45th Floors)	Type C3 (36th to 45th Floors)
RM1,600 psf							
Further Adjustments							
(i) Floor Level	Upward adjustment for type & built-up area	Downward adjustment for type & built-up area	Downward adjustment for type & built-up area	Upward adjustment for floor level and type & built-up area	Upward adjustment for floor level	Upward adjustment for floor level	Upward adjustment for floor level
(ii) Type & Built-Up Area						Downward adjustment for type & built-up area	Downward adjustment for type & built-up area
Adjusted Rate	RM1,680 psf	RM1,520 psf	RM1,520 psf	RM1,760 psf	RM1,680 psf	RM1,600 psf	RM1,600 psf
Value per unit	RM873,600	RM1,565,600	RM1,580,800	RM915,200	RM1,344,000	RM1,648,000	RM1,664,000

Computation of aggregate values in respect of 126 units forming the subject property

Antara @ Genting Highlands					
Tower A					
Type	A	B	C1 & C2	C3	Total
Built-up Area	520 sf	800 sf	1,030 sf	1,040 sf	
	4 units	22 units	16 units	4 units	46 units
Level 30 – 35	RM1,680 psf	RM1,600 psf	RM1,520 psf	RM1,520 psf	
	RM873,600	RM1,280,000	RM1,565,600	RM1,580,800	RM63,027,200
Level 36 – 45	10 units	34 units	26 units	10 units	80 units
	RM1,760 psf	RM1,680 psf	RM1,600 psf	RM1,600 psf	
	RM915,200	RM1,344,000	RM1,648,000	RM1,664,000	RM114,336,000
Total No. of Units	14 units	56 units	42 units	14 units	126 units
Aggregate Values					RM177,363,200

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



8.0 VALUATION (cont'd)

Second Tier – Aggregate Value and Market Value of the Subject Property (cont'd)

Aggregate Value

B. COMPUTATION OF AGGREGATE VALUE BY INVESTMENT METHOD, INCOME

APPROACH:-

Unit No. : A-30-07
 Type : B1
 Level : 30
 Built-Up Area : 800 square feet
Base Value : RM1,738 psf

Further adjustments made to the other component units forming the Subject Property:-

- (i) Floor Level
- (ii) Type & Built-Up Area

BASE	Type A (30th to 35th Floors)	Type C1 & C2 (30th to 35th Floors)	Type C3 (30th to 35th Floors)	Type A (36th to 45th Floors)	Type B (36th to 45th Floors)	Type C1 & C2 (36th to 45th Floors)	Type C3 (36th to 45th Floors)
RM1,738 psf							
Further Adjustments							
(i) Floor Level	Upward adjustment for type & built- up area	Downward adjustment for type & built-up area	Downward adjustment for type & built-up area	Upward adjustment for floor level and type & built-up area	Upward adjustment for floor level	Upward adjustment for floor level	Upward adjustment for floor level
(ii) Type & Built- Up Area						Downward adjustment for type & built-up area	Downward adjustment for type & built- up area
Adjusted Rate	RM1,825 psf	RM1,651 psf	RM1,651 psf	RM1,912 psf	RM1,825 psf	RM1,738 psf	RM1,738 psf
Value per unit	RM949,000	RM1,701,000	RM1,717,000	RM994,000	RM1,460,000	RM1,790,000	RM1,808,000

Computation of aggregate values in respect of 126 units forming the Subject Property:-

Antara @ Genting Highlands					
Tower A					
Type	A	B	C1 & C2	C3	Total
Built-up Area	520 sf	800 sf	1,030 sf	1,040 sf	
	4 units	22 units	16 units	4 units	46 units
Level 30 – 35	RM1,825 psf	RM1,738 psf	RM1,651 psf	RM1,651 psf	
	RM949,000	RM1,390,000	RM1,701,000	RM1,717,000	RM68,460,000
	10 units	34 units	26 units	10 units	80 units
Level 36 – 45	RM1,912 psf	RM1,825 psf	RM1,738 psf	RM1,738 psf	
	RM994,000	RM1,460,000	RM1,790,000	RM1,808,000	RM124,200,000
Total No. of Units	14 units	56 units	42 units	14 units	126 units
Aggregate Values					RM192,660,000

C. SUMMATION OF VALUES AND OPINION OF VALUES:-

Valuation Methodology	Opinion of Value
Comparison Approach	RM177,363,200
Investment Method, Income Approach	RM192,660,000

We have placed higher reliance on Comparison Approach as there are reliable sale comparables to arrive at the Aggregate Value at **RM177,363,200**.

Market Value

Computation in arriving at the Market Value of the Subject Property:-

	Type A	Type B	Type C1 & C2	Type C3	Total	Analysis
Built-up Area	520 sf	800 sf	1,030 sf	1,040 sf	109,900 sf	
No. of Units	14	56	42	14	126	
Aggregate Values					RM177,363,200	RM1,614 psf
Less : En-Bloc Discount (Note 1)						
Including entrepreneur's profit, marketing fees and holding cost				about 19.23%	RM34,111,980	
Market Value of the Subject Property					RM143,251,220	RM1,303 psf
				say	RM143,000,000	RM1,301 psf

APPENDIX IV – VALUATION CERTIFICATE FROM OPTIMA FOR THE VALUATION OF THE SUBJECT PROPERTIES (CONT'D)



8.0 VALUATION (cont'd)

Market Value **Second Tier – Aggregate Value and Market Value of the Subject Property (cont'd)**

Explanatory Note:
Note 1 : En-Bloc Discount
En-Bloc discount is derived on the basis that the Client will re-sale the component units individually to any third parties upon completion of the development and delivery of vacant possession. As such, cost of sales/ investment to the Client shall include the following:-

(a) *Entrepreneur's Profit*
Developer's profit to undertake development projects ranged between 15% to 25%. We have adopted 12% in this valuation to reflect lower risk of investment.

(b) *Marketing Fee*
We have adopted 3% of re-sale values (Aggregate Values) which is in line with the scale fee to estate agency by the Board of Valuers, Appraisers, Estate Agents and Property Managers.

(c) *Holding Cost*
(i) From our research on the ongoing or newly launched projects, the take-up rates for projects located at midhill of Genting Highlands (IBN Highland and Geo Antaras) are about 8 to 33 units per month, whilst take-up rate for project at uphill Genting Highlands (Ion Majestic) is about 44 units per month. The recently launched project, Tropicana @ Midhill, is about 144 units taken up since launched in October 2020.
In view of the above, we have adopted a take-up rate of about 7 to 8 units per month for purpose of this valuation which work out to about 1.5 years (18 months) to dispose the 126 component units forming the Subject Property.
(ii) We have adopted 7% interest rate (in line with rates offered by banks in Malaysia) and a holding period of about 0.75 year (mid term of marketing period i.e. 1.5 years) in arriving at the holding cost of investment.

Reconciliation of Values

No.	Property Details	Valuation Methodology	Opinion of Value	Remarks
FIRST TIER				
1	BASE VALUE			
	Unit No: A-30-07 of Type B1 having a floor area of about 800 square feet	a) Comparison Approach b) Investment Method, Income Approach	RM1,280,000 RM1,390,000	RM1,280,000 Base Value is derived from two different Approaches of Valuation, i.e. Comparison Approach and Investment Method, Income Approach before the computation and summation of the Aggregate Value. We have placed higher reliance on Comparison Approach as there are reliable sale comparables to arrive at the Base Value.
SECOND TIER				
2	AGGREGATE VALUES			
	126 serviced apartment units located on the 30th to 45th floors (forming the subject property) i) Type A: 14 units ii) Type B: 56 units iii) Type C1 & C2: 42 units iv) Type C3: 14 units	Further adjustments of Base Value on type, built-up area and floor level, thereafter we have sum up the individual values of the 126 units. a) Comparison Approach b) Investment Method, Income Approach	RM177,363,200 RM177,363,200 RM192,660,000	Adjustments made for the dissimilarities to determine the Market Value for each component unit on a basis that each unit to be marketed and sold separately. We have placed higher reliance on Comparison Approach as there are reliable sale comparables to arrive at the Aggregate Value.
3	MARKET VALUE OF THE SUBJECT PROPERTY			
	Comprises 126 serviced apartment units having a combined floor area of about 109,900 square feet.	The Aggregate Value less en-bloc discount. The adjustments including entrepreneur's profit, marketing fee and holding cost.	RM143,000,000	En-Bloc discount is derived on the basis that the purchaser will re-sale the component units individually to any third parties upon completion of the development and delivery of vacant possession, i.e. about 19% discount from the Aggregate Value.

8.0 VALUATION (cont'd)

COVID-19 Impact

2020 has been an unexceptionally challenging year for all. Disruption of economic and supply chains due to the implementation of several stages of movement control orders has severely affected the business ecosystem. Till date, Malaysian market sentiments remained uncertain since the COVID-19 pandemic breakout in 1Q 2020. Major segments of businesses and income groups still require government assistance to overcome this unprecedented circumstance.

The property market in Malaysia is expected to remain silent in the near future as majority are taking a wait-and-see approach at this juncture. The mismatch of sellers and buyers expectations as well as prolonged transaction process due to the restricted movement control has resulted in property sales plunged since March 2020. However, there are no clear quantitative indication on its impact to the property market values.

This market sentiment is expected to continue to be driven by the COVID-19 pandemic in the short term. The market recovery is very much dependent on how the pandemic being managed and constrained. As such, we would recommend the Client to undertake periodic assessment of the subject property as deemed necessary as market condition changes.

Opinion of Value

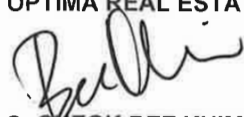
WE WERE SPECIFICALLY INSTRUCTED BY THE CLIENT TO VALUE THE SUBJECT PROPERTY BASED ON THE FOLLOWING ASSUMPTIONS:-

- A. THE PROPOSED DEVELOPMENT AND THE PROPOSED BUILDING PLANS FOR 4 BLOCKS OF SERVICED APARTMENTS AS WELL AS THE PROPOSED COVERED PEDESTRIAN WALKWAYS ARE APPROVED BY THE RELEVANT AUTHORITIES.**
- B. THE PROPOSED DEVELOPMENT AND THE SUBJECT PROPERTY ARE FULLY COMPLETED IN GOOD WORKMANSHIP IN ACCORDANCE TO THE APPROVED BUILDING PLANS AND SPECIFICATIONS AND ISSUED WITH A CERTIFICATE OF COMPLETION AND COMPLIANCE (CCC).**
- C. EACH COMPONENT UNIT WILL BE ISSUED WITH A STRATA TITLE WHICH WILL CONVEY AN INTEREST IN PERPETUITY, WITH ALL RELEVANT PREMIUM, CHARGES AND EXPENSES TO BE BORNE BY THE DEVELOPER.**
- D. THE PROPOSED COVERED PEDESTRIAN WALKWAYS ARE FULLY COMPLETED IN ACCORDANCE TO THE PLANS AND SPECIFICATIONS AS APPROVED BY THE RELEVANT AUTHORITIES.**
- E. FURNITURE, FIXTURE AND EQUIPMENT ARE BUILT AND INSTALLED IN GOOD WORKMANSHIP IN ACCORDANCE TO AGREEMENT WITH THE DEVELOPER.**

HAVING REGARD TO THE FOREGOING, OUR OPINION OF THE MARKET VALUE OF THE LEGAL INTEREST IN THE SUBJECT PROPERTY, AN ASSUMED COMPLETED 126 UNITS OF SERVICED APARTMENTS ON A FULLY FURNISHED BASIS, LOCATED ON 30TH TO 45TH FLOORS OF TOWER A, ANTARA @ GENTING HIGHLANDS, SITED ON PARENT LOT 43031 (FORMERLY PT 23923), MUKIM AND DISTRICT OF BENTONG, PAHANG DARUL MAKMUR HELD UNDER PARENT TITLE NO. GRN 45572 (FORMERLY HSD 18603) ON THE BASIS OF VACANT POSSESSION AND SUBJECT TO THE ABOVEMENTIONED ASSUMPTIONS AND THAT THE FORTHCOMING STRATA TITLES WILL BE FREE OF ALL ENCUMBRANCES, GOOD, MARKETABLE AND REGISTRABLE AS AT THE DATE OF THIS VALUATION I.E. 5TH JANUARY 2021 IS RM143,000,000 (RINGGIT MALAYSIA ONE HUNDRED AND FORTY THREE MILLION ONLY).

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS AS STATED ABOVE, THE APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED.

Yours faithfully,
For and on behalf of
OPTIMA REAL ESTATE SDN. BHD.



Sr CHEOK BEE KHIM, MRISM
REGISTERED VALUER, V-772

APPENDIX V - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and our Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

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

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

Optima, being the Independent Registered Valuer for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion of its name, valuation report, valuation certificate and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOB Kay Hian, Providence and Optima have given their written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to their respective roles as the Adviser, Independent Market Researcher and Independent Registered Valuer to Kanger for the Proposals.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no 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 our Group's financial position or business.

As at the LPD, there is no material litigation, claims or arbitration, including those pending or threatened, involving the Subject Properties.

5. MATERIAL COMMITMENTS

As at the LPD, save for the Proposed Acquisition, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on our Group's financial results/ position.

6. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on our Group's financial results/ position.

APPENDIX V - FURTHER INFORMATION (CONT'D)

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Constitution of Kanger;
- ii. Audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2019 and the latest unaudited quarterly report of our Group for the 12-month FPE 31 December 2020;
- iii. The letters of consent and declarations of conflict of interests referred to in Sections 2 and 3 of Appendix V above, respectively;
- iv. The SPA;
- v. The Independent Market Researcher's report prepared by Providence dated 1 June 2021;
- vi. The valuation report together with the valuation certificate of the Subject Properties prepared by the Independent Registered Valuer dated 16 March 2021;
- vii. The draft Deed Poll B; and
- viii. The undertaking letter from the Undertaking Shareholder dated 24 February 2021.



KANGER INTERNATIONAL BERHAD

Registration No.: 201201030306 (1014793-D)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Kanger International Berhad ("**Kanger**" or the "**Company**") ("**EGM**") will be conducted on a fully virtual basis through live streaming and online remote participation and voting from the Main Venue at Board Room of K-3-12 & K-3-13, Solaris Mont Kiara, No. 2, Jalan Solaris, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) and the EGM is hosted virtually at <https://rebrand.ly/KangerEGM> operated by Mlabs Research Sdn Bhd on Monday, 28 June 2021 at 10.30 a.m., or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 2,861,936,149 NEW ORDINARY SHARES IN KANGER ("KANGER SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.06 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING KANGER SHARE HELD, TOGETHER WITH UP TO 2,861,936,149 FREE DETACHABLE WARRANTS IN KANGER ("WARRANT(S) B") ON THE BASIS OF 1 WARRANT B FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"**THAT**, subject to the passing of the Ordinary Resolution 2, and the approvals of all relevant authorities and/or parties (if required) being obtained, where required, approval be and is hereby given to the Board of Directors of Kanger ("**Board**") for the following:-

- i. to provisionally allot and issue by way of a renounceable rights issue of up to 2,861,936,149 Rights Shares together with up to 2,861,936,149 Warrants B to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, on the basis of 1 Rights Share for every 1 existing Kanger Share held;
- ii. to issue such Rights Shares together with Warrants B as may be required to give effect to the Proposed Rights Issue with Warrants, including any persons entitled on renunciation of the provisional allotments; and
- iii. to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Rights Shares and Warrants B;

THAT any Rights Shares together with Warrants B which are not taken up or validly taken up shall be made available for excess applications to the entitled shareholders and/ or their renounee(s) who have applied for the excess Rights Shares with Warrants B, and are intended to be allocated on a fair and equitable basis;

THAT any fractional entitlements of the Rights Shares together with Warrants B arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and dealt with in such manner as the Board shall in its sole and absolute discretion deems fit and expedient, and is in the best interests of the Company;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised as set out in the circular to the shareholders dated 11 June 2021 ("**Circular**"), and the Board be and is hereby authorised with full power to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board, may at its absolute discretion, deem fit, necessary, expedient and/or in the best interest of the Company, subject to the approval of the relevant authorities, where required;

THAT the Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing Kanger Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares;

THAT the Board be and is hereby authorised to sign and execute all documents, enter into any arrangements, agreements and/ or undertakings with any party or parties, do all things as may be required to give effect to the Proposed Rights Issue with Warrants with full powers to assent to any conditions, variations, modifications and/ or amendments including to vary the manner and/ or the purpose of the utilisation of proceeds arising from the Proposed Rights Issue with Warrants, if necessary, in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants in the best interest of the Company;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue to be in full force and effect until the Rights Shares together with Warrants to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION BY KANGER VENTURES SDN BHD (FORMERLY KNOWN AS KANGER DEVELOPMENT (M) SDN BHD), A WHOLLY-OWNED SUBSIDIARY OF KANGER, OF 126 UNITS OF PROPOSED SERVICED APARTMENTS LOCATED ON THE 30TH TO 45TH FLOORS OF TOWER A, ANTARA @ GENTING HIGHLANDS, SITED ON A PIECE OF FREEHOLD LAND HELD UNDER TITLE NO. GRN 45572 (FORMERLY HSD 18603), LOT 43031 (FORMERLY PT 23923), MUKIM AND DISTRICT OF BENTONG, PAHANG DARUL MAKMUR FROM THE DEVELOPER, NAMELY ASET KAYAMAS SDN BHD ("VENDOR") FOR A TOTAL PURCHASE CONSIDERATION OF RM142,870,000 TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED ACQUISITION")

"**THAT**, subject to the passing of the Ordinary Resolution 1, and the approvals of all relevant authorities and/ or parties being obtained, approval be and is hereby given to Kanger Ventures Sdn Bhd ("**Kanger Ventures**") to proceed with, carry out and implement the Proposed Acquisition, in accordance with the terms and conditions of the conditional sale and purchase agreement dated 24 February 2021 entered into between Kanger Ventures and the Vendor.

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

ORDINARY RESOLUTION 3

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF KANGER AND ITS SUBSIDIARIES TO INCLUDE CONSTRUCTION AND RELATED ACTIVITIES ("PROPOSED DIVERSIFICATION")

"**THAT**, subject to the approvals of the relevant authorities and/ or parties being obtained, approval be and is hereby given to the Company and its subsidiary companies to diversify its existing principal activities to include construction and related activities;

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

By Order of the Board

WONG YUET CHYN (MAICSA 7047163)
(SSM PC 202008002451)
Company Secretary

Kuala Lumpur
11 June 2021

Notes:-

1. *A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.*
2. *A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.*
3. *A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*
4. *Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 3121 or email to ir.kanger@shareworks.com.my not less than twenty-four (24) hours before the time appointed for the taking of the poll during the EGM or at any adjournment thereof, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.*
6. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 June 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
8. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.*



KANGER INTERNATIONAL BERHAD

Registration No.: 201201030306 (1014793-D)
(Incorporated in Malaysia)

EXTRAORDINARY GENERAL MEETING ("EGM")

ADMINISTRATIVE GUIDE

<u>Date</u>	<u>Time</u>	<u>Main Venue</u>
28 June 2021 (Monday)	10.30 a.m.	Board Room of K-3-12 & K-3-13, Solaris Mont Kiara No. 2, Jalan Solaris, Mont Kiara 50480 Kuala Lumpur, Wilayah Persekutuan (KL) EGM is hosted virtually at https://rebrand.ly/KangerEGM operated by Mlabs Research Sdn Bhd

MODE OF MEETING

In view of the Covid-19 outbreak and as part of the safety measures, the EGM will be conducted on a fully virtual basis through live streaming from the Main Venue.

Shareholders of the Company ("**Shareholders**") are **NOT REQUIRED** to be physically present **NOR ADMITTED** at the Main Venue on the day of the EGM.

Shareholders will have to register to attend the EGM remotely by using the Remote Participation and Voting ("**RPV**") Facilities, the details as set out below.

RPV

The EGM will be conducted through live streaming and online remote voting. You are encouraged to attend the EGM by using the RPV Facilities. With the RPV Facilities, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board) and vote at the EGM.

Individual Members are strongly encouraged to take advantage of RPV Facilities to participate and vote remotely at the EGM. Please refer to the details as set out under RPV Facilities for information.

If an individual member is unable to attend the EGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Corporate Members (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the EGM using the RPV Facilities. Corporate Members who wish to participate and vote remotely at the EGM must contact the poll administrator, ShareWorks Sdn Bhd with the details set out below for assistance and will be required to provide the following documents to the Company no later than **27 June 2021 at 10.30 a.m.**:

- i. Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
- ii. Copy of the Corporate Representative's or proxy's MyKad (front and back)/ Passport; and'
- iii. Corporate Representative's or proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks Sdn Bhd or the Company will respond to your remote participation request.

If a Corporate Member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the EGM, the Corporate Member is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

In respect of **Nominee Company Members**, the beneficiaries of the shares under a Nominee Company's CDS account are also strongly advised to participate and vote remotely at the EGM using RPV Facilities. Nominee Company Members who wish to participate and vote remotely at the EGM can request its Nominee Company to appoint him/ her as a proxy to participate and vote remotely at the EGM. Nominee Company must contact the poll administrator, ShareWorks Sdn Bhd with the details set out below for assistance and will be required to provide the following documents to the Company no later than **27 June 2021 at 10.30 a.m.**:

- i. Form of Proxy under the seal of the Nominee Company;
- ii. Copy of the proxy's MyKad (front and back)/ Passport; and
- iii. Proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks Sdn Bhd or the Company will respond to your remote participation request.

If a Nominee Company Member is unable to attend the EGM, it is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

The procedures for the RPV in respect of the live streaming and remote voting at the EGM is as follows:

Procedures		Action
Before the EGM		
1.	Register as participant in the online EGM	<ul style="list-style-type: none"> • Using your computer, access the website at https://rebrand.ly/KangerEGM • Click on the Register link to register for the EGM session. • Upon submission of your registration, you will receive an email notifying you that your registration is received and will be pending verification. • The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android, and iOS). Please refer to the tutorial guide posted on the same page for assistance.
2.	Submit your online registration	<ul style="list-style-type: none"> • Shareholders who wish to participate and vote remotely at the EGM via RPV Facility are required to register prior to the meeting. The registration will be open from 10.30 a.m. on 11 June 2021 and the registration will close at 10.30 a.m. on 27 June 2021. • Clicking on the link mentioned in item 1 will redirect you to the EGM event page. Click on the Register link for the online registration form. • Complete your particulars in the registration page. Your name MUST match your CDS account name (not applicable for proxy). • Insert your CDS account number(s) and indicate the number of shares you hold. • Read and agree to the Terms & Conditions and confirm the Declarations. • Please ensure all information given is accurate before you click Submit to register your remote participation. Failure to do so will result in your registration being rejected.

Procedures		Action
Before the EGM		
		<ul style="list-style-type: none"> • System will send an email to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors of the Company as at 21 June 2021, the system will send you an email to notify you if your registration is approved or rejected after 22 June 2021. • If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.
On the day of EGM		
3.	Attending the virtual EGM	<ul style="list-style-type: none"> • Two reminder emails will be sent to your inbox. First is one day before the date of the EGM, while the 2nd will be sent 1 hour before the EGM commences. • Click Join Event in the reminder email to participate the RPV.
4.	Participate with live video	<ul style="list-style-type: none"> • You will be given a short brief about the system. • Your microphone is muted throughout the whole session. • If you have any questions for the Chairman/Board, you may use the Q&A panel to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. • The session will be recorded. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	<ul style="list-style-type: none"> • The Chairman will announce the commencement of the voting session and the duration allowed at the respective EGM. • The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame. • Click on the Submit button when you have completed. • Votes cannot be changed once it is submitted.
6.	End of RPV Facility	<ul style="list-style-type: none"> • Upon the announcement by the Chairman on the closure of the EGM, the live session will end.

Proxy

Shareholders who appoint proxies to participate via RPV Facilities in the EGM must ensure that the duly executed proxy forms are deposited in a hard copy form at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 3121 or by email to ir.kanger@shareworks.com.my, no later than **Sunday, 27 June 2021 at 10.30 a.m.**

Please note that if an individual member has submitted his/ her Form of Proxy prior to the EGM and subsequently decides to personally participate in the EGM via RPV Facilities, the individual member shall proceed to contact ShareWorks Sdn Bhd using the contact details set out below to revoke the appointment of his/ her proxy no later than **Sunday, 27 June 2021 at 10.30 a.m.**

Poll Voting

The voting at the EGM will be conducted by poll in accordance with Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn Bhd as Scrutineers to verify the poll results.

The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed.

No Recording or Photography

Strictly **NO recording or photography** of the proceedings of the EGM is allowed.

No Breakfast/Lunch Packs, Door Gifts or Food Vouchers

There will be no distribution of breakfast/ lunch packs, door gifts or food vouchers.

Enquiry

If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday) (except public holidays).

For Registration, logging in and system related:- Kanger International Berhad

Name : Mr ZH Lee
Telephone No. : 016-328 7852
Email : info@kangergroup.com

For Proxy and other matters: ShareWorks Sdn Bhd

Name : Mr Goh Chin Khoon or Mr Fong Wee Liam or Mr Kou Si Qiang
Telephone No. : +603-6201 1120
Fax Number : +603-6201 3121
Email : ir.kanger@shareworks.com.my

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD

To administrate the proceedings of the EGM in orderly manner, Shareholders may before the EGM, submit questions for the Board to info@kangergroup.com no later than **Sunday, 27 June 2021 at 10.30 a.m.** The Board will endeavour to address the questions received at the EGM.



FORM OF PROXY

CDS Account No.						-																		
Number of Shares Held																								

I/We
 (FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No./)

of
 (FULL ADDRESS)

being a member/ members of **KANGER INTERNATIONAL BERHAD**, hereby appoint

Name of Proxy	NRIC No. / Passport No.	% of Shareholding to be Represented
Address		
Email Address		Contact No.

or failing him/her,

Name of Proxy	NRIC No. / Passport No.	% of Shareholding to be Represented
Address		
Email Address		Contact No.

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held from the Main Venue at Board Room of K-3-12 & K-3-13, Solaris Mont Kiara, No. 2, Jalan Solaris, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) and the EGM is hosted virtually at <https://rebrand.ly/KangerEGM> operated by Mlabs Research Sdn Bhd on Monday, 28 June 2021 at 10.30 a.m. or at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Proposed Rights Issue with Warrants		
2.	Proposed Acquisition		
3.	Proposed Diversification		

(Please indicate with an X in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this day of, 2021

.....
 Signature(s) of member(s)

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.



4. *Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 3121 or email to ir.kanger@shareworks.com.my not less than twenty-four (24) hours before the time appointed for the taking of the poll during the EGM or at any adjournment thereof, which the person names in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.*
6. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 June 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
8. *Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

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AFFIX
STAMP

The Company Secretary
KANGER INTERNATIONAL BERHAD
Registration No.: 201201030306 (1014793-D)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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Fold This Flap For Sealing
