THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular. You should rely on your own evaluation to assess the merits and risks of the Proposed Acquisition (as defined herein).

GLOMAC BERHAD
[Registration No. 198301015139 (110532-M)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED ACQUISITION OF THE REMAINING 49% EQUITY INTEREST IN GLOMAC BINA SDN. BHD. NOT OWNED BY GLOMAC BERHAD ("GLOMAC" OR THE "COMPANY") FROM TAN SRI DATO' MOHAMED MANSOR BIN FATEH DIN AND MOHD YASIN LOH BIN ABDULLAH FOR A TOTAL CASH CONSIDERATION OF RM16,252,854 ("PROPOSED ACQUISITION")

PART B

INDEPENDENT ADVICE LETTER FROM MIDF AMANAH INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS OF GLOMAC IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Adviser

MIDF AMANAH INVESTMENT BANK BERHAD
[Registration No. 197501002077 (23878-X)]
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of the Company will be conducted on a virtual basis at the broadcast venue at the Board Room, Glomac Berhad, Level 15, Menara Glomac, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur through live streaming and online remote voting using remote participation and voting facilities via Securities Services e-Portal on Thursday, 22 June 2023 at 2:30 p.m. or at any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed in this circular.

A member entitled to attend and vote at the EGM of the Company is entitled to appoint one (1) or more persons to be his/her proxy to attend and vote on his/her behalf. If you intend to appoint a proxy to attend and vote at the EGM of the Company on your behalf, you may complete the Proxy Form and deposit it to the Company's Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not later than forty-eight (48) hours before the time set of holding the EGM of the Company or at any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at *https://sshsb.net.my/*. The resolution set out in the Notice of EGM is to be voted by poll. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM of the Company should you subsequently wish to do so.

Should you wish to personally participate in the EGM of the Company remotely, please register electronically via Securities Services e-Portal at *https://sshsb.net.my/* by the registration cut-off date and time. For more information, please refer to the Administrative Details for the EGM.

IMPORTANT DATES:

Last date and time for lodging the Proxy Form	:	Tuesday, 20 June 2023 at 2:30 p.m.
Date and time of the EGM	:	Thursday, 22 June 2023 at 2:30 p.m.

This Circular is dated 30 May 2023

In this Circular and the accompanying appendices, the following words and abbreviations shall have the following meanings unless otherwise stated:

Act	:	Companies Act 2016
Board	:	Board of Directors of Glomac
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd. [Registration No.: 198701006854 (165570-W)]
Bursa Securities	:	Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)]
CIDB	:	Construction Industry Development Board
Circular	:	Circular to shareholders dated 30 May 2023 in relation to the Proposed Acquisition
Datuk Seri Fateh Iskandar	:	Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor
Director(s)	:	The director(s) of Glomac or its subsidiary (as the case may be) and shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of Glomac, or its subsidiary or holding company
EBITDA	:	Earnings before interest, tax, depreciation, and amortisation
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
EV	:	Enterprise value
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
Glomac or Company	:	Glomac Berhad [Registration No.: 198301015139 (110532-M)]
Glomac Group or Group	:	Glomac Berhad and its subsidiaries
Glomac Bina	:	Glomac Bina Sdn. Bhd. [Registration No.: 199001008912 (200482-U)]
Glomac Share(s) or Share(s)	:	Ordinary share(s) in Glomac
Glomac Bina Share(s)	:	Ordinary share(s) in Glomac Bina
Government	:	Government of Malaysia
Interested Directors and/or Interested Major Shareholders	:	Collectively, Tan Sri Dato' FD Mansor and Datuk Seri Fateh Iskandar who are deemed interested in the Proposed Acquisition as set out in Section 11, Part A of this Circular
Interested Parties	:	Persons connected with the Interested Directors and/or Interested Major Shareholders

IAL	:	The independent advice letter dated 30 May 2023 from the Independent Adviser to the non-interested shareholders of Glomac in relation to the Proposed Acquisition, as set out in Part B of this Circular
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	18 May 2023, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per share
MIDF Investment or Independent Adviser	:	MIDF Amanah Investment Bank Berhad [Registration No.: 197501002077 (23878-X)]
NA	:	Net assets
N/A	:	Not applicable
PAT	:	Profit after tax
PBT	:	Profit before tax
P/E multiple	:	Price-to-earnings multiple
Proposed Acquisition	:	Proposed acquisition of the remaining 49% equity interest in Glomac Bina not owned by Glomac from Tan Sri Dato' FD Mansor and Mohd Yasin Loh bin Abdullah for a total cash consideration of RM16,252,854
Purchase Consideration	:	Total cash consideration of RM16,252,854 in relation to the Proposed Acquisition
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
Sale Shares	:	1,372,000 Glomac Bina Shares, representing 49% equity interest in Glomac Bina
SSA	:	Share sale agreement dated 12 April 2023 between the Company and the Vendors for the Proposed Acquisition
Tan Sri Dato' FD Mansor	:	Tan Sri Dato' Mohamed Mansor bin Fateh Din
Vendors	:	Collectively, Tan Sri Dato' FD Mansor and Mohd Yasin Loh bin Abdullah

All references to "**you**" in this Circular are to the shareholders of the Company.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Any references to persons shall include corporations, unless otherwise specified.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any reference in this Circular to any enactment, codes, rules or regulations is a reference to that enactment, codes, rules or regulations as for the time being amended or re-enacted.

Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

This Circular includes forward-looking statements. All statements other than statements of historical facts in this Circular including, without limitation, those regarding the Company's financial position, business strategies, plans and objectives of the Company for future operations, are forward-looking statements. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Group's plans and objectives will materialise, be fulfilled or be achieved.

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LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION:

PART A
LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION

GLOMAC BERHAD
[Registration No. 198301015139 (110532-M)]
(Incorporated in Malaysia)

Registered Office:
Level 15, Menara Glomac
Glomac Damansara
Jalan Damansara
60000 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

30 May 2023

Board of Directors

Tan Sri Dato' Mohamed Mansor bin Fateh Din *(Group Executive Chairman)*
Datuk Fong Loong Tuck *(Group Executive Vice Chairman)*
Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor *(Group Managing Director/Chief Executive Officer)*
Dato' Ikhwan Salim bin Dato' Haji Sujak *(Senior Independent Non-Executive Director)*
Choo Shan *(Independent Non-Executive Director)*
Mohd Razlan bin Mohamed *(Independent Non-Executive Director)*

To: The shareholders of Glomac

Dear Sir/Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 12 April 2023, the Board announced that Glomac had, on even date, entered into the SSA with the Vendors in relation to the Proposed Acquisition.

The Proposed Acquisition is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, in view of the interests of Interested Directors and Interested Major Shareholders as set out in Section 11, Part A of this Circular.

Accordingly, on 6 January 2023, MIDF Investment has been appointed as the Independent Adviser by the Board (save for the Interested Directors) to provide the non-interested Directors and non-interested shareholders with:

(i) an opinion as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested Directors and non-interested shareholders are concerned and whether the Proposed Acquisition is to the detriment of the non-interested shareholders; and

(ii) a recommendation as to whether the non-interested shareholders should vote in favour of the Proposed Acquisition.

The details of the Proposed Acquisition are set out in Section 2, Part A of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION OF THE PROPOSED ACQUISITION, TO SET OUT THE VIEWS AND RECOMMENDATIONS OF THE BOARD (SAVE FOR THE INTERESTED DIRECTORS) AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR AND IAL AS SET OUT IN PART A AND PART B OF THIS CIRCULAR, RESPECTIVELY, TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

The Vendors, have agreed to sell and Glomac has agreed to purchase 1,372,000 Glomac Bina Shares, representing 49% equity interest in Glomac Bina, free from all encumbrances, together with all rights, benefits, and other entitlements attaching to the Sale Shares, for a total purchase consideration of RM16,252,854, to be satisfied entirely in cash, on terms and conditions as set out in the SSA.

Upon completion of the Proposed Acquisition, Glomac Bina, a 51%-owned subsidiary of Glomac as at the LPD, will become a wholly-owned subsidiary of Glomac.

Salient terms of SSA are set out in Section 2.2, Part A of this Circular.

2.1 Information of Glomac Bina

Glomac Bina was incorporated in Malaysia on 7 July 1990 as a private limited company under the Companies Act 1965 under the name of Pembinaan Glomac Sdn. Bhd. and is deemed registered under the Act. It changed its name to Glomac Bina Sdn. Bhd. on 13 February 1996.

Glomac Bina has its registered address at Level 15, Menara Glomac, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

Glomac Bina is a building contractor. As at the LPD, Glomac Bina is solely involved in the construction works of the property development projects awarded by the Glomac Group.

As at the LPD, the issued share capital of Glomac Bina is RM9,800,000 comprising 2,800,000 Glomac Bina Shares.

The details of Glomac Bina's shareholders and Directors as at the LPD are as follows:

Name	Nationality/ Country of Incorporation	Direct No. of Glomac Bina Shares	%	Indirect No. of Glomac Bina Shares	%
Directors and shareholders					
Tan Sri Dato' FD Mansor	Malaysian	1,092,000	39.0	1,428,000$^{(1)}$	51.0
Mohd Yasin Loh bin Abdullah	Malaysian	280,000	10.0	-	-
Datuk Seri Fateh Iskandar	Malaysian	-	-	2,520,000$^{(2)}$	90.0
Shareholder					
Glomac	Malaysia	1,428,000	51.0	-	-
Director					
Datuk Fong Loong Tuck	Malaysian	-	-	-	-
Total		**2,800,000**	**100.0**		

Notes:

(1) Deemed interested pursuant to Section 8 of the Act by virtue of his interest in Glomac.

(2) Deemed interested pursuant to Section 8 of the Act by virtue of his interest in Glomac and his father's interest in Glomac Bina.

Please refer to Appendix II of this Circular for further details on Glomac Bina.

2.2 Salient terms of the SSA

The salient terms of the SSA include, among others, the following:

2.2.1 Sale of the Sale Shares

The Vendors shall sell 1,372,000 Glomac Bina Shares in the following proportion:

Vendors	No. of Sale Shares held
Tan Sri Dato' FD Mansor	1,092,000
Mohd Yasin Loh bin Abdullah	280,000

Glomac shall buy the Sale Shares free from all encumbrances and with all rights and benefits for a purchase consideration of RM16,252,854 from the Vendors to be paid in the following proportion:

(a) a sum of RM12,935,945 shall be paid to Tan Sri Dato' FD Mansor; and

(b) a sum of RM3,316,909 shall be paid to Mohd Yasin Loh bin Abdullah.

2.2.2 Matters to be satisfied

The obligation of Glomac to buy the Sale Shares from the Vendors is conditional upon the following:

(a) Glomac obtaining the approval of its shareholders for the acquisition of the Sale Shares in accordance with the provision of the SSA in a general meeting; and

(b) the consent of all other relevant parties (including but not limited to approvals of financial institutions),

(collectively, "**Conditions**"), within a period of 240 days from the date of the SSA or such further period as may be mutually agreed between Glomac and the Vendors ("**Parties**") ("**Long Stop Date**").

2.2.3 Manner of payment

The Purchase Consideration is payable in full by Glomac to the Vendors in cash by way of cheque on a date within 30 days from the date on which all Conditions are satisfied, or such other date mutually agreed between the Parties ("**Completion Date**").

2.2.4 Delivery of documents

Completion of the sale and purchase of all and not part of the Sale Shares shall take place on the Completion Date, upon receipt of the following by Glomac:

(a) original share certificates in respect of the Sale Shares;

(b) share transfer form(s) in respect of the Sale Shares duly executed by the Vendors; and

(c) board resolution of Glomac Bina approving the transfer of the Sale Shares by the Vendors to Glomac.

2.2.5 Post completion obligations

Glomac Bina shall within 30 business days from the Completion Date or such other dates as Glomac may from time to time agree ("**Post Completion Date**"), deliver to Glomac the following documents:

(i) the updated register of members of Glomac Bina with Glomac's name entered as registered holder of the Sale Shares (subject to Glomac providing the duly stamped transfer forms for the Sale Shares), certified as a true copy by a Director or a secretary of Glomac Bina; and

(ii) the original share certificates in the name of Glomac for the Sale Shares.

2.2.6 SSA termination

Without prejudice to either party's rights under or in connection with the SSA, the SSA may be terminated in any of the following events:

(i) any of the Conditions is not satisfied by the Long Stop Date;

(ii) Glomac or any of the Vendors breaches all or any of the provisions of the SSA or any of the SSA's warranties;

(iii) any of the Vendors, Glomac and/or Glomac Bina is or becomes insolvent; or

(iv) it appears that any of the warranties in the SSA is or has become inaccurate or misleading,

the party not in default shall be entitled to serve a notice of termination on the party in default.

Upon receipt of the notice of termination from the party not in default by the party in default, the SSA shall be terminated and neither party shall have any claim against each other save for antecedent breach.

2.2.7 Governing law and submission jurisdiction

The SSA shall be governed by Malaysian law and the Parties submit to the exclusive jurisdiction of the Courts of Malaysia.

For information, Glomac is required to obtain prior written consent from its financier to, among others, in the event of undertaking or permit any merger, consolidation and reorganisation. Pursuant to the above, Glomac has subsequently obtained written consent from the financier on 10 May 2023 for the Proposed Acquisition. There is no deposit made by Glomac for the Proposed Acquisition upon execution of the SSA.

2.3 Basis of determining and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

(i) 35% discount to the audited NA of Glomac Bina of RM51,029,367 as at FYE 30 April 2022;

(ii) the rationale for the Proposed Acquisition as set out in Section 3, Part A of this Circular; and

(iii) the prospects of Glomac Bina as set out in Section 4.4, Part A of this Circular.

The Board (save for the Interested Directors) is of the view that the Purchase Consideration is reasonable and justifiable after taking into account the abovementioned basis.

2.4 Liabilities to be assumed by Glomac

There are no liabilities, including contingent liabilities and/or guarantees of Glomac Bina, to be assumed by Glomac arising from the Proposed Acquisition.

2.5 Additional financial commitment required

Upon completion of the Proposed Acquisition, there is no additional financial commitment required by the Glomac Group to put the business of Glomac Bina on-stream. Glomac Bina is a 51%-owned subsidiary of Glomac and is already an on-going business entity with an established historical financial track record as set out in Appendix II of this Circular.

Based on the latest audited financial statements of Glomac Bina for the FYE 30 April 2022, Glomac Bina has recorded a positive cash flow from its operating activities of RM3.05 million, and has fixed deposits, cash and bank balances amounting to RM36.15 million.

2.6 Mode of settlement

Pursuant to the SSA, the Purchase Consideration will be settled entirely in cash by way of cheque upon the completion of the SSA.

2.7 Source of funding

The Purchase Consideration is expected to be satisfied entirely from internally generated funds. Based on the unaudited statements of cash flows of Glomac for the 9-month FPE 31 January 2023, the Group has fixed deposits and short-term placements as well as cash and bank balances of approximately RM248.20 million.

2.8 Information on the Vendors

Tan Sri Dato' FD Mansor, a Malaysian, aged 83, is the Group Executive Chairman and a major shareholder of Glomac. He is also a shareholder and Director of Glomac Bina. He has more than 30 years of experience in the property development business.

As at the LPD, he holds a total of 161,283,317 Glomac Shares, representing 21.01% of the issued share capital of Glomac.

Mohd Yasin Loh bin Abdullah, a Malaysian, aged 65, is a shareholder and Director of Glomac Bina. He has more than 40 years of experience in the construction industry.

As at the LPD, he does not hold any directorship or equity interest in Glomac.

2.9 Original cost and date of investments

The original cost and date of investment by the Vendors and Glomac in Glomac Bina are as follows:

Date of investment	No. of Glomac Bina Shares	Original cost of investment RM
Tan Sri Dato' FD Mansor		
7 July 1990	1	1
30 August 1990	69,999	69,999
26 November 1991	90,400	90,400
28 December 1992[(1)]	(4,010)	(4,010)
16 September 1993	77,610	77,610
27 May 1994	156,000	156,000
1 April 2005	390,000	390,000
2 January 2008	312,000	312,000
	1,092,000	**1,092,000**
Mohd Yasin Loh bin Abdullah		
22 October 1992[(2)]	40,100	40,100
16 September 1993	19,900	19,900
27 May 1994	40,000	40,000
1 April 2005	100,000	100,000
2 January 2008	80,000	80,000
	280,000	**280,000**
Glomac		
26 November 1991	210,600	210,600
3 January 1992	30,000	30,000
22 October 1992[(2)]	(40,100)	(40,100)
28 December 1992[(1)]	4,010	4,010
16 September 1993	101,490	101,490
27 May 1994	204,000	204,000
1 April 2005	510,000	510,000
2 January 2008	408,000	408,000
	1,428,000	**1,428,000**

Notes:

(1) Sale of Glomac Bina Shares from Tan Sri Dato' FD Mansor to Glomac on 28 December 1992.

(2) Sale of Glomac Bina Shares from Glomac to Mohd Yasin Loh bin Abdullah on 22 October 1992.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition will enable Glomac Bina to become a wholly-owned subsidiary of the Company. As stated in Section 2.1, Part A of this Circular, Glomac Bina is solely involved in construction works of the property development projects awarded by the Glomac Group as at the LPD. The Proposed Acquisition will enable Glomac to streamline the Glomac Group's structure and gain 100% control in Glomac Bina to be in the position to drive the future strategic direction of Glomac Bina. The Proposed Acquisition is in line with the overall strategy of the Group to focus on its property development business and facilitate the continuing growth of the Group's core business as a property developer.

The Glomac Group has been consolidating the financial results of Glomac Bina at 51% interest. Upon completion of the Proposed Acquisition, the Glomac Group will be able to recognise 100% of financial results from Glomac Bina. Given Glomac Bina's growth potential in the construction sector, the Proposed Acquisition is expected to contribute positively to the future earnings of the Group.

Additionally, the Proposed Acquisition would streamline the construction business of Glomac Bina under Glomac, which the Company envisions will improve operational efficiency and enhance operational synergies between the Glomac Group and Glomac Bina by leveraging on each other's resources, expertise and experience, as well as operational consolidation to achieve scale in operation and market presence.

Barring any unforeseen circumstances, the Board believes that the Proposed Acquisition may potentially augur well for the future growth prospects of the Glomac Group.

4. INDUSTRY OVERVIEW AND OUTLOOK

4.1 Overview and outlook of the Malaysian economy

The global gross domestic product ("**GDP**") growth in 2022 moderated to 3.4% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies (EMDEs). Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5% - 7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism. Subsequently, encouraging expansion in all economic sectors primarily the services and manufacturing have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia's major trading partners.

Notwithstanding the growth, the economy in 2022 experienced several challenges with escalating inflationary pressures due to high commodity and food prices as well as softened global economic growth and trade. Therefore, the Government has taken various holistic and comprehensive measures to help the rakyat and businesses in dealing with inflationary pressures and higher cost of living.

In 2023, global growth is expected to further soften at 2.9% on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies. Meanwhile, Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021 – 2025 ("**12MP**"). However, a slowdown in external demand is expected to moderate exports growth, particularly in the electrical and electronic (E&E) products and major commodities.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia's performance. Overall, the nation's GDP is forecast to grow approximately 4.5% in 2023.

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

4.2 Overview and outlook of property industry in Malaysia

More than 389,000 transactions worth RM179.07 billion were recorded, showing an increase of 29.5% in volume and 23.6% in value compared to last year.

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

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

The residential overhang numbers reduced to 27,746 units worth RM18.41 billion as at the fourth quarter of 2022, down by 24.7% and 19.2% in volume and value respectively (Fourth quarter of 2021: 36,863 worth RM22.79 billion).

Construction activity recorded an increase in housing starts, up by 13.4% to 97,804 units and new planned supply increased by 14.9% to 89,111 units compared to 2021. Contrarily, completions were down by 5.8% to 71,981 units.

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

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

Syarikat Jaminan Kredit Perumahan (**SJKP**) all this while has been providing Government Guarantees to assist borrowers who do not have a fixed income. In 2023, the SJKP is ready to guarantee up to RM5 billion in loan value to benefit 20,000 borrowers.

To further encourage home ownership, the Government will continue to exempt stamp duty for first-time home ownership, with a full exemption of stamp duty for homes valued at RM500,000 and below, and a 75% exemption for homes valued more than RM500,000 to RM1 million.

(Source: Budget 2023 Speech released on 24 February 2023, Ministry of Finance Malaysia)

4.3 Overview and outlook of construction industry in Malaysia

Sturdy activities supported growth

The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. The increasing demand for industrial buildings was supported by the improvement in private investment and robust domestic economic activities. The acceleration of infrastructure projects such as East Coast Rail Link ("**ECRL**") and Rapid Transit System (RTS) Link also support the sector's performance. In addition, the development of residential property remains active which boded well with the implementation of measures under the Budget 2022, including a total government guarantee of up to RM2 billion via Skim Jaminan Kredit Perumahan as well as housing projects for low-income group with an allocation of RM1.5 billion.

Strengthening activities towards resilience

The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance. The implementation of new projects such as upgrading the Klang Valley Double Track (KVDT) Phase 2 and acceleration of on-going infrastructure projects which include ECRL, LRT3 and fifth-generation cellular network (5G) rollout will spearhead the civil engineering subsector. In addition, the approved investment for projects in the manufacturing sector is anticipated to come on stream and subsequently create a greater demand for non-residential buildings. Activities in the residential buildings subsector are projected to grow steadily, supported by an increase in the supply of affordable houses in line with the 12MP strategy. In addition, continuous i-MILIKI incentive to encourage home ownership is expected to spur demand for residential buildings.

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

4.4 Prospects of the Glomac Group and Glomac Bina

Over the past five (5) most recent financial years, Glomac Group has launched an average of four (4) projects per year. For FYE 30 April 2023, the Group's planned launches are as follows:

Project and location	Project type	Gross Development Value (RM million)
Lakeside Residences, Puchong	High-rise residential	69
Saujana KLIA, Sepang	Double-storey terrace	89
GreenTec Puchong, Puchong	Small office/home office (SOHO)/Serviced Apartment	312
Total		**470**

Moving forward, the Group remains focused on its three (3) main business segments i.e., property development, construction and property investment.

Upon completion of the Proposed Acquisition, Glomac will assume 100% control in Glomac Bina, which allows the Glomac Group to recognise the full financial results from Glomac Bina. As set out in Section 6.3, Part A of this Circular which illustrated the pro forma effects of the Proposed Acquisition on the audited FYE 30 April 2022 results, the Proposed Acquisition demonstrated to be earnings accretive to the Glomac Group via enhancement of its EPS.

Moving forward, with the increase of future projects launched and planned, Glomac Bina is expected to provide more construction services (via inter-segment transactions as well as services provided to external customers), which will further increase the revenue of the Group. Concurrently, wherever feasible, Glomac Group anticipates more projects to be awarded to Glomac Bina moving forward to improve the financial performance of Glomac Bina.

Barring any unforeseen circumstances, the Board (save for the Interested Directors), after considering the abovementioned prospects, is optimistic that the Proposed Acquisition may augur well for the overall business and financial prospect of the Glomac Group moving forward and enable the Group to achieve its business plan and objective.

5. RISK FACTORS

In view that Glomac Bina is an existing subsidiary of the Company, the Proposed Acquisition is not expected to give rise to new risks to which the Group is not already exposed to which could materially affect, directly or indirectly, the business, operating results and financial condition of the Group.

Nonetheless, the Proposed Acquisition is subject to the following:

5.1 Acquisition risk

There is no assurance that the anticipated benefits of the Proposed Acquisition will be realised after the completion of the Proposed Acquisition. Accordingly, there can be no assurance that the anticipated benefits from the Proposed Acquisition will be realised, and that the enlarged Glomac Group will be able to generate sufficient returns in relation to its further investment in Glomac Bina to offset the associated costs arising from the Proposed Acquisition.

Notwithstanding the foregoing, Glomac will constantly monitor the progress and performance of Glomac Bina and leverage its management expertise to properly manage the operations of Glomac Bina.

5.2 Completion risk

The completion of the Proposed Acquisition is subject to, among others, the fulfilment of the conditions precedent as disclosed in Section 2.2.2, Part A of this Circular. In the event any of the conditions precedent are not fulfilled, the Proposed Acquisition may not be completed, which may result in the failure of the Group to achieve the objectives and benefits of the Proposed Acquisition.

Notwithstanding that, the Board and management of the Company shall use their best endeavours to ensure every effort is taken to procure all necessary approvals to satisfy the conditions precedent within the stipulated timeframe.

The Company will ensure that it will continue to adopt effective measures such as prudent financial management and efficient management procedures to manage these risks. However, there can be no assurance that changes in one or more of these factors will not materially affect the financial and business performance of Glomac Bina.

5.3 Integration risk

The Proposed Acquisition is also exposed to business integration risks and the risks of not being able to fully realise the expected business synergies with the Glomac Group. Upon completion of the Proposed Acquisition, the Company will undertake the necessary efforts to mitigate the various risks and ensure that a proper integration exercise and management structure be put in place to ensure successful integration. However, no assurance can be given that any integration efforts will not have a material adverse effect on the enlarged Glomac Group’s business performance and prospects.

5.4 Business and operational risk

The Proposed Acquisition is subject to risks inherent to the property and construction industry which the Glomac Group is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, among others, adverse changes in real estate market prices, changes in economic, social and political conditions, fluctuations in the prices of construction material cost and labour shortage issues, and performance of third-party sub-contractors. Any adverse changes in these conditions may have an adverse material effect on the property and construction industry in Malaysia and the Group. The Board anticipates that inflation, labour shortages, rising interest rates and materials costs will continue to pose challenges to the property and construction sectors. Nevertheless, the Group will adopt prudent management and efficient operating procedures to adapt to any negative changes in the property and construction industry. However, no assurance can be given that any changes in these factors will not have any material adverse effect on the Group's business and financial performance.

6. EFFECTS OF THE PROPOSED ACQUISITION

The pro forma effects of the Proposed Acquisition on the issued share capital, NA, NA per Share, gearing, earnings and EPS of Glomac as well as substantial shareholders' shareholdings in the Company are illustrated in the ensuing sections.

6.1 Share capital and substantial shareholders' shareholding

The Proposed Acquisition will not have any effect on the issued share capital and substantial shareholders' shareholdings of Glomac as the Purchase Consideration for the Proposed Acquisition will be satisfied entirely in cash.

6.2 NA, NA per Share and gearing

Based on the latest audited consolidated statements of financial position of Glomac as at 30 April 2022 and assuming that the Proposed Acquisition had been effected on 30 April 2022, the pro forma effects of the Proposed Acquisition on the NA, NA per Share and gearing of Glomac are as follows:

	Audited as at 30 April 2022 RM'000	**After the Proposed Acquisition RM'000**
Share capital	418,632	418,632
Capital reserve	300	300
Foreign currency translation reserve	737	737
Treasury shares	(14,292)	(14,292)
Retained earnings	752,858	761,725[(1)]
Equity attributable to owners of the Company/NA	1,158,235	1,167,102
Non-controlling interests	66,847	40,077
Total equity	**1,225,082**	**1,207,179**
No. of Shares in issue (excluding treasury shares) ('000)	768,066	768,066
NA per Share (RM)[(2)]	1.51	1.52
Total borrowings (RM'000)	491,653	491,653
Gearing (times)[(3)]	0.42	0.42

Notes:

(1) Upon recognition of the RM8.87 million in retained earnings pertaining to the remaining 49% of Glomac Bina held by the Vendors in relation to the Proposed Acquisition.

(2) Calculated based on NA over the number of Glomac Shares in issue (excluding treasury shares).

(3) Calculated based on total borrowings over NA.

6.3 Earnings and EPS

For illustration purposes, assuming that the Proposed Acquisition had been effected on 1 May 2021, the pro forma effects of the Proposed Acquisition on the earnings of the Glomac Group are as follows:

	Audited FYE 30 April 2022 RM'000	**After the Proposed Acquisition RM'000**
PAT attributable to owners of the Company	37,869	42,431[(1)]
Weighted average number of Shares in issue ('000)	768,041	768,041
Basic EPS (sen)[(2)]	4.93	5.52

Notes:

(1) After including the audited PAT of Glomac Bina for the FYE 30 April 2022, arising from the additional 49% equity interest in Glomac Bina as a result of the Proposed Acquisition.

(2) Computed based on PAT attributable to owners of the Company divided by the weighted average number of Shares in issue.

6.4 Convertible securities

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

7. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the relevant approvals being obtained, the Proposed Acquisition is expected to be completed by the third quarter of 2023.

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

Tentative Dates	**Events**
22 June 2023	EGM to approve the Proposed Acquisition
Third quarter of 2023	Fulfilment of all the conditions precedent of the SSA for the Proposed Acquisition

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Acquisition is subject to the following approvals being obtained:

(a) the non-interested shareholders of Glomac at the forthcoming EGM of the Company to be convened for the Proposed Acquisition; and

(b) the lender/financier of Glomac of which Glomac had obtained its consent for the Proposed Acquisition on 10 May 2023.

The Proposed Acquisition is not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

9. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION

As at the LPD, save for the Proposed Acquisition, there are no other corporate exercises or schemes which have been announced but not yet completed.

10. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 12.22%, computed based on the audited net profits of Glomac Bina compared with the audited net profits of Glomac as at 30 April 2022.

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

Save as disclosed below, none of the Directors, major shareholders, chief executive of the Company and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition:

(i) Tan Sri Dato' FD Mansor, the Group Executive Chairman and a major shareholder of Glomac, is a Director of Glomac Bina and one of the Vendors of the Proposed Acquisition. He is also the father of Datuk Seri Fateh Iskandar; and

(ii) Datuk Seri Fateh Iskandar, the Group Managing Director/Chief Executive Officer of Glomac and a major shareholder of Glomac. He is a Director and indirect major shareholder of Glomac Bina. He is also the son of Tan Sri Dato' FD Mansor.

The Interested Directors' and Interested Major Shareholders' shareholdings in Glomac as at the LPD based on the Register of Directors' Shareholding and the Register of Substantial Shareholders respectively are as follows:

Interested Directors and Interested Major Shareholders	**Direct interest**		**Indirect interest**	
	No. of Shares	**%**	**No. of Shares**	**%**
Tan Sri Dato' FD Mansor	161,283,317	21.01	154,256,800[(1)]	20.10
Datuk Seri Fateh Iskandar	146,930,800	19.14	161,283,317[(2)]	21.01

Notes:

(1) Including Shares held by nominee companies, and deemed interested pursuant to Section 8 and Section 59(11)(c) of the Act by virtue of his son's and daughters' interests in Glomac, respectively.

(2) Deemed interested pursuant to Section 8 of the Act by virtue of his father's interest in Glomac.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Acquisition.

The Interested Directors and Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of the Company. Further, the Interested Directors and Interested Major Shareholders will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of the Company.

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

Save for the Proposed Acquisition and as disclosed below, there have been no transactions entered into between the Glomac Group and the Interested Directors and Interested Major Shareholders and/or persons connected with them ("**Interested Parties**") for the preceding 12 months prior to the LPD.

Transaction with Interested Parties	**RM'000**
Award of contract and/or project for construction work by the Glomac Group to Glomac Bina(1)	16,664
Rental expenses paid or payable to companies in which Interested Parties of Glomac have a direct interest and are also directors of the companies(2)	258

Notes:

(1) Details of the project are set out in Section 11, Appendix II of this Circular.

(2) Tenancy agreements with Tan Sri Dato' FD Mansor and Datuk Seri Fateh Iskandar for the rental of the properties listed below:

(i) Two and three-storey shop office;

(ii) Two-storey terrace house; and

(iii) Three-storey shop office.

The tenures of the abovementioned properties are renewable every two (2) years.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company, after having considered, among others, the views of the Independent Adviser as well as all aspects of the Proposed Acquisition, including the salient terms of the SSA, the basis and justification for the Purchase Consideration, the rationale, risk factors of the Proposed Acquisition as well as the effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is:

(i) in the best interest of the Company;

(ii) fair, reasonable, and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of Glomac.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors), having considered, among others, the views of the Independent Adviser and the Audit Committee of the Company as well as all aspects of the Proposed Acquisition, including the salient terms of the SSA, the basis and justification for the Purchase Consideration, the rationale of the Proposed Acquisition as well as the effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is:

(i) in the best interest of the Company;

(ii) fair, reasonable, and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested shareholders of Glomac.

Accordingly, the Board (save for Interested Directors), recommends that non-interested shareholders vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

15. INDEPENDENT ADVISER

The Proposed Acquisition is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholders as set out in Section 11, Part A of this Circular.

Accordingly, MIDF Investment has been appointed as the Independent Adviser by the Board (save for the Interested Directors) to provide the non-interested Directors and non-interested shareholders with:

(i) an independent evaluation of the Proposed Acquisition;

(ii) an opinion as to whether the Proposed Acquisition is fair and reasonable and whether the Proposed Acquisition is detrimental to the non-interested shareholders of Glomac; and

(iii) a recommendation as to whether the non-interested shareholders of Glomac should vote for or against the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

The IAL from MIDF Investment is set out in Part B of this Circular. You should read the contents of this Circular (including the IAL) carefully before voting on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

16. EGM

The EGM, the notice of which is set out in this Circular, will be conducted on a virtual basis at the broadcast venue at the Board Room, Glomac Berhad, Level 15, Menara Glomac, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur through live streaming and online remote voting using remote participation and voting facilities via Securities Services e-Portal on Thursday, 22 June 2023 at 2:30 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Acquisition.

If you are unable to attend and vote in person at the EGM of the Company, you may complete, sign and return the Proxy Form in accordance with the instructions printed thereon to the Company's Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or lodged electronically with SS E Solutions Sdn. Bhd. via Securities Services e-Portal at *https://sshsb.net.my/* not later than forty-eight (48) hours before the time set of holding the EGM of the Company or at any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM of the Company should you subsequently wish to do so.

17. FURTHER INFORMATION

Shareholders are requested to refer to Part B of this Circular and the appendices set out in this Circular for further information.

Yours faithfully
For and on behalf of the Board
GLOMAC BERHAD

Datuk Fong Loong Tuck
Group Executive Vice Chairman

PART B
INDEPENDENT ADVICE LETTER FROM MIDF INVESTMENT TO THE NON-INTERESTED SHAREHOLDERS OF GLOMAC IN RELATION TO THE PROPOSED ACQUISITION

All definitions used in this Executive Summary shall have the same meanings as the words and expressions as defined in the 'Definitions' section of the Circular, except where the content otherwise requires or where otherwise defined herein. All reference to "you" are references to the non-interested shareholders of the Company, whilst references to "we", "us" or "our" in this IAL are references to MIDF Investment, being the Independent Adviser for the Proposed Acquisition.

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE PERTINENT INFORMATION OF THE PROPOSED ACQUISITION. YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL IN ITS ENTIRELY AND THE LETTER FROM THE BOARD AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND NOT TO RELY SOLELY ON THE EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSED ACQUISITION. YOU ARE ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

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

1. INTRODUCTION

On 12 April 2023, the Board announced that Glomac had, on even date, entered into the SSA with the Vendors in relation to the Proposed Acquisition.

The details of the Proposed Acquisition are set out in Section 2, Part A of the Circular.

In view of the interests of Interested Directors and Interested Major Shareholders in the Proposed Acquisition as set out in Section 11, Part A of the Circular, the Proposed Acquisition is deemed as a related party transaction under Paragraph 10.08 of the Listing Requirements. Accordingly, the Board (save for Interested Directors) had, on 6 January 2023, appointed MIDF Investment as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Glomac in respect of the Proposed Acquisition.

The purpose of this IAL is to provide the non-interested shareholders with an independent evaluation on the fairness and reasonableness of the Proposed Acquisition and whether the Proposed Acquisition is detrimental to the non-interested shareholders, together with our recommendation on whether the non-interested shareholders should vote in favour of the resolution pertaining to the Proposed Acquisition at Glomac's forthcoming EGM, subject to the scope and limitations of our role and evaluation as specified herein.

Nonetheless, the non-interested shareholders should rely on their own evaluation of the merits of the Proposed Acquisition before making a decision on the course of action to be taken at the forthcoming EGM of the Company.

This IAL is prepared solely for the use of the non-interested shareholders to consider the Proposed Acquisition and should not be used or relied upon by any other party for any other purposes whatsoever.

2. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, we have considered the following factors:

Section in the IAL	Consideration factors	Our evaluation
Section 6.1	Rationale for the Proposed Acquisition	The Proposed Acquisition is expected to: (i) Streamline the Glomac Group's structure and gain 100% control in Glomac Bina to be in the position to drive the future strategic direction of Glomac Bina and streamline the construction business of Glomac Bina under Glomac; and (ii) Recognise 100% of financial results from Glomac Bina. Upon the completion of the Proposed Acquisition, Glomac Bina will become a wholly owned subsidiary of the Company, allowing the Group to leverage Glomac Bina's expertise and resources in construction sector to intensify its development activities in the coming years. The Proposed Acquisition will complement Glomac's principal activities and enable the Group to exercise greater control over the future direction and prospects of Glomac Bina. We note that the Proposed Acquisition will enable Glomac to fully recognise the financial results from Glomac Bina. It Is observed that Glomac Bina had recorded a LAT of RM1.51 million in the unaudited 9-month FPE 31 January 2023. Nonetheless, Glomac Bina is in the midst of formulating plans to improve its financial performance. We observe that the Proposed Acquisition will eliminate any potential conflicts of interest and recurrent related party transactions between the Glomac Group and Glomac Bina. Upon completion of the Proposed Acquisition, Glomac will no longer require to renew its shareholders' mandate. This will minimise administrative efforts, time and costs that would otherwise be incurred to comply with the requirements in respect of recurrent related party transactions. Premised on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable and not detrimental to the non-interested shareholders of Glomac.
Section 6.2	Evaluation of the Purchase Consideration	We noted that the Board has taken the following into consideration: (i) 35% discount to the audited NA of Glomac Bina of RM51,029,367 as at FYE 30 April 2022; (ii) the rationale of the Proposed Acquisition as set out in Section 3, Part A of the Circular; and

Section in the IAL	Consideration factors	Our evaluation
		(iii) the prospects of Glomac Bina as set out in Section 4.4, Part A of the Circular. The valuation methodologies considered and selected by MIDF Investment are based on P/E multiple (as primary method) as well as P/B multiple and EV/EBITDA multiple (as counter-check methods). Based on our evaluation set out in the IAL: • The implied P/E multiple of Glomac Bina of 3.51 times is below the average adjusted P/E multiple of 7.43 times, and is below the range of adjusted P/E multiple of the comparable companies from 5.24 times to 9.48 times; • The implied P/B multiple of Glomac Bina of 0.65 times is below the average adjusted P/B multiple of 0.72 times, and is within the range of adjusted P/B multiple of the comparable companies from 0.21 times to 1.68 times; and • The implied EV/EBITDA multiple of Glomac Bina of 0.78 times is below the average adjusted EV/EBITDA multiple of 6.25 times, and is below the range of adjusted EV/EBITDA multiple of the comparable companies from 3.38 times to 12.69 times. Pursuant thereto, we are of the opinion that the Purchase Consideration is fair to the non-interested shareholders of Glomac.
Section 6.3	Salient terms of the SSA	Based on our review of the salient terms of the SSA, we are of the view that the salient terms of the SSA are reasonable and not detrimental to the interests of the non-interested shareholders of Glomac.
Section 6.4	Effects of the Proposed Acquisition	We are of the view that the effects are not detrimental to the interests of the non-interested shareholders of Glomac as the Proposed Acquisition: (i) will not have any effect on the issued share capital and substantial shareholders' shareholding of Glomac; (ii) is expected to result in an increase in the NA and NA per Share of Glomac. It will not have any effect on the gearing of Glomac; and (iii) is expected to result in an increase in the earnings and EPS of the Group.

Section in the IAL	Consideration factors	Our evaluation
		Moving forward, the impact of the Proposed Acquisition on the consolidated earnings and EPS of the Company is dependent on the financial performance of Glomac Bina. Nevertheless, we are of the opinion that the prospects of the enlarged Glomac Group and Glomac Bina are expected to be encouraging in the long term.
Section 6.5	Industry outlook and prospect	We note the following: (i) Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5% - 7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism. (ii) The property market performance is expected to grow in line with the moderately lower economic growth projected for 2023 given the unpredictable external environment. Notwithstanding this, the accommodative policies, continuous government support, well execution of all planned measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under 12th Malaysia Plan (RMK-12) are expected to remain supportive of the property sector. (iii) The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance. The implementation of new projects such as upgrading the Klang Valley Double Track (KVDT) Phase 2 and acceleration of ongoing infrastructure projects which include East Coast Railway Link (ECRL), Light Rail Transit Line 3 (LRT3) and fifth-generation cellular network (5G) rollout will spearhead the civil engineering subsector. We are of the view that the long term prospects of the Glomac Group and Glomac Bina pursuant to the Proposed Acquisition appears to be favourable, mainly supported by: (i) the Government's various initiatives to stimulate Malaysia's economy as well as the latest Budget 2023 with the introduction of various incentives to boost the property development and construction sectors; and (ii) the overview and outlook of the Malaysian economy, property industry and construction industry in Malaysia as set out in Sections 4.1, 4.2 and 4.3, Part A of the Circular.

Section in the IAL	Consideration factors	Our evaluation
		Taking into consideration of the above, we are of the opinion that the prospects of the Glomac Group are expected to be encouraging in the long term.
Section 6.6	Risk factors associated with the Proposed Acquisition	The non-interested shareholders of Glomac are advised to give due and careful regard to the risk factors as disclosed in Section 5, Part A of the Circular as follows: (i) Acquisition risk; (ii) Completion risk; (iii) Integration risk; and (iv) Business and operational risk Based on the above, we are of the view that the risk factors in relation to the Proposed Acquisition are common risks associated with such transactions/investments. Furthermore, the Proposed Acquisition will not materially change the risk profile of the business of Glomac as Glomac Bina operates in the same industry as the Company. Nonetheless, apart from the risk factors associated with the Proposed Acquisition as highlighted above, the non-interested shareholders and non-interested directors should also carefully consider other general risks associated with a construction company. We understand that as at the LPD, Glomac Bina is solely involved in the construction works of the property development projects awarded by Glomac Group. This indicates a risk that Glomac Bina is dependent on projects awarded by its related parties. We wish to highlight that although measures may be taken by the Board to attempt to limit all such risks, no assurance can be given that one or a combination of such risk factors will not crystallise and give rise to material and adverse impact on the financial performance/position or prospects of the Group.

3. CONCLUSION AND RECOMMENDATION

Premised on the foregoing and our overall evaluation and assessment of the Proposed Acquisition based on information available to us up to the LPD, we are of the opinion that, taken as a whole, the Proposed Acquisition is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of Glomac.

Accordingly, we recommend the non-interested shareholders of Glomac to **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Registered Office:
Level 21, Menara MIDF
82 Jalan Raja Chulan
50200 Kuala Lumpur

30 May 2023

To: The Non-Interested Shareholders of Glomac

Dear Sir/Madam,

GLOMAC BERHAD ("GLOMAC" OR THE "COMPANY")

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF GLOMAC IN RELATION TO THE PROPOSED ACQUISITION

This IAL is prepared for inclusion in the Circular and should be read in conjunction with Part A of the Circular. All definitions used in this IAL shall have the same meanings as the words and expressions as defined in the 'Definitions' section of the Circular, except where the content otherwise requires or where otherwise defined herein. All reference to "you" are references to the non-interested shareholders of the Company, whilst references to "we", "us" or "our" in this IAL are references to MIDF Investment, being the Independent Adviser for the Proposed Acquisition.

1. INTRODUCTION

On 12 April 2023, the Board announced that Glomac had, on even date, entered into the SSA with the Vendors in relation to the Proposed Acquisition.

In view of the interests of Interested Directors and Interested Major Shareholders in the Proposed Acquisition as set out in Section 11, Part A of the Circular, the Proposed Acquisition is deemed as a related party transaction under Paragraph 10.08 of the Listing Requirements. Accordingly, the Board (save for Interested Directors) had, on 6 January 2023, appointed MIDF Investment as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Glomac in respect of the Proposed Acquisition.

The purpose of this IAL is to provide the non-interested shareholders of Glomac with an independent evaluation on the fairness and reasonableness of the Proposed Acquisition and whether the Proposed Acquisition is detrimental to the non-interested shareholders of Glomac, together with our recommendation on whether the non-interested shareholders of Glomac should vote in favour of the resolution pertaining to the Proposed Acquisition at Glomac's forthcoming EGM, subject to the scope and limitations of our role and evaluation as specified herein.

Nonetheless, the non-interested shareholders of Glomac should rely on their own evaluation of the merits of the Proposed Acquisition before making a decision on the course of action to be taken at Glomac's forthcoming EGM.

THIS IAL IS PREPARED SOLELY FOR THE USE OF THE NON-INTERESTED SHAREHOLDERS OF GLOMAC FOR THE PURPOSE OF CONSIDERING THE MERITS OF THE PROPOSED ACQUISITION AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY FOR ANY OTHER PURPOSES.

YOU ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS IAL AND THE LETTER FROM THE BOARD AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

MIDF Amanah Investment Bank Berhad (23878-X)
(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)
Level 21, Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur. MALAYSIA
Telephone : 603-2173 8888 Facsimile : 603-2173 8777 Website : www.midf.com.my

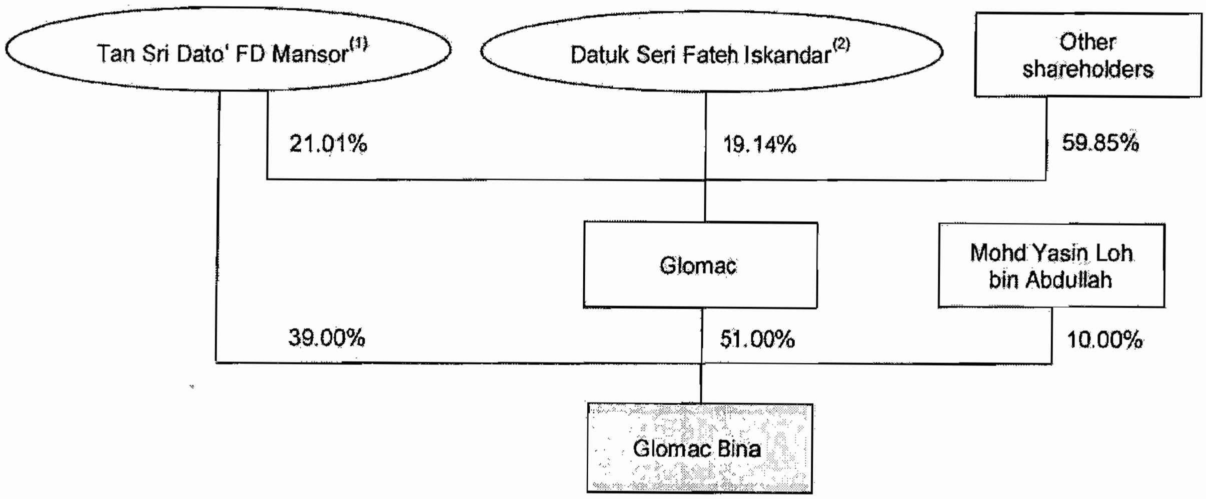
IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSED ACQUISITION

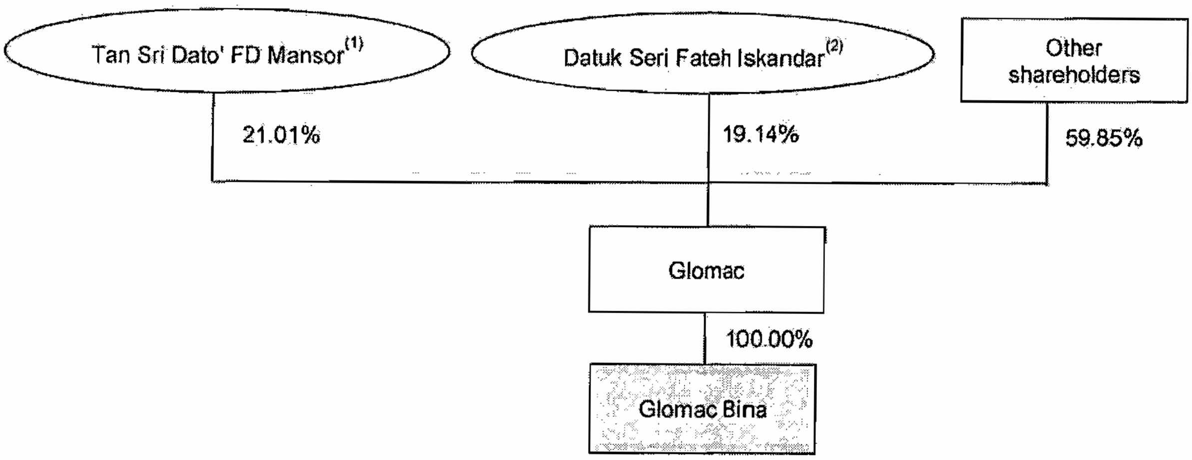
The Proposed Acquisition entails the acquisition of 1,372,000 Glomac Bina Shares, representing the remaining 49% equity interest in Glomac Bina, from the Vendors for the Purchase Consideration, which will be satisfied entirely in cash.

The diagrammatic structure of the Proposed Acquisition is summarised as follows:

As at the LPD, before the Proposed Acquisition



After the Proposed Acquisition



Legend:

Interested Directors and Interested Major Shareholders

Notes:

(1) Tan Sri Dato' FD Mansor, the Group Executive Chairman and a major shareholder of Glomac, is a director of Glomac Bina and one of the Vendors of the Proposed Acquisition. He is also the father of Datuk Seri Fateh Iskandar.

(2) Datuk Seri Fateh Iskandar, the Group Managing Director/Chief Executive Officer and a major shareholder of Glomac, is a director and indirect major shareholder of Glomac Bina. He is also the son of Tan Sri Dato' FD Mansor.

As at the LPD, Glomac holds a total of 1,428,000 Glomac Bina Shares, representing 51.00% equity interest in Glomac Bina. Upon completion of the Proposed Acquisition, Glomac will hold a total of 2,800,000 Glomac Bina Shares, representing 100.00% equity interest in Glomac Bina. Hence, Glomac Bina will become a wholly-owned subsidiary of Glomac. For further details of the Proposed Acquisition, please refer to Section 2, Part A of the Circular.

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

Save as disclosed in Section 11, Part A of the Circular, none of the Directors, major shareholders, chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

The Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of the Company in respect of the Proposed Acquisition.

The Interested Directors and Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of the Company. Further, the Interested Directors and Interested Major Shareholders will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

4. SCOPE AND LIMITATIONS OF OUR EVALUATION AND DECLARATION FROM MIDF INVESTMENT

MIDF Investment was not involved in any formulation or any deliberation and negotiation on the terms and conditions of the Proposed Acquisition. The terms of reference of our appointment as Independent Adviser to the non-interested shareholders are in accordance with the requirements set out in Paragraph 10.08(3) of the Listing Requirements. MIDF Investment's scope as Independent Adviser is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Acquisition insofar as the non-interested shareholders are concerned and whether the Proposed Acquisition is to the detriment of the interest of the non-interested shareholders, based on information and documents made available to us but not limited to the following:

(i) information derived from the announcement dated 12 April 2023 in relation to the Proposed Acquisition;

(ii) the SSA;

(iii) information contained in Part A of the Circular and the accompanying appendices in relation to the Proposed Acquisition;

(iv) the audited financial statements of Glomac for the FYE 30 April 2020, 30 April 2021 and 30 April 2022;

(v) the latest unaudited financial results of Glomac for the 9-months FPE 31 January 2023;

(vi) the audited financial statements of Glomac Bina for the FYE 30 April 2020, 30 April 2021 and 30 April 2022;

(vii) the latest management accounts of Glomac Bina for the 9-months FPE 31 January 2022 and 9-months FPE 31 January 2023;

(viii) discussions with the Board and the management of Glomac on 24 March 2023 and 29 March 2023;

(ix) other relevant information, documents, confirmations and/or representations provided by the Board and the management of the Company, as well as representations/confirmations obtained in or derived from discussions with the management of Company on 24 March 2023 and 29 March 2023; and

(x) other publicly available information.

We have not conducted any form of independent investigation into the business, affairs, operations, financial position or prospects of Glomac Group and all relevant parties involved in the Proposed Acquisition. We have relied on the Board and management of Glomac to exercise due care to ensure that all information, documents and representations provided to us to facilitate our evaluation of the Proposed Acquisition are accurate, valid and complete in all material respects. Accordingly, we have not independently verified such information, whether written or verbal, and shall not assume responsibility or liability whatsoever for its reasonableness, reliability, validity, accuracy and/or completeness of such information.

After making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied with the disclosures from the Board and management of Glomac, and that sufficient information has been obtained, and we have no reason to believe any of the information is unreliable, incomplete, misleading or inaccurate of which might reasonably affect our evaluation and opinion as set out in this IAL.

The Board has seen and approved the content of this IAL and they collectively and individually accept full responsibility for the accuracy of the information given in this IAL (save for the assessment, evaluation and opinion of MIDF Investment) 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 in this IAL misleading. Further, the Board has also confirmed to us that all material facts and information required for the purpose of our evaluation of the Proposed Acquisition have indeed been disclosed to MIDF Investment, and there are no facts or information, the omission of which would make any information, confirmation and documents supplied to us misleading, or would materially affect the evaluation, views and recommendation of MIDF Investment in this IAL.

The responsibility of the Board in respect of the independent advice and expression of opinion by MIDF Investment in relation to the Proposed Acquisition is limited to ensuring that accurate information in relation to Glomac Group was provided to MIDF Investment for its evaluation of the Proposed Acquisition and to ensure that all information in relation to Glomac Group that are relevant to MIDF Investment's evaluation of the Proposed Acquisition have been completely disclosed to MIDF Investment and that there is no material fact, the omission of which would make any information provided to MIDF Investment false or misleading.

Our scope as Independent Adviser is limited to expression of an independent opinion on the Proposed Acquisition. In forming our opinion, we have considered factors which we believe would be of relevance and general importance to the non-interested shareholders of Glomac. In rendering our advice, we have taken note of the pertinent matters which we believe are of general importance in enabling us to form our opinion on the fairness and reasonableness of the Proposed Acquisition and whether the Proposed Acquisition is detrimental to the interest of the non-interested shareholders.

It is not within our terms of reference to express any opinion on the commercial risks or commercial merits of the Proposed Acquisition which remains the sole responsibility of the Board, and where comments or points of consideration are included on certain pertinent matters which may be commercially oriented, these are incidental to our overall evaluation and concern matters which we may deem material for disclosure. Further to that, we do not express an opinion on legal, accounting and taxation issues relating to the Proposed Acquisition.

Our evaluations as set out in this IAL are rendered solely for the benefit of the non-interested shareholders of Glomac as a whole. We have not taken into consideration any specific investment objective, financial situation or particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders. We recommend that any individual non-interested shareholder or group of non-interested shareholders who are in doubt as to the action to be taken or require advice in relation to the Proposed Acquisition in the context of their individual objectives, financial situation or particular needs, to consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers.

Our evaluations and opinions as set out in this IAL are based upon market, economic, industry, regulatory and other conditions (if applicable) and the information/documents made available to us, as at the LPD or such other relevant period as discussed herein (as the case may be). Such conditions may change significantly over a period of time. Accordingly, our evaluations and opinions in this IAL do not take into account the information, events and conditions arising after the LPD or such other relevant period as discussed herein (as the case may be).

We will notify the non-interested shareholders, if after the despatch of this Circular, we:

(a) become aware of significant change affecting the information contained in this IAL;

(b) have reasonable grounds to believe that a material statement in this IAL is misleading or deceptive; or

(c) have reasonable grounds to believe that there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of Glomac.

5. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

Malaysian Industrial Development Finance Berhad ("**MIDF**") is the holding company of MIDF Investment. MIDF, MIDF Investment and other subsidiaries of MIDF (collectively referred to as "**MIDF Group**") and its related and associated companies are involved in diversified financial activities. In addition to MIDF Investment's role as the Independent Adviser for the Proposed Acquisition, any member of the MIDF Group may at any time in the ordinary course of business offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Group, or any other entity or transactions for its own account or the account of its customer. The transactions are in the ordinary course of business of MIDF Investment's investment banking and related financial services.

Notwithstanding the above, MIDF Investment is of the opinion that the aforesaid relationship would not give rise to a conflict of interest situation in its capacity as the Independent Adviser for the Proposed Acquisition due to the following:

(i) MIDF Investment is a licensed investment bank which provides its customers with extensive range of financial solutions. MIDF Investment offers investment banking services which include, among others, corporate finance and advisory, underwriting services, loan syndications, capital market and treasury products;

(ii) the conduct of MIDF Investment is regulated strictly by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and its internal control policies and procedures to ensure that conflict of interest does not arise; and

(iii) MIDF Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which among others requires segregation between dealing and advisory activities, and the presence of "Chinese Walls" between the different business divisions.

Further thereto, we confirm that there is no conflict of interest situation or potential conflict of interest situation arising from us carrying out the role of Independent Adviser to advise the non-interested shareholders of Glomac in respect of the Proposed Acquisition.

Save for the Proposed Acquisition which is the subject matter of the Circular, we do not have any other professional relationships between MIDF Investment and Glomac in the past two (2) years prior to the date of this IAL.

Our credentials and experience as an Independent Adviser, since 2017 and up to the date of this IAL, include, among others, the following:

(i) independent advice letter dated 3 March 2023 to the non-interested shareholders of Malton Berhad ("**Malton**") in relation to disposal by Regal Path Sdn Bhd, a 51% joint venture of Malton, of the Pavilion Bukit Jalil Mall to Pavilion Real Estate Investment Trust for a total indicative disposal consideration of RM2,200,000,000;

(ii) independent advice letter dated 23 March 2021 to the non-interested shareholders of Bina Puri Holdings Bhd ("**Bina Puri**") pertaining to the acquisition of 2,022,593 ordinary shares in Ideal Heights Properties Sdn Bhd ("**IHP**"), representing 44.5% equity interest in IHP by Bina Puri Properties Sdn Bhd (wholly-owned subsidiary of Bina Puri) for a total purchase consideration of RM26,938,000 to be satisfied in cash and issuance of new ordinary shares in Bina Puri;

(iii) independent advice letter dated 26 September 2018 to the non-interested shareholders of DRB-HICOM Berhad ("**DRB-HICOM**") in relation to the disposal by HICOM Holdings Berhad, a wholly-owned subsidiary of DRB-HICOM, of 74,000,000 ordinary shares in Alam Flora Sdn Bhd ("**AFSB**"), representing 97.37% equity interest in AFSB, to Tunas Pancar Sdn Bhd, a wholly-owned subsidiary of Malakoff Corporation Berhad, for a cash consideration of RM944,610,000;

(iv) independent advice letter dated 28 March 2018 to the shareholders of DutaLand Berhad ("**DutaLand**") pertaining to the disposal by Pertama Land & Development Sdn Bhd, a wholly owned subsidiary of Duta Plantations Sdn Bhd which in-turn is wholly-owned by DutaLand, of the plantation assets in the district of Beluran (Labuk-Sugut) and Tongod, Sabah, measuring approximately 11,579.31 hectares to Boustead Rimba Nilai Sdn Bhd, a wholly owned subsidiary of Boustead Plantations Berhad, for a total cash consideration of RM750,000,000; and

(v) independent advice letter dated 27 April 2017 to the non-interested shareholders of MMC Corporation Berhad ("**MMC**") in relation to the acquisition of 37,459,501 ordinary shares in Penang Port Sdn Bhd ("**PPSB**"), representing approximately 51.0% ordinary equity interest in PPSB by MMC Port Holdings Sdn Bhd, a wholly-owned subsidiary of MMC, from Seaport Terminal (Johore) Sdn Bhd for a cash consideration of RM220,000,000.

Premised on the foregoing, we are capable, competent and have the relevant experience in carrying out our role and responsibilities as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Glomac for the Proposed Acquisition.

6. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, and taking into consideration the reliance and limitation set out in Section 4 of this IAL, we have considered the following factors:

(i)	Rationale for the Proposed Acquisition	Section 6.1 of this IAL
(ii)	Evaluation of the Purchase Consideration	Section 6.2 of this IAL
(iv)	Salient terms of the SSA	Section 6.3 of this IAL
(v)	Effects of the Proposed Acquisition	Section 6.4 of this IAL
(vi)	Industry outlook and prospects	Section 6.5 of this IAL
(vii)	Risk factors associated with the Proposed Acquisition	Section 6.6 of this IAL

The views expressed by MIDF Investment in this IAL are based on, among others, current economic, market and political conditions prevailing as at the LPD. In this respect, the non-interested shareholders of Glomac should take further note of any announcements relevant to their consideration of the Proposed Acquisition which may be released after the LPD.

6.1 Rationale for the Proposed Acquisition

We take cognisance of the rationale of the Proposed Acquisition as stated in Section 3, Part A of the Circular which is expected to bring the following benefits to the Group:

(a) *"Streamline the Glomac Group's structure and gain 100% control in Glomac Bina to be in the position to drive the future strategic direction of Glomac Bina"* and *"Streamline the construction business of Glomac Bina under Glomac"*

Upon the completion of the Proposed Acquisition, Glomac Bina will become a wholly owned subsidiary of the Company, allowing the Group to leverage Glomac Bina's expertise and resources in construction sector to intensify its development activities in the coming years. As a building contractor, Glomac Bina will serve as the Group's construction arm, complementing its principal activities and enabling the Group to exercise greater control over the future direction and prospects of Glomac Bina. With full control over Glomac Bina, the Group will have greater discretion in planning the subsidiary's growth strategy, working capital, and cash management without any external intervention from other shareholders. The Proposed Acquisition will strengthen the Group's capabilities and positioning itself for long-term growth in the property development industry.

It is worth noting that Glomac Bina is registered as a Grade 7 contractor with CIDB, which permits Glomac Bina to participate in tender for construction projects, including those initiated by the Government. Additionally, Glomac Bina is classified as a Class B construction company by the Pusat Khidmat Kontraktor. With these licenses and certifications, Glomac Bina possesses the requisite qualifications and capabilities to participate in more construction project tenders. The Proposed Acquisition, therefore, bodes well for Glomac Group's growth prospects and strengthen its competitive position in the market.

With regards to upcoming launch of Glomac, we noted that the Group's planned property development project launch in Klang Valley for the year 2023 are as follows:

Project and location	Project type	Gross Development Value ("GDV") (RM million)
Lakeside Residences, Puchong	High-rise residential	69
Saujana KLIA, Sepang	Double-storey terrace	89
GreenTec Puchong, Puchong	Small office/home office (SOHO)/Serviced Apartment	312
Total		**470**

(Source: Glomac's Annual Report for the FYE 30 April 2022)

Glomac Group's planned launch of property development projects in 2023, with a total GDV of RM470 million, is a testament to the Group's commitment to expand its core business. With Glomac Bina's expertise in managing and executing construction projects particularly in low-rise residences, the Group anticipates Glomac Bina to participate in more tenders from Glomac Group's upcoming projects.

The Proposed Acquisition presents an opportunity for Glomac to streamline its construction business by integrating the resources and capabilities of Glomac Bina into its group structure. By doing so, Glomac would gain greater control over the construction process, enabling it to manage project timelines, budgets, and quality standards more effectively. In particular, if Glomac Bina were to be awarded a construction project by the Group, the Company would be able to exercise greater oversight over the project awarded, by enhancing operational efficiency and improving operational synergies between Glomac and Glomac Bina.

(b) *"Recognise 100% of financial results from Glomac Bina"*

We take note of the following historical financial performance of Glomac Bina for the past 3 FYEs up to 30 April 2022, 9-month FPE 31 January 2022 and 9-month FPE 31 January 2023:

	<----Audited----		---->	<----Unaudited----	---->
	FYE 30 April 2020 RM'000	**FYE 30 April 2021 RM'000**	**FYE 30 April 2022 RM'000**	**9-month FPE 31 January 2022 RM'000**	**9-month FPE 31 January 2023 RM'000**
Revenue	37,153	64,739	37,572	18,245	14,788
PBT/(LBT)	5,447	9,824	12,685	3,245	(1,513)
PAT/(LAT)	4,728	7,675	9,448	1,574	(1,513)

Glomac Bina is part of Glomac Group's construction segment, which has been the sole contributor in construction segment for the past 3 FYEs. As at the LPD, Glomac holds 51.0% equity interest in Glomac Bina.

Since Glomac Bina is already a subsidiary, Glomac is able to consolidate the revenue and PAT of Glomac Bina. However, at the PAT level, profit attributable to shareholders can only be recognised up to 51.0% which is the extent of the Group's equity interest in Glomac Bina. The Proposed Acquisition will therefore enable Glomac to fully recognise the financial results from Glomac Bina.

While Glomac Bina's revenue has shown some fluctuations in the most recent financial years, we noted that the Company has been able to maintain a consistent upward trend in both its PBT and PAT during the same period. However, we have also observed that Glomac Bina recorded a LAT of RM1.51 million in the unaudited 9-month FPE 31 January 2023. The financial setbacks experienced by Glomac Bina were mainly attributed to increases in construction material costs and labour shortage issue, resulting in a higher construction cost.

We take cognisance that the challenges faced by Glomac Bina are not unique to the company but are prevalent in the construction sector in Malaysia. According to the Ministry of Economy Department of Statistics Malaysia, a year-on-year comparison of the unit price index on building materials recorded an increase between 1.2 and 10.2 per cent in March 2023 as compared the same month a year ago. The unit price index for cement and bricks and walls increased by 10.2 per cent and 8.0 per cent respectively in March 2023 as compared to March last year. Meanwhile, the unit price index for steel recorded a decrease of 0.6 per cent *(Source: Media Statement titled "The price index per unit of cement and steel recorded an increase of 1.1 per cent and 0.9 per cent in March 2023", published by Ministry of Economy Department of Statistics Malaysia on 7 April 2023).*

Further to the above, we noted that the construction sector is forecasted to expand by 4.7% in 2023 following a better performance in all subsectors *(Source: Economic Outlook 2023, Ministry of Finance Malaysia)*. The Government has via the revised Budget 2023 tabled on 24 February 2023 ("**Budget 2023**"), announced the following incentives to boost the property development and construction sectors in Malaysia:

(i) The Government will continue to exempt stamp duty for first-time home ownership, with a full exemption of stamp duty for homes valued at RM500,000 and below, and a 75% exemption for homes valued more than RM500,000 to RM1 million; and

(ii) Syarikat Jaminan Kredit Perumahan Berhad (SJKP) is ready to guarantee up to RM5 billion in loan value to benefit 20,000 borrowers.

(Source: Budget 2023 Speech released on 24 February 2023 by Ministry of Finance Malaysia)

Notwithstanding that Glomac Bina has been experiencing LAT for the unaudited 9-month FPE 31 January 2023, in view of the positive outlook of the construction sector as well as the expected benefits to be derived from the Proposed Acquisition, we note that the Proposed Acquisition is expected to improve the Group's financial performance in the future, barring any unforeseen circumstances.

Further to the above, we also understand from the management that Glomac Bina is in the midst of formulating plans to improve its financial performance. These plans include expanding their participation in tenders, not only from Glomac but also from external customers. As at the LPD, Glomac Bina has participated in one tender with an estimated project value of approximately RM29.86 million.

Further to the rationale above, we also observed that Glomac Group has been consistently renewing its shareholders' mandate for recurring related party transactions with Glomac Bina for more than 10 years. This is due to the ongoing business relationship between Glomac Group and Glomac Bina, where Glomac Bina undertakes part of the construction projects in properties developed by Glomac Group.

The Proposed Acquisition will eliminate any potential conflicts of interest and recurrent related party transactions between the Glomac Group and Glomac Bina. By acquiring the remaining 49% of Glomac Bina, Glomac will hold 100% equity interest in Glomac Bina and will no longer require to renew its shareholders' mandate. This will minimise administrative efforts, time and costs that would otherwise be incurred to comply with the requirements in respect of recurrent related party transactions.

Premised on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable and not detrimental to the non-interested shareholders of Glomac. Nevertheless, the shareholders of Glomac should note that the potential benefits arising from the Proposed Acquisition is subject to certain risk factors as disclosed in Section 6.6 of this IAL.

6.2 Evaluation of the Purchase Consideration

As detailed in Section 2.3, Part A of the Circular, we noted that the Board has taken the following into consideration:

(i) 35% discount to the audited NA of Glomac Bina of RM51,029,367 as at FYE 30 April 2022;

(ii) the rationale of the Proposed Acquisition as set out in Section 3, Part A of the Circular; and

(iii) the prospects of Glomac Bina as set out in Section 4.4, Part A of the Circular.

For the purpose of determining the fairness and reasonableness of the Purchase Consideration, the valuation methodologies considered and selected by MIDF Investment are based on P/E multiple (as primary method) as well as price-to-book ("**P/B**") multiple and enterprise value/earnings before interest, taxes, depreciation and amortisation ("**EV/EBITDA**") multiple (as counter-check methods).

The general description and computation of P/E, P/B and EV/EBITDA multiples are as follows:

Valuation multiple	General description
P/E	P/E multiple is an earning-based valuation measure which compares market capitalisation of a company to its net profit, and is computed as follows: $\frac{\text{Market Price}}{\text{EPS}}$ It can be useful to compare a company's P/E to that of its peers to gauge how a company is valued relative to its peers.
P/B	P/B multiple is a valuation measure that compares the market value of a company's equity (as represented by market capitalisation) to its book value, and is computed as follows: $\frac{\text{Market Price}}{\text{NA per share}}$ This measure provides an indication of the expected market value of the company as a multiple to its book value.

Valuation multiple	General description
EV/EBITDA	EV/EBITDA multiple illustrates the market value of a company's business relative to its historical pre-tax operational cash flow performance, without having regard to the company's capital structure, and is computed as follows: $$\frac{EV}{EBITDA}$$ Where: EV : Market value of common stock (market capitalisation) (+) market value of preferred stock (+) market value of debt (+) non-controlling interest (-) cash and cash equivalents EBITDA : Recurring earnings from continuing operations (+) interest (+) taxes (+) depreciation (+) amortisation EV/EBITDA is commonly used in valuation as it is not affected by the difference in capital structures, borrowing costs and taxation as well as different depreciation and amortisation policies.

We have not selected discounted cash flow methodology ("**DCF**") as DCF is more appropriate for companies with a set projected cash inflow and outflow that can be estimated with reasonable high level of certainty i.e. is only reliable to the extent if the underlying business has revenue and earnings stream which can be consistently projected for long periods and may be more applicable to businesses which have long-term contracts or concessionaires.

In our analysis, we have selected the comparable companies based on the following criteria:

(i) Public listed companies in the Main Market or ACE Market of Bursa Securities which are mainly involved in the construction industry with at least 80% of the revenue mainly generated from construction and related activities; and

(ii) Revenue exceeding RM30 million for the latest financial year, which is comparable to Glomac Bina's revenue of more than RM30 million in the past 3 recent financial years.

Based on the selection criteria above, we have identified the following comparable companies ("**Comparable Companies**"):

Comparable Companies	Principal Activities
Gagasan Nadi Cergas Berhad®	Principally engaged in construction of buildings, infrastructures and related facilities as well as property development services.
GDB Holdings Berhad*	Principally engaged in building construction services, development of residential, commercial, infrastructure and mixed development projects.
Haily Group Berhad®	Principally engaged in construction, developing residential and non-residential buildings.
Inta Bina Group Berhad*	Principally engaged in securing and carrying out construction contracts, property development and investment and carry on construction and engineering service to supply, install and maintain elevators, escalators and dumbwaiter lifts.

Comparable Companies	Principal Activities
Kerjaya Prospek Group Berhad*	Principally engaged in the construction sector comprising main building construction works, provision of contract workmanship and other related services, sub-contractors works, manufacturing, assembly, installation and sales of light fittings, kitchen cabinetry, furniture and related products.
Kumpulan Kitacon Berhad*	Principally engaged in construction services, design, renovation, and construction services for residential, commercial, institutional and specialty buildings.
MGB Berhad*	Principally engaged as a building sub-contractor, designing, building, construction, engineering, project management and geotechnical services.
Mitrajaya Holdings Berhad*	Principally engaged in construction of buildings and roads, provides civil engineering services, supplies construction materials, and manufactures and sells ready-mix concrete as well as invests, manages and leases plant and machinery.
Nestcon Berhad@	Principally engaged in construction services, development of infrastructure, civil work and provision of building construction services.
Pesona Metro Holdings Berhad*	Principally engaged in building construction, infrastructure and project planning cum implementation contractor and building maintenance services.
TCS Group Holdings Berhad@	Principally engaged in the provision of construction services for buildings, infrastructure, civil and structural works and other transportation activities.
Tuju Setia Berhad*	Principally engaged in the provision of construction services.

Notes:

* *Listed on the Main Market of Bursa Securities.*

@ *Listed on the ACE Market of Bursa Securities.*

(Sources: Bloomberg L.P., latest Annual Report or Initial Public Offering Prospectus for respective comparable companies)

It should be noted that the selection of the comparable companies and the adjustment made are highly subjective and judgmental and that the selection of the comparable companies may not be entirely comparable to Glomac Bina's business activities in terms of composition of business, scale of operations, geographical spread of activities, track record, asset base, risk profile, future prospects and other criteria. The above is not an exhaustive list and serves to indicate the performance of companies that carry out the construction of residential properties or activities similar to Glomac Bina.

The P/E, P/B and EV/EBITDA multiples of the Comparable Companies as at the LPD, as compared to the P/E, P/B and EV/EBITDA multiples based on the Purchase Consideration are as follows:

Comparable Companies	**P/E (times)**	**Adjusted P/E (times)[1]**	**P/B (times)**	**Adjusted P/B (times)[1]**	**EV/EBITDA (times)**	**Adjusted EV/EBITDA (times)[1]**
GDB Holdings Berhad*	7.88	5.91	0.85	0.64	6.40	4.80
Haily Group Berhad@	9.73	7.30	0.80	0.60	4.50	3.38
Inta Bina Group Berhad*	12.64	9.48	0.79	0.59	6.34	4.76
Kerjaya Prospek Group Berhad*	12.30	9.23	1.13	0.85	6.99	5.24
Kumpulan Kitacon Berhad*	6.98	5.24	1.35	1.01	N/A	N/A
MGB Berhad*	21.65	16.24[2]	0.85	0.64	8.03	6.02
Mitrajaya Holdings Berhad*	26.06	19.55[2]	0.28	0.21	28.38	21.29[2]
Pesona Metro Holdings Berhad*	N/A	N/A	0.85	0.64	16.92	12.69
Tuju Setia Berhad*	N/A	N/A	0.80	0.60	9.15	6.86
Gagasan Nadi Cergas Berhad@	N/A	N/A	0.54	0.41	26.71	20.03[2]
Nestcon Berhad@	N/A	N/A	2.24	1.68	239.51	179.63[2]
TCS Group Holdings Berhad@	N/A	N/A	1.11	0.83	32.57	24.43[2]
High (excluding outlier)		9.48		1.68		12.69
Low (excluding outlier)		5.24		0.21		3.38
Average (excluding outlier)		7.43		0.72		6.25
Glomac Bina						
Based on audited financial statements for the FYE 30 April 2022		3.51[3]		0.65[4]		0.78[5]

(Sources: Bloomberg L.P., latest Annual Report or Initial Public Offering Prospectus for respective comparable companies and Glomac Bina's audited financial statements for the FYE 30 April 2022)

Notes:

(1) *The adjusted P/E, P/B and EV/EBITDA multiples are arrived at after accounting for a 25% discount to reflect the relatively illiquid nature of Glomac Bina Shares due to the non-listed status and lack of marketability of Glomac Bina Shares as compared to the comparable companies which are listed in Malaysia. The said discount is used as the best available approximation adopted in reference to the minimum public shareholding spread requirement pursuant to the Listing Requirements, which stipulates that a Malaysian listed issuer must have at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.*

(2) *Excluded as an outlier, which is determined based on extreme deviation from the average.*

(3) *Computed based on the Purchase Consideration, which in turn translates into 100% valuation interest in Glomac Bina of RM33.17 million over the latest audited PAT of RM9.45 million for the FYE 30 April 2022.*

(4) *Computed based on the Purchase Consideration, which in turn translates into 100% valuation interest in Glomac Bina of RM33.17 million over the latest audited NA of RM51.03 million for the FYE 30 April 2022.*

(5) *Computed based on the Purchase Consideration, which in turn translates into EV of RM9.72 million over the EBITDA of RM12.44 million.*

* *Listed on the Main Market of Bursa Securities.*

@ *Listed on the ACE Market of Bursa Securities.*

N/A *Not applicable as the comparable companies registered loss after taxation.*

Based on the above table:

- The implied P/E multiple of Glomac Bina of 3.51 times is below the average adjusted P/E multiple of 7.43 times, and is below the range of adjusted P/E multiple of the comparable companies from 5.24 times to 9.48 times;
- The implied P/B multiple of Glomac Bina of 0.65 times is below the average adjusted P/B multiple of 0.72 times, and is within the range of adjusted P/B multiple of the comparable companies from 0.21 times to 1.68 times; and
- The implied EV/EBITDA multiple of Glomac Bina of 0.78 times is below the average adjusted EV/EBITDA multiple of 6.25 times, and is below the range of adjusted EV/EBITDA multiple of the comparable companies from 3.38 times to 12.69 times.

The above implies that Glomac will be acquiring Glomac Bina at a discount when compared to the average multiples of the comparable companies. This is a positive indication for Glomac as it denotes that they will be acquiring the company at a favourable valuation, which can lead to potential financial gains in the future. In addition, the Purchase Consideration for the Proposed Acquisition will be satisfied fully in cash. This ensures that there will be no dilution of shares to the existing shareholders of Glomac, thereby protecting their interests in the Company.

Premised on the above, we are of the opinion that the Purchase Consideration is fair to the non-interested shareholders of Glomac.

6.3 Salient terms of the SSA

Our commentaries on the salient terms of the SSA, which are extracted from Section 2.2, Part A of the Circular, are as follows:

<table>
<tr><th>Salient terms of the SSA</th><th>Our comments</th></tr>
<tr><td>

1. Sale of the Sale Shares

The Vendors shall sell 1,372,000 Glomac Bina Shares in the following proportion:

Vendors	No. of Sale Shares held
Tan Sri Dato' FD Mansor	1,092,000
Mohd Yasin Loh bin Abdullah	280,000

Glomac shall buy the Sale Shares free from all encumbrances and with all rights and benefits for a purchase consideration of RM16,252,854 from the Vendors to be paid in the following proportion:

(a) a sum of RM12,935,945 shall be paid to Tan Sri Dato' FD Mansor; and

(b) a sum of RM3,316,909 shall be paid to Mohd Yasin Loh bin Abdullah.

</td><td>

This term is common in any transaction as it sets out the shareholding of the Vendors prior to the Proposed Acquisition, the entitlement of the Sale Shares and the amount to be paid to respective vendors.

</td></tr>
<tr><td>

2. Matters to be satisfied

The obligation of Glomac to buy the Sale Shares from the Vendors is conditional upon the following:

(a) Glomac obtaining the approval of its shareholders for the acquisition of the Sale Shares in accordance with the provision of the SSA in a general meeting; and

(b) the consent of all other relevant parties (including but not limited to approvals of financial institutions),

(collectively, "**Conditions**"), within a period of 240 days from the date of the SSA or such further period as may be mutually agreed between the Glomac and the Vendors ("**Parties**") ("**Long Stop Date**").

</td><td>

These terms are conditional terms for the Sale Shares, which were mutually agreed upon between Purchaser and Vendors and are mainly to facilitate compliance with the relevant requisite approvals of applicable laws and regulatory requirements. These terms are common in a sale and purchase agreement of this nature.

We note that both parties have 240 days from the date of the SSA to complete the transaction. We are of the view that this clause is reasonable as it provides reasonable time frame for the Company and the Vendors to complete the Proposed Acquisition.

</td></tr>
</table>

Salient terms of the SSA	Our comments
3. Manner of payment The Purchase Consideration is payable in full by Glomac to the Vendors in cash by way of cheque on a date within 30 days from the date on which all Conditions are satisfied, or such other date mutually agreed between the Parties ("**Completion Date**").	This term sets out the timing and mode of payment of the Purchase Consideration. We take note that the Purchase Consideration is payable in full to the Vendors within 30 days from the Completion Date and no capital outflow or deposit will be made by Glomac for the Proposed Acquisition upon execution of the SSA. There is no deposit payment involved as this involves the acquisition of the remaining 49% equity interest of Glomac Bina. We are of the view that this is a procedural term for settling the Purchase Consideration that was mutually agreed upon between Glomac and Glomac Bina and it is reasonable and not detrimental to the non-interested shareholders of Glomac.
4. Delivery of documents Completion of the sale and purchase of all and not part of the Sale Shares shall take place on the Completion Date, upon receipt of the following by Glomac: (a) original share certificates in respect of the Sale Shares; (b) share transfer form(s) in respect of the Sale Shares duly executed by the Vendors; and (c) board resolution of Glomac Bina approving the transfer of the Sale Shares by the Vendors to Glomac.	This term refers to the completion of the sale and purchase of all the Sale Shares, which will occur on the Completion Date. This term lays out the necessary documents and approvals required to be provided to Glomac to complete the Sale Shares on the Completion Date.

Salient terms of the SSA	Our comments
5. Post completion obligations Glomac Bina shall within 30 business days from the Completion Date or such other dates as Glomac may from time to time agree ("**Post Completion Date**"), deliver to Glomac the following documents: (i) the updated register of members of Glomac Bina with Glomac's name entered as registered holder of the Sale Shares (subject to Glomac providing the duly stamped transfer forms for the Sale Shares), certified as a true copy by a Director or a secretary of Glomac Bina; and (ii) the original share certificates in the name of Glomac for the Sale Shares.	This term sets out the post-completion obligations agreed between the Purchaser and the Vendors. It specifies that after the completion date of the share transfer, Glomac Bina has 30 business days to provide Glomac with the documents as stated in the SSA. We are of the view that the term is common in transaction of such nature and is reasonable and not detrimental to the non-interested shareholders of Glomac.
6. SSA Termination Without prejudice to either party's rights under or in connection with the SSA, the SSA may be terminated in any of the following events: (i) any of the Conditions is not satisfied by the Long Stop Date; (ii) Glomac or any of the Vendors breaches all or any of the provisions of the SSA or any of the SSA's warranties; (iii) any of the Vendors, Glomac and/or Glomac Bina is or becomes insolvent; or (iv) it appears that any of the warranties in the SSA is or has become inaccurate or misleading, the party not in default shall be entitled to serve a notice of termination on the party in default. Upon receipt of the notice of termination from the party not in default by the party in default, the SSA shall be terminated and neither party shall have any claim against each other save for antecedent breach.	These terms are appropriate as they set out steps to be taken in the event of a breach of warranties prior to the completion date. The termination clauses are common and acceptable term which serves to protect the interests of each party in the event there is any material breach of any of the obligations of the other party under the SSA. The SSA provides Glomac the right to terminate the SSA in the event of a breach of the Vendors' warranties as set out in the SSA. We view that the termination clause is a common term which serves to protect the interests of the transacting parties in any of the events stated in the SSA termination.

Salient terms of the SSA	Our comments
7. **Governing law and submission jurisdiction** The SSA shall be governed by Malaysian law and the Parties submit to the exclusive jurisdiction of the Courts of Malaysia.	 This term is appropriate that agreements are governed by and construed with the Malaysian law of which the agreement were entered in Malaysia, as well as taking into account of the country of domicile of the parties which entered into the agreement. It means that any legal issues arising from the contract will be governed by the laws of Malaysia and under the exclusive jurisdiction of the Courts of Malaysia.

Premised on the above, we are of the view that the salient terms of the SSA are reasonable and not detrimental to the interests of the non-interested shareholders of Glomac.

6.4 Effects of the Proposed Acquisition

We note the following from Section 6, Part A of the Circular:

Effects	Proposed Acquisition
Share capital and substantial shareholders' shareholdings	The Proposed Acquisition will not have any effect on the issued share capital and substantial shareholders' shareholding of Glomac as the Purchase Consideration for the Proposed Acquisition will be satisfied entirely in cash.
NA, NA per Share and gearing	The Proposed Acquisition would increase the NA and NA per Share of Glomac. For illustrative purpose, the NA of Glomac based on the Group's latest audited consolidated financial statements for the FYE 30 April 2022 is expected to increase from RM1.16 billion to RM1.17 billion upon completion of the Proposed Acquisition, assuming that the Proposed Acquisition had been effected on 30 April 2022. The expected increase is mainly due to recognition of the RM8.87 million in retained earnings pertaining to the remaining 49% of Glomac Bina held by the Vendors in relation to the Proposed Acquisition. Upon the completion of the Proposed Acquisition, the proforma NA per Share is expected to increase from RM1.51 to RM1.52. Consequent to the Proposed Acquisition, there will be no effect on the gearing of Glomac as the Purchase Consideration for the Proposed Acquisition will be satisfied entirely through internally generated funds via cash.
Earnings and EPS	For illustrative purpose, the consolidated earnings of Glomac based on the Group's latest audited consolidated financial statements for the FYE 30 April 2022 is expected to increase from RM37.87 million to RM42.43 million upon completion of the Proposed Acquisition, assuming that the Proposed Acquisition had been effected on 1 May 2021. The expected increase is mainly due to recognition of the remaining PAT of approximately RM4.56 million arising from the additional 49% equity interest in Glomac Bina as a result of the Proposed Acquisition. Accordingly, the consolidated EPS based on the Group's audited financial statements for FYE 30 April 2022 is expected to increase from 4.93 sen to 5.52 sen with the assumption that the Proposed Acquisition had been effected on 1 May 2021. Moving forward, the impact of the Proposed Acquisition on the consolidated earnings and EPS of the Company is dependent on the financial performance of Glomac Bina. Nevertheless, we are of the opinion that the prospects of the enlarged Glomac Group and Glomac Bina are expected to be encouraging in the long term.

Premised on the above, we are of the view that the effects of the Proposed Acquisition are not detrimental to the interests of the non-interested shareholders of Glomac.

6.5 Industry outlook and prospects

In evaluating the prospects of the Group moving forward, we have considered the overview and outlook of the Malaysian economy, the overview and outlook of property industry in Malaysia, the overview and outlook of construction industry in Malaysia, the prospects of the Glomac Group and Glomac Bina.

Premised to Section 4, Part A of the Circular, our commentaries are summarised as follows:

We observe that despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5% - 7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism.

The property market performance is expected to grow in line with the moderately lower economic growth projected for 2023 given the unpredictable external environment. Notwithstanding this, the accommodative policies, continuous government support, well execution of all planned measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under the 12th Malaysia Plan (RMK-12) are expected to remain supportive of the property sector. The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance. The implementation of new projects such as upgrading the Klang Valley Double Track (KVDT) Phase 2 and acceleration of ongoing infrastructure projects which include East Coast Railway Link (ECRL), Light Rail Transit Line 3 (LRT3) and fifth-generation cellular network (5G) rollout will spearhead the civil engineering subsector.

We further note that the residential overhang numbers reduced to 27,746 units worth RM18.41 billion as at Q4 2022, down by 24.7% and19.2% in volume and value respectively (Q4 2021: 36,863 worth RM22.79 billion) *(Source: Press Release Malaysia Property Market Report 2022, Valuation and Property Services Department, Ministry of Finance Malaysia)*.

The Ministry of Housing and Local Government (KPKT) and the Ministry of Finance had on 14 April 2022 launched the i-Biaya initiative, as part of the Government's efforts to facilitate housing loans to the M40 and B40 low-income groups. Three initiatives offered under i-Biaya are improvement to the existing scheme, namely Housing Credit Guarantee Scheme through Syarikat Jaminan Kredit Perumahan Bhd with an allocation of RM3 billion, My First Home Scheme (SRP) by Cagamas SRP Bhd, and PR1MA Rent-to-Own (RTO) Scheme by PR1MA Corporation Malaysia (PR1MA) *(Source: Press citations titled KPKT, MOF launch i-Biaya to facilitate housing loans to B40, M40 groups" Ministry of Finance Malaysia published on 14 April 2022)*.

We take note from the management of Company that Glomac Group is currently focusing on new project launches consisting primarily of affordable to mid-market low-rise residential properties. Premised on the above, it appears that the prospects of the Proposed Acquisition are in line with the Group's business direction as well as current Government initiatives in property development and construction sectors. Glomac Bina will be able to complement with the Group's principal activities as a property developer where it will serve as a construction arm of the Group.

We take cognisance of the outlook of the prospects for enlarged Glomac Group as set out in Section 4.4, Part A of the Circular and our commentaries are set out below:

(i) *"the Proposed Acquisition demonstrated to be earnings accretive to the Glomac Group via enhancement of its EPS"*

We note that Glomac Bina has contributed to the increase in the EPS of the Group for the past three financial years. The Proposed Acquisition will allow the Company to fully recognise the EPS contribution from Glomac Bina.

(ii) *"Moving forward, with the increase of future projects launched and planned, Glomac Bina is expected to provide more construction services (via inter-segment transactions as well as services provided to external customers), which will further increase the revenue of the Group."*

We understand that Glomac Bina has been involved in various construction projects in Klang Valley such as the construction of low-rise residential properties (mainly in double-storey terrace houses), infrastructure works (road, drain and sewage), piling works, site clearance and earthworks. Upon completion of the Proposed Acquisition, Glomac Bina is expected to have a stronger competitive edge in securing construction projects, as it will benefit from the credentials and established track record of its holding company, being the Glomac Group. This would enable the Group to further expand its business and revenue streams, resulting in potential growth in both the short and long term.

Premised on the above, barring any unforeseen circumstances, we are of the view that the long term prospects of the Glomac Group and Glomac Bina pursuant to the Proposed Acquisition appears to be favourable, mainly supported by:

(i) the Government's various initiatives to stimulate Malaysia's economy as well as the latest Budget 2023 with the introduction of various incentives to boost the property development and construction sectors as set out in Section 6.1 of this IAL; and

(ii) the overview and outlook of the Malaysian economy, property industry and construction industry in Malaysia as set out in Sections 4.1, 4.2 and 4.3, Part A of the Circular.

Nonetheless, we wish to highlight that the construction and property development industries are subject to uncertainties which are not within the Board's control. Additionally, changes in Government policies or regulations related to taxation, land acquisition, or environmental standards may also impact the industry and the Group's operations.

Furthermore, changes in financing conditions, such as rising interest rates or tighter credit availability, may also pose a risk to the Group's financial performance. The occurrence of any of these events may result in delays or cancellations of projects, decreased demand for properties, increased construction costs, or other adverse effects, which may impact the Group's revenue and profitability. The occurrence of any of such events may materially impact the construction and property development industries and may adversely affect the Group's financial performance.

Taking into consideration of the above, we are of the opinion that the prospects of the Glomac Group are expected to be encouraging in the long term.

6.6 Risk factors associated with the Proposed Acquisition

We take note of the risk factors as disclosed in Section 5, Part A of the Circular as follows:

(i) Acquisition risk;
(ii) Completion risk;
(iii) Integration risk; and
(iv) Business and operational risk.

Based on the above, we are of the view that the risk factors in relation to the Proposed Acquisition are common risks associated with such transactions/investments. Furthermore, the Proposed Acquisition will not materially change the risk profile of the business of Glomac as Glomac Bina operates in the same industry as the Company. As such, Glomac will be exposed to similar business, operational and financial risks inherent in the industry upon completion of the Proposed Acquisition.

We take note that Glomac Bina is currently a 51%-owned subsidiary of Glomac. As such, it is pertinent to note that the risks and challenges faced by Glomac and Glomac Bina will remain unchanged despite the Proposed Acquisition.

Nonetheless, apart from the risk factors associated with the Proposed Acquisition as highlighted above, the non-interested shareholders and non-interested directors should also carefully consider general risks associated with a construction company. These risks include delays in project completion, business risks (e.g., rise in construction cost, labour cost, and dependence on foreign workers) and operational and geographical risks (as Glomac Bina is currently focused on construction of low-rise residential project which is mainly concentrated in Klang Valley area).

We understand from the management of Glomac that as at the LPD, Glomac Bina is solely involved in the construction works of the property development projects awarded by Glomac Group. This indicates a risk that Glomac Bina is dependent on projects awarded by its related parties. However, we also note that the risk of overreliance on projects awarded by related parties can be mitigated through tendering for more suitable projects owned by external customers. We wish to highlight that there is no assurance that Glomac Bina will be successful in tendering and securing such new contracts from external customers.

We wish to highlight that, although measures may be taken by the Board to attempt to limit all such risks, no assurance can be given that one or a combination of such risk factors will not crystallise and give rise to material and adverse impact on the financial performance/position or prospects of the Group.

In evaluating the Proposed Acquisition, non-interested shareholders of Glomac should carefully consider the risk factors as mentioned in Section 5, Part A of the Circular prior to voting on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of Glomac. Non-interested shareholders of Glomac should also note that the risk factors mentioned herein and Section 5, Part A of the Circular are not meant to be exhaustive.

7. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition and our evaluation is set out in Section 6 of this IAL. Non-interested shareholders of Glomac are advised to consider the merits and demerits of the Proposed Acquisition carefully based on all relevant and pertinent factors including those set out in this IAL and the Circular as well as other publicly available information prior to making a decision to vote on the resolution pertaining to the Proposed Acquisition.

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

(i) the rationale for the Proposed Acquisition is **reasonable** and is **not detrimental** to the non-interested shareholders of Glomac, which is set out in Section 6.1 of this IAL;

(ii) the Purchase Consideration is **fair** to the non-interested shareholders of Glomac, which is set out in Section 6.2 of this IAL;

(iii) the salient terms of the SSA are **reasonable** and **not detrimental** to the interests of the non-interested shareholders of Glomac, which are set out in Section 6.3 of this IAL;

(iv) the effects of the Proposed Acquisition are **not detrimental** to the interests of the non-interested shareholders of Glomac, which are set out in Section 6.4 of this IAL;

(v) the industry outlook and prospects, which are set out in Section 6.5 of this IAL; and

(vi) the risk factors in relation to the Proposed Acquisition, which are set out in Section 6.6 of this IAL.

Premised on the foregoing and our overall evaluation and assessment of the Proposed Acquisition based on information available to us up to the LPD, we are of the opinion that, taken as a whole, the Proposed Acquisition is **FAIR AND REASONABLE** and is **NOT DETRIMENTAL** to the non-interested shareholders of Glomac.

Accordingly, we recommend the non-interested shareholders of Glomac to **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Yours faithfully,
for and on behalf of
MIDF AMANAH INVESTMENT BANK BERHAD

DATUK JOSEPH DOMINIC SILVA
Chief Executive Officer

JOSEPHINE KONG
Senior Director/Head
Corporate Finance

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTERESTS

MIDF Investment, being the Independent Adviser for the Proposed Acquisition, 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 it appears in this Circular.

Malaysian Industrial Development Finance Berhad ("**MIDF**") is the holding company of MIDF Investment. MIDF, MIDF Investment and other subsidiaries of MIDF (collectively referred to as the "**MIDF Group**") and its related and associated companies are involved in diversified financial activities. MIDF Group has been engaged, and may in the future be engaged, in transactions with and/or perform services for the Glomac Group and its affiliates, in addition to MIDF Investment's role as the Independent Adviser for the Proposed Acquisition.

Further, in the ordinary course of business, any member of the MIDF Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Glomac Group and its affiliates, or any other entity or transactions for its own account or the account of its customer. This is a result of the business of the MIDF Group generally acting independently of each other and accordingly, there may be situations where parts of the MIDF Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the said interest.

Nonetheless, the MIDF Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities, and Chinese wall between different business divisions.

As at the LPD, MIDF Investment is not aware of any conflict of interest which exists or is likely to exist in relation to its appointment as the Independent Adviser for the Proposed Acquisition.

3. MATERIAL COMMITMENTS

As at the LPD, save as disclosed below, the Board is not aware of any material commitments incurred or known to be incurred by the Glomac Group, which upon becoming enforceable may have a material effect on the financial position of the Glomac Group:

	RM'000
Approved and contracted for:	
Purchase of land held for property development	1,200

4. CONTINGENT LIABILITIES

As at the LPD, save as disclosed in Section 3 of Appendix I which is contingent, the Board is not aware of any contingent liabilities, incurred or known to be incurred by the Glomac Group which, upon becoming enforceable may have a material effect on the profits and/or NA of the Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by the registered shareholders of Glomac at Glomac's registered office at Level 15, Menara Glomac, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur during normal business hours from Mondays to Fridays (except for public holidays) from the date of this Circular up to and including the date of the forthcoming EGM of the Company:

(a) SSA;

(b) the constitution of Glomac;

(c) the constitution of Glomac Bina;

(d) the audited financial statements of Glomac for the FYE 30 April 2021 and FYE 30 April 2022 and the latest unaudited financial results for the nine (9) months FPE 31 January 2023;

(e) the audited financial statements of Glomac Bina for the FYE 30 April 2021 and FYE 30 April 2022 and the latest unaudited financial results for the nine (9) months FPE 31 January 2023; and

(f) the letter of consent and conflict of interest referred to in Section 2 of Appendix I of this Circular.

1. HISTORY AND BUSINESS

Glomac Bina was incorporated in Malaysia on 7 July 1990 as a private limited company under the Companies Act 1965 under the name of Pembinaan Glomac Sdn. Bhd. and is deemed registered under the Act. It changed its name to Glomac Bina Sdn. Bhd. on 13 February 1996.

Glomac Bina has its registered address at Level 15, Menara Glomac, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

Glomac Bina is a building contractor. It undertakes construction projects from property developers in Malaysia. As at the LPD, Glomac Bina is solely involved in the construction works of the property development projects awarded by the Glomac Group.

Glomac Bina is registered as a Grade 7 (commonly known as G7) contractor with CIDB. This allows Glomac Bina to tender for construction projects including the Government's construction projects in Malaysia. Glomac Bina is also a certified Class B construction company by the Pusat Khidmat Kontraktor.

Glomac Bina has completed more than 50 construction projects, mainly in Selangor and Klang Valley. Glomac Bina is capable of various types of projects, including landed residential, shoplot, infrastructure works (drainage and sewerage), road works, earthworks, piling works and electrical works. Glomac Bina typically acts as the main contractor for construction projects.

2. SHARE CAPITAL

As at the LPD, the issued share capital of Glomac Bina is RM9,800,000 comprising 2,800,000 ordinary shares.

3. DIRECTORS AND SHAREHOLDERS

The details of Glomac Bina's shareholders and Directors as at the LPD are as follows:

Name	Nationality/ Country of incorporation	Direct No. of Glomac Bina Shares	%	Indirect No. of Glomac Bina Shares	%
Directors and Shareholders					
Tan Sri Dato' FD Mansor	Malaysian	1,092,000	39.0	1,428,000[(1)]	51.0
Mohd Yasin Loh bin Abdullah	Malaysian	280,000	10.0	-	-
Datuk Seri Fateh Iskandar	Malaysian	-	-	2,520,000[(2)]	90.0
Shareholder					
Glomac	Malaysia	1,428,000	51.0	-	-
Director					
Datuk Fong Loong Tuck	Malaysian	-	-	-	-
Total		**2,800,000**	**100.0**		

Notes:

(1) Deemed interested pursuant to Section 8 of the Act by virtue of his interest in Glomac.

(2) Deemed interested pursuant to Section 8 of the Act by virtue of his interest in Glomac and his father's interest in Glomac Bina.

4. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, Glomac Bina does not have any subsidiary or associated company.

5. FINANCIAL INFORMATION

A summary of the financial information of Glomac Bina for the past 3 audited FYEs 30 April 2020 to 30 April 2022 and the latest unaudited 9-month FPE 31 January 2023 and unaudited 9-month FPE 31 January 2022 are set out below:

	Audited			Unaudited	
	FYE 30 April 2020 RM'000	FYE 30 April 2021 RM'000	FYE 30 April 2022 RM'000	9-month FPE 31 January 2022 RM'000	9-month FPE 31 January 2023 RM'000
Revenue	37,153	64,739	37,572	18,245	14,788
Gross profit	8,661	11,414	15,645	5,024	192
PBT/(LBT)	5,447	9,824	12,685	3,245	(1,513)
PAT/(LAT)	4,728	7,675	9,448	1,574	(1,513)
PAT/(LAT) margin (%)	12.73	11.86	25.15	8.63	(10.23)
Total borrowings	-	-	-	-	-
Total assets	70,808	73,285	66,582	67,531	63,870
Total liabilities	32,388	31,561	15,553	24,232	14,354
Share capital	9,800	9,800	9,800	9,800	9,800
Retained earnings	28,620	31,925	41,229	33,498	39,716
Shareholders' funds/NA	38,420	41,725	51,029	43,298	49,516
Fixed deposit, cash and bank balances	33,005	32,755	36,150	37,617	38,090
No. of shares in issue ('000)	2,800	2,800	2,800	2,800	2,800
EPS/(LPS) (RM)	1.69	2.74	3.37	0.56	(0.54)
NA per share (RM)	13.72	14.90	18.22	15.46	17.68
Gearing ratio (times)	-	-	-	-	-
Current ratio (times)	1.89	1.80	3.42	2.11	3.52
Cash flow from/(used in) operating activities	12,739	(414)	3,046	4,213	1,467

During the FYEs 30 April 2020 to 30 April 2022:

(i) there were no exceptional and/or extraordinary items;

(ii) there were no accounting policies adopted by Glomac Bina which are peculiar to Glomac Bina because of the nature of the business or the industry it is involved in, as well as the effects of such policies on the determination of income or financial position; and

(iii) there have been no audit qualifications for the financial statements of Glomac Bina.

Commentary on past performance of Glomac Bina

(a) FYE 30 April 2020

For the FYE 30 April 2020, Glomac Bina recorded a revenue of RM37.15 million, which represents a slight decrease of RM1.15 million or 3.00% as compared to the FYE 30 April 2019 of RM38.30 million.

Glomac Bina recorded a PAT of RM4.73 million for the FYE 30 April 2020 which represents an increase of RM5.50 million as compared to LAT of RM0.77 million for the FYE 30 April 2019. The higher PAT recorded was mainly due to higher profit margins in some of the construction projects as well as lower income tax expense incurred in the FYE 30 April 2020.

(b) FYE 30 April 2021

For the FYE 30 April 2021, Glomac Bina recorded a revenue of RM64.74 million, which represents an increase of RM27.59 million or 74.27% as compared to the FYE 30 April 2020 of RM37.15 million. The increase in revenue was mainly due to higher construction activities compared to the corresponding period as well as finalisation of several construction projects such as construction of 156 units and 128 units of double-storey terrace houses in Dengkil.

Glomac Bina recorded a PAT of RM7.68 million for the FYE 30 April 2021 which represents an increase of RM2.95 million or 62.37% as compared to the PAT of RM4.73 million for the FYE 30 April 2020. The higher PAT recorded was mainly in tandem with the increase in the Company's revenue coupled with lower administrative expenses incurred.

(c) FYE 30 April 2022

For the FYE 30 April 2022, Glomac Bina recorded a revenue of RM37.57 million, which represents a decrease of RM27.17 million or 41.97% as compared to the FYE 30 April 2021 of RM64.74 million. The decrease in revenue was mainly due to lower construction activities as compared to the corresponding period.

Nonetheless, Glomac Bina recorded a PAT of RM9.45 million for the FYE 30 April 2022 which represents an increase of RM1.77 million or 23.05% as compared to a PAT of RM7.68 million for the FYE 30 April 2021. The higher PAT recorded was mainly due to finalisation of several construction projects such as construction of 180 units and 78 units of double-storey terrace houses in Dengkil.

(d) 9-month FPE 31 January 2023

For 9-month FPE 31 January 2023, Glomac Bina recorded a revenue of RM14.79 million, which represents a decrease of RM3.46 million or 18.96% as compared to 9-month FPE 31 January 2022 of RM18.25 million. The decrease in revenue was mainly due to lower construction activities as compared to the corresponding period.

Glomac Bina recorded the LAT of approximately RM1.51 million for 9-month FPE 31 January 2023 which represents a decrease of RM3.08 million as compared to PAT of RM1.57 million for 9-month FPE 31 January 2022. This was mainly due to lower gross profit margins as construction costs increased due to higher construction material costs and labour shortage issue.

6. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, there are no material commitments and contingent liabilities incurred or known to be incurred by Glomac Bina, which upon becoming due or enforceable, may have a material impact on the financial position or business of Glomac Bina.

7. ASSETS OWNED

Based on Glomac Bina's latest audited financial statements for the FYE 30 April 2022, Glomac Bina's total assets stood at approximately RM66.58 million, which comprise the following:

Type of assets	**Audited net book value as at 30 April 2022 (RM'000)**
Property, plant and equipment	289
Prepaid lease payments on leasehold land	36
Investment properties	3,522
Other investment	7,039
Deferred tax assets	2,540
Contract assets	1,819
Trade receivable	50
Other receivables and refundable deposits	265
Amount owing by related companies	13,084
Tax recoverable	1,788
Fixed deposits, cash and bank balances	36,150
Total assets	**66,582**

8. MATERIAL CONTRACTS

As at the LPD, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Glomac Bina within the 2 years preceding the date of this Circular.

9. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Glomac Bina is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or may have a material effect on the business or financial position of Glomac Bina and the Board is not aware of any proceeding, pending or threatened, against Glomac Bina or of any facts likely to give rise to any proceedings which may materially affect the business or financial position of Glomac Bina.

10. COMPLETED PROJECTS

The major projects of Glomac Bina completed within the past 3 financial years from the LPD are as follows:

No.	Name of projects/Locations	Project details	Project owner	Commencement date/Completion date	Contract value (RM'000)
1.	Saujana Perdana at Kuala Selangor, Selangor Darul Ehsan	Phase 3C 186 units of two-storey houses and a power station	Kelana Kualiti Sdn. Bhd. (a wholly-owned subsidiary of Glomac)	10 December 2018/ 9 March 2020	31,800
		Phase 3D2 120 units of two-storey houses and a power station		12 September 2019/ 11 December 2020	21,590
		Phase 4A 94 units of two-storey houses and a power station		1 July 2020/ 1 November 2021	21,814
		Phase 3D1 120 units of two-storey houses		15 October 2020/ 14 January 2022	22,080
		Phase 4B 120 units of two-storey houses		1 March 2021/ 30 March 2023	26,000
2.	Lakeside Boulevard at Puchong at Kuala Selangor, Selangor Darul Ehsan	43 units of two-storey shop offices and 2 power stations	Glomac Alliance Sdn. Bhd. (a wholly-owned subsidiary of Glomac)	1 August 2019/ 31 October 2020	14,516

All of the above projects are owned by the wholly-owned subsidiaries of Glomac.

11. ON-GOING PROJECT

As at the LPD, Glomac Bina's major on-going project is as follows:

No.	Name of project/Location	Project detail	Project owner	Date of award	Commencement date/Expected completion date	Contract value (RM'000)
1.	Ruma 33 at Kuala Selangor, Selangor Darul Ehsan	33 units of two-storey houses	Elmina Equestrian Centre (Malaysia) Sdn. Bhd. (a wholly-owned subsidiary of Glomac)	2022	18 August 2022/ 17 October 2023	16,664

The above project is owned by a wholly-owned subsidiary of Glomac.

GLOMAC BINA SDN. BHD.
[Registration No. 199001008912 (200482 - U)]
(Incorporated in Malaysia)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022
(In Ringgit Malaysia)

Registration No. 199001008912 (200482 - U)

GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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Registration No. 199001008912 (200482 - U)

GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

REPORT OF THE DIRECTORS

The Directors of **GLOMAC BINA SDN. BHD.** have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 30 April 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of a building contractor.

RESULTS

The results of the Company for the financial year are as follows:

	RM
Profit before tax	12,685,016
Income tax expense	(3,237,341)
Profit for the financial year	9,447,675

In the opinion of the Directors, the results of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any final dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or the setting up of an allowance for doubtful debts in the financial statements of the Company; or

(b) which would render the values attributed to the current assets in the financial statements of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the financial year in which this report is made.

DIRECTORS

The Directors of the Company during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Dato' Mohamed Mansor bin Fateh Din
Datuk Fong Loong Tuck
Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor
Mohd Yasin Loh bin Abdullah

DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies of those who were Directors of the Company at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 (the "Act"), are as follows:

	Number of ordinary shares			
	Balance as at 1.5.2021	**Bought**	**Sold**	**Balance as at 30.4.2022**
Shares in the Company				
Registered in the name of Directors				
Tan Sri Dato' Mohamed Mansor bin Fateh Din	1,092,000	-	-	1,092,000
Mohd Yasin Loh bin Abdullah	280,000	-	-	280,000

	Number of ordinary shares			
	Balance as at 1.5.2021	Bought	Sold	Balance as at 30.4.2022
Shares in holding company, Glomac Berhad				
Registered in the name of Directors				
Direct Interests				
Tan Sri Dato' Mohamed Mansor bin Fateh Din	161,283,317	-	-	161,283,317
Datuk Fong Loong Tuck	130,874,805	-	-	130,874,805
Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor	146,930,800	-	-	146,930,800
Indirect Interests				
Tan Sri Dato' Mohamed Mansor bin Fateh Din*	154,256,800	-	-	154,256,800
Datuk Fong Loong Tuck**	2,420,000	-	-	2,420,000
Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor***	161,283,317	-	-	161,283,317

Shares in the related company:

	Number of ordinary shares			
	Balance as at 1.5.2021	Bought	Sold	Balance as at 30.4.2022
Shares in FDA Sdn. Bhd.				
Registered in the name of Director				
Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor	75,000	-	-	75,000

Notes:

* * Deemed interested pursuant to Section 8 and Section 59(11)(c) of the Act by virtue of his son's and daughters' interests in the Company, respectively.
* ** Deemed interested pursuant to Section 8 and Section 59(11)(c) of the Act by virtue of his son's interest in the Company.
* *** Deemed interested pursuant to Section 8 of the Act by virtue of his father's interest in the Company.

By virtue of their interests in the ordinary shares of the holding company, Tan Sri Dato' Mohamed Mansor bin Fateh Din and Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor are deemed to have an interest in the shares of all the subsidiary companies of the holding company to the extent the holding company has an interest.

Other than disclosed above, none of the other Directors in office at the end of the financial year held shares or had any beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The holding company, Glomac Berhad, maintains directors' liability insurance for purposes of Section 289 of the Companies Act 2016 throughout the year, which provides appropriate insurance cover for the Directors of Glomac Berhad. The amount of insurance premium paid by Glomac Berhad during the year amounted to RM18,030. Tan Sri Dato' Mohamed Mansor bin Fateh Din, Datuk Fong Loong Tuck and Datuk Seri Fateh Iskander bin Tan Sri Dato' Mohamed Mansor, who act as Directors of the Company, are also the Directors of Glomac Berhad.

There were no other indemnity provisions made on behalf of any other officers or auditors of the Company.

HOLDING COMPANY

The Company is a 51% owned subsidiary company of Glomac Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, which is also regarded by the Directors as the ultimate holding company.

AUDITORS' REMUNERATION

The auditors' remuneration for the financial year ended 30 April 2022 is as disclosed in Note 8(a) to the financial statements.

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AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

TAN SRI DATO' MOHAMED MANSOR BIN FATEH DIN

DATUK FONG LOONG TUCK

Kuala Lumpur
17 August 2022

Registration No. 199001008912 (200482 - U)

Deloitte.

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **GLOMAC BINA SDN. BHD.**, which comprise the statement of financial position of the Company as at 30 April 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 53.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

(Forward)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

(Forward)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

(Forward)

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Other Matter

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

Deloitte PLT

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LAI CAN YIEW
Partner - 02179/11/2022 J
Chartered Accountant

17 August 2022

Registration No. 199001008912 (200482 - U)

GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	Note	2022 RM	2021 RM
Revenue	5	37,571,945	64,738,988
Contract cost recognised		(21,926,679)	(53,325,088)
Gross profit		15,645,266	11,413,900
Investment income	6	844,126	1,589,354
Other operating income		80,261	610,052
Administrative expenses		(3,790,677)	(3,557,529)
Finance costs	7	(93,960)	(231,569)
Profit before tax	8	12,685,016	9,824,208
Income tax expense	9	(3,237,341)	(2,148,935)
Profit for the financial year		9,447,675	7,675,273
Other comprehensive loss:			
Loss on valuation of redeemable preferences shares	13	(142,964)	(4,370,179)
Total comprehensive income for the financial year		9,304,711	3,305,094

The accompanying Notes form an integral part of the Financial Statements.

Registration No. 199001008912 (200482 - U)

GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	Note	2022 RM	2021 RM
ASSETS			
Non-current Assets			
Property, plant and equipment	10	289,223	326,185
Prepaid lease payments on leasehold land	11	36,406	40,451
Investment properties	12	3,521,853	3,700,853
Other investments	13	7,039,018	7,181,982
Deferred tax assets	14	2,540,000	5,123,000
Total Non-current Assets		13,426,500	16,372,471
Current Assets			
Contract assets	15	1,819,300	521,354
Trade receivable	16	50,148	50,148
Other receivables and refundable deposits	17	265,315	303,051
Amount owing by related companies	18	13,083,528	23,083,322
Tax recoverable		1,787,694	200,117
Fixed deposits, cash and bank balances	19	36,149,669	32,754,971
Total Current Assets		53,155,654	56,912,963
TOTAL ASSETS		66,582,154	73,285,434
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital	20	9,800,000	9,800,000
Retained earnings	21	41,229,367	31,924,656
Total Equity		51,029,367	41,724,656

(Forward)

Registration No. 199001008912 (200482 - U)

	Note	2022 RM	2021 RM
Current Liabilities			
Contract liabilities	15	9,478,426	22,666,388
Trade payables	22	5,950,546	8,692,723
Other payables, accrued expenses and refundable deposits	23	54,900	132,752
Amount owing to related companies	18	68,915	68,915
Total Current Liabilities		15,552,787	31,560,778
TOTAL EQUITY AND LIABILITIES		66,582,154	73,285,434

The accompanying Notes form an integral part of the Financial Statements.

Registration No. 199001008912 (200482 - U)

GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	Issued Capital RM	Retained Earnings RM	Total RM
As at 1 May 2020	9,800,000	28,619,562	38,419,562
Total comprehensive income for the financial year	-	3,305,094	3,305,094
As at 30 April 2021	9,800,000	31,924,656	41,724,656
As at 1 May 2021	9,800,000	31,924,656	41,724,656
Total comprehensive income for the financial year	-	9,304,711	9,304,711
As at 30 April 2022	9,800,000	41,229,367	51,029,367

The accompanying Notes form an integral part of the Financial Statements.

Registration No. 199001008912 (200482 - U)

GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	2022 RM	2021 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	12,685,016	9,824,208
Adjustments for:		
Finance costs	93,960	231,569
Depreciation of property, plant and equipment	39,961	46,325
Amortisation of prepaid lease payments on leasehold land	4,045	4,046
Investment income	(844,126)	(1,589,354)
Fair value loss/(gain) on investment properties	179,000	(490,000)
Operating Profit Before Working Capital Changes	12,157,856	8,026,794
(Increase)/Decrease in:		
Contract assets	(1,297,946)	(325,188)
Trade receivable	-	50,148
Other receivables and refundable deposits	37,736	274,189
Amount owing by related companies	10,017,741	(7,834,067)
(Decrease)/Increase in:		
Contract liabilities	(13,187,962)	(3,791,356)
Trade payables	(2,741,481)	2,779,679
Other payables and refundable deposits	131,109	(34,691)
Cash Generated From/(Used In) Operations	5,117,053	(785,140)
Income tax paid	(2,450,879)	(416,501)
Interest received	379,693	788,090
Net Cash From/(Used In) Operating Activities	3,045,867	(413,551)

(Forward)

Registration No. 199001008912 (200482 - U)

	Note	2022 RM	2021 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Placement in fixed deposits with maturity in excess of 90 days		(244,479)	(411,260)
Interest received		351,830	612,398
Repayment to holding company		-	(448,066)
Purchase of property, plant and equipment		(2,999)	-
Net Cash From/(Used In) Investing Activities		104,352	(246,928)
NET CASH FLOWS USED IN FINANCING ACTIVITIES			
Decrease in amount owing to related companies		-	(1,259)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,150,219	(661,738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		20,370,536	21,032,274
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	23,520,755	20,370,536

(a) Cash outflow for leases as a lessee

	Note	2022 RM	2021 RM
Included in net cash from/(used in) operating activities:			
Payment relating to leases of low-value assets	8(a)	7,496	10,247

The accompanying Notes form an integral part of the Financial Statements.

Registration No. 199001008912 (200482 - U)

GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

1. GENERAL INFORMATION

The Company is a private limited liability company incorporated and domiciled in Malaysia.

The principal activity of the Company is that of a building contractor.

The registered office of the Company is located at Level 15, Menara Glomac, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur.

The principal place of business of the Company is located at 336 Block A, Kompleks Kelana Centre Point, Jalan SS 7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 August 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements of the Company have been prepared under the historical cost convention except as disclosed in the significant accounting policies in Note 3.

The financial statements are presented in Ringgit Malaysia ("RM") unless otherwise stated.

Adoption of amended Malaysian Financial Reporting Standards

In the current financial year, the Company adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations and effective for annual financial periods beginning on or after 1 May 2021.

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendment to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Company and has no significant effect on the financial performance or position of the Company.

Standards and Amendments in issue but not yet effective

The new MFRSs and amendments to MFRSs which are in issue but not yet effective and not early adopted by the Company are listed below:

MFRS 17 and Amendments to MFRS 17	Insurance Contracts[2]
Amendments to MFRS 3	Reference to the Conceptual Framework[1]
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[2]
Amendments to MFRS 101	Disclosure of Accounting Policies[2]
Amendments to MFRS 108	Definition of Accounting Estimates[2]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[1]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[1]
Amendment to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020[1]

1 Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

3 Effective date deferred to a date to be determined and announced, with earlier application permitted.

The abovementioned new MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Company when they become effective and the Directors anticipate that the adoption of these MFRSs and amendments to MFRS will have no material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The assets and liabilities carried at fair value are categorised into different levels of fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(a) Revenue Recognition

Revenue from construction contracts

The fair value of revenue, which is based on the fixed price under the agreement have been allocated based on relative stand-alone selling price of the considerations for each of the separate performance obligations.

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer.

Control of the asset is transferred over time as the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period by reference to the progress towards complete satisfaction of that performance obligation. The Company recognises revenue over time by using the cost-based input method, based on the physical proportion that contract costs incurred for work performed to date bears to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as provision for foreseeable loss.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings to contract customers, the balance is shown as contract assets. When billings to contract customers exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as contract liabilities.

(b) **Rental income**

Rental income is recognised over the tenure of the rental period of properties.

(c) **Interest income**

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) **Employee Benefits**

(i) **Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined contribution plan**

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(e) **Income Taxes**

Income tax in profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences as of the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Directors of the Company reviewed the Company's investment properties and concluded that they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, the Directors have determined that the 'sale' presumption set out in the MFRS 112 *Income Taxes* is not rebutted. As a result, the Company has recognised deferred taxes on changes in fair value of the investment properties based on the expected rate that would apply on disposal of the investment properties.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle their current tax assets and liabilities on a net basis.

(f) **Impairment of Non-Financial Assets**

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) **Property, Plant and Equipment**

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

Depreciation of property, plant and equipment is computed on a straight-line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used are as follows:

Office buildings	30 years
Survey equipment	15%
Office equipment	15% - 20%
Plant and machinery	20%
Furniture and fittings	15%
Motor vehicles	20%

At the end of each reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

(h) **Leases**

(i) **Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the supplier has a substantive substitution right, the asset is not identified.

- The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- The customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single-lease component.

(ii) **Recognition and initial measurement**

(a) **As a lessee**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, incremental borrowing rate as the discount rate. Generally, the Company uses the incremental borrowing rate as the discount rate. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments less any incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase option that the Company are reasonably certain to exercise; and
- Penalties for early termination of a lease unless the Company are reasonably certain not to terminate early.

The Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) **As a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, and also consider indicators such as whether the lease is for the major part of the economic life of the asset. If this is the case, the lease is a finance lease; if not, then it is an operating lease.

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

(iii) **Subsequent measurement**

(a) **As a lessee**

The right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss (if any) in accordance with MFRS 136 *Impairment of Assets* as described in Note 3(f). The right-of-use assets are generally depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are adjusted for certain remeasurement of the lease liabilities.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modifications is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) **As a lessor**

The Company recognises lease payment received or receivable under operating leases as income on a straight-line basis over the lease term

(iv) **Determination of lease term**

In determining the lease term upon the lease commencement, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company which affects whether the Company is reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

(i) **Investment Properties**

Investment properties carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost and subsequently at fair value with any changes in fair value are recognised in profit or loss for the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

If the Company determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Company measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is complete (whichever is earlier).

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of change in use becomes its deemed cost for subsequent accounting.

Determination of fair value

Fair value of investment properties are determined based on valuation carried out by an external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued or, based on past transacted prices of the same properties and in the absence of past transacted prices, on the basis of the Directors' best estimates.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(j) **Borrowing Costs**

Interest incurred on borrowings related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(k) **Prepaid Lease Payments on Leasehold Land**

The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments that are stated at cost less accumulated amortisation, are amortised over the lease term on a straight line basis, except for leasehold land classified as investment property.

(l) **Contract Assets and Contract Liabilities**

Contract asset is the right to consideration for goods or services transferred to the customers. The Company's contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Company has received the consideration or has billed the customers. The Company's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Company performs its obligation under the contracts.

(m) **Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recognised at fair value. The Company holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(q)(iii).

(n) **Provisions**

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) **Cash and Cash Equivalents**

The Company adopts the indirect method in the preparation of the statement of cash flows.

For the purposes of the statements of cash flows, cash and cash equivalents include cash on hand and at bank and short-term highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash, which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(p) **Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

(q) **Financial Instruments**

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) **Recognition and Initial Measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset (unless it is a trade receivable without significant financing component) or a financial liability at its fair value plus or minus, in the case of a financial instrument not measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issuance. Transaction costs of financial assets at FVTPL are recognised immediately in profit or loss.

Trade receivables without a significant financing component are initially measured at transaction price in accordance with MFRS 15 *Revenue from Contract with Customers.*

Regular way of purchase or sale of a financial asset is recognised on the trade date, the date on which the Company commits to purchase or sell an asset.

(ii) **Classification and Subsequent Measurement**

Financial Assets

The Company classifies its financial assets in the following measurement categories:

(a) those to be measured at fair value either through other comprehensive income ("FVTOCI") or through profit or loss ("FVTPL"); and

(b) those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and its contractual cash flow characteristics.

For assets measured at fair value, gain and losses will be recorded in either profit or loss or other comprehensive income ("OCI").

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(a) **Financial assets at amortised cost**

Financial assets that are held for collection of contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding are classified as financial assets at amortised cost. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less accumulated impairment.

Interest income from these financial assets is calculated using the effective interest rate method and is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. For credit-impaired financial assets the effective interest rate shall be applied to the amortised cost of the financial asset in subsequent reporting periods.

(b) **Financial assets at FVTOCI**

This category comprises investment in equity instruments which are not held for trading, and the Company irrevocably elect to present subsequent changes in fair value of the investments in OCI. The election is made on an investment-by-investment basis, of which the Company consider this classification to be more relevant for those strategic investments which are not held for trading purposes. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Dividend income from these investments is recognised in profit or loss when the right to receive payment of the dividend is established.

The Company subsequently measured all investments in equity instruments at fair value.

(c) **Financial assets at FVTPL**

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Fair value changes are recognised in profit or loss in the period in which it arises.

(iii) **Impairment of financial assets**

An impairment loss is recognised in profit or loss based on expected credit losses ("ECL") at the end of each reporting period. ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from defaults event on a financial instrument that are possible within 12 months after the end of reporting period.

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

The Company applies the simplified approach to measure the impairment of trade receivables at lifetime ECL. The ECL are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

To measure the ECL, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

For other financial assets such as other receivables and amount due from intercompany, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the impairment losses for that financial instrument at an amount equal to 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without due cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

At the end of each reporting period, the Company assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, such as debtor who have defaulted on payment, or are in significant financial difficulties, or it is becoming probable that the borrower will enter bankruptcy.

These assets are written off when there is no reasonable expectation of recovery, with case-by-case assessment performed based on indicators such as insolvency or demise. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

Deposits and bank balances of the Company are placed with reputable financial institution with high credit ratings and no history of default. Hence, the Company does not expect any losses from default or non-performance by the counterparties.

(iv) **Derecognition of financial assets**

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss , except for the derecognition of an investment in equity instruments measured at FVTOCI, the cumulative gain or loss is transferred within equity, not recognised in profit or loss.

Financial liabilities and equity instruments issued by the Company

(i) **Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Ordinary shares are equity instruments.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(iii) **Financial liabilities**

Financial liabilities of the Company are classified as 'financial liabilities measured at amortised cost'.

(a) Financial liabilities measured at amortised cost

The Company's financial liabilities measured at amortised cost, including trade payables, other payables, accrued expenses and amount owing to related companies, are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(b) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability recognised and the consideration paid or payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgment which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Revenue Recognition on Construction Contracts

The fair value of revenue, which is based on the fixed price under the agreement have been allocated based on relative stand-alone selling price of the considerations for each of the separate performance obligations.

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer.

Control of the asset is transferred over time as the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period by reference to the progress towards complete satisfaction of that performance obligation. The Company recognises revenue over time by using the cost-based input method, based on the physical proportion that contract costs incurred for work performed to date bears to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as provision for foreseeable loss.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings to contract customers, the balance is shown as contract assets. When billings to contract customers exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as contract liabilities.

(ii) **Fair Value of Investment Properties**

The Company determines the fair value of investment properties based on available past transacted prices of the same or similar properties and in the absence of past transacted prices, on the basis of the directors 'best estimates. The carrying amount of investment properties is disclosed in Note 12.

(iii) **Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences could be utilised.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 14.

(iv) **Fair Value of Other Investment**

Other investment is measured at fair value for financial reporting purposes. The directors use their judgement in selecting and applying an appropriate valuation technique for fair value measurements. In estimating the fair value of other investment, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company uses the adjusted net assets attributable to ordinary shareholders, on the basis of the directors' best estimates. The carrying amount of other investment is disclosed in Note 13.

5. REVENUE

	2022 RM	2021 RM
Revenue from contract with customers:		
Construction (Note 15)	37,571,945	64,738,988

The Company's revenue from construction are recognised over-time. The Company revenue are derived in Malaysia.

6. INVESTMENT INCOME

	2022 RM	2021 RM
Interest income from:		
Fixed deposits with licensed banks	263,392	371,431
Short-term deposits with a licensed bank	88,438	240,967
Amount owing by holding & related companies (Note 18)	379,693	788,090
Accretion of interest on:		
Amount owing by related companies	77,503	109,715
Trade payables	35,100	79,151
	844,126	1,589,354

The following is an analysis of investment income earned on financial assets and financial liabilities by category.

	2022 RM	2021 RM
Financial assets measured at amortised cost (including cash and bank balances)	809,026	1,510,203
Other financial liabilities measured at amortised cost	35,100	79,151
	844,126	1,589,354

7. FINANCE COSTS

	2022 RM	2021 RM
Unwinding of discount on:		
Amount owing by related companies	59,556	197,750
Trade payables	34,404	33,819
	93,960	231,569

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8. PROFIT BEFORE TAX

(a) Profit before tax has been arrived at after charging/(crediting):

	2022 RM	2021 RM
Directors' remuneration (Note 18)	661,227	663,572
Depreciation of property, plant and equipment (Note 10)	39,961	46,325
Auditors' remuneration	38,890	29,500
Amortisation of prepaid lease payments on leasehold land (Note 11)	4,045	4,046
Fair value loss/(gain) on investment properties (Note 12)	179,000	(490,000)
Expenses relating to leases of low-value assets	7,496	10,247
Rental income (Note 12)	(79,000)	(118,610)

(b) Staff costs

	2022 RM	2021 RM
Wages, salaries and bonuses	1,981,540	2,033,351
Defined contribution plan	272,632	277,292
Social security costs	23,139	23,586
	2,277,311	2,334,229

(c) Directors' remuneration

	2022 RM	2021 RM
Directors' salaries	267,120	267,120
Other emoluments	366,000	369,000
Defined contribution plan	28,107	27,452
	661,227	663,572

9. INCOME TAX EXPENSE

	2022 RM	2021 RM
Income tax:		
Current year	286,197	1,585,738
Under/(Over) provision in prior years	368,144	(327,803)
	654,341	1,257,935
Deferred tax (Note 14):		
Current year	2,845,000	742,597
(Over)/Under provision in prior years	(262,000)	148,403
	2,583,000	891,000
	3,237,341	2,148,935

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

	2022 RM	2021 RM
Profit before tax	12,685,016	9,824,208
Tax expense at the applicable tax rate of 24%	3,044,404	2,357,810
Tax effects of:		
Expenses not deductible for tax purposes	61,733	39,125
Effect of different tax rates of real property gains tax	25,060	(68,600)
Under/(Over) provision of income tax expense in prior years	368,144	(327,803)
(Over)/Under provision of deferred tax in prior year	(262,000)	148,403
Tax expense for the financial year	3,237,341	2,148,935

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10. PROPERTY, PLANT AND EQUIPMENT

	Office buildings RM	Survey equipment RM	Office equipment RM	Plant and machinery RM	Furniture and fittings RM	Motor vehicles RM	Total RM
Cost							
As at 1 May 2020/ 30 April 2021/ 1 May 2021	929,687	36,830	545,109	214,859	68,630	109,622	1,904,737
Additions	-	-	2,999	-	-	-	2,999
As at 30 April 2022	929,687	36,830	548,108	214,859	68,630	109,622	1,907,736
Accumulated Depreciation							
As at 1 May 2020	583,379	36,830	520,466	214,859	67,071	109,622	1,532,227
Charge for the year	30,996	-	13,812	-	1,517	-	46,325
As at 30 April 2021/ 1 May 2021	614,375	36,830	534,278	214,859	68,588	109,622	1,578,552
Charge for the year	30,996	-	8,923	-	42	-	39,961
As at 30 April 2022	645,371	36,830	543,201	214,859	68,630	109,622	1,618,513
Net Carrying Amount							
As at 30 April 2021	315,312	-	10,831	-	42	-	326,185
As at 30 April 2022	284,316	-	4,907	-	-	-	289,223

11. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	Leasehold land with unexpired period less than 30 years RM
Cost	
As at 1 May 2020/30 April 2021/1 May 2021/30 April 2022	121,353
Accumulated Amortisation	
As at 1 May 2020	76,856
Amortisation for the year	4,046
As at 30 April 2021/1 May 2021	80,902
Amortisation for the year	4,045
As at 30 April 2022	84,947
Net Book Value	
As at 30 April 2021	40,451
As at 30 April 2022	36,406

Title deeds to the Company's leasehold land with carrying value of RM36,406 (2021: RM40,451) have yet to be issued in, or transferred to, the name of the Company.

12. INVESTMENT PROPERTIES

	Leasehold land and buildings	
	2022 RM	2021 RM
At fair value		
At beginning of year	3,700,853	3,210,853
Fair value (loss)/gain during the year [Note 8(a)]	(179,000)	490,000
At end of year	3,521,853	3,700,853

Fair value information

Fair value of investment properties as at 30 April 2022 and 30 April 2021 have been arrived at based on available past transacted prices of the same or similar properties and in the absence of past transacted prices, on the basis of the Directors' best estimates.

Fair value hierarchy

Details of the Company's investment properties and information about the fair value hierarchy as of 30 April 2022 and 30 April 2021 are as follows:

Located in Malaysia:	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 April 2022				
Commercial property units	-	3,521,853	-	3,521,853
30 April 2021				
Commercial property units	-	3,700,853	-	3,700,853

There was no transfer between Level 1 and 2 during the financial year.

The property rental income earned by the Company from its investment properties, all of which are leased out under operating leases, amounted to RM79,000 (2021: RM118,610). The related expenses incurred to earn rental income amounted to RM18,037 (2021: RM28,060).

13. OTHER INVESTMENTS

	2022 RM	2021 RM
Fair value through other comprehensive income		
At beginning of year	7,181,982	-
Subscription during the year	-	11,552,161
Fair value loss during the year	(142,964)	(4,370,179)
	7,039,018	7,181,982

At 30 April 2021, the Company subscribed for 11,552,161 redeemable preference shares ("RPS") of RM1 each in its related company, Bangi Intergrated Corporation Sdn. Bhd., at an issue price of RM1.00 each, for a consideration of RM11,552,161, as part settlement of amount outstanding from the said related company.

The Company made an irrevocable election to classify the Company's equity investment as financial assets measured at fair value through other comprehensive income. The Company considers this classification to be more relevant as these instruments are strategic investment of the Company which are not held for trading purposes.

Fair value information

Fair value of other investments as at 30 April 2022 has been arrived at using adjusted net assets attributable to ordinary shareholders.

Fair value hierarchy

Details of the Company's redeemable preference shares and information about the fair value hierarchy are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 April 2022				
Redeemable preferences shares	-	-	7,039,018	7,039,018
30 April 2021				
Redeemable preferences shares	-	-	7,181,982	7,181,982

14. **DEFERRED TAX ASSETS**

	2022 RM	2021 RM
At beginning of year	5,123,000	6,014,000
Recognised in profit or loss (Note 9):		
Property, plant and equipment	5,224	4,776
Investment properties	18,035	(49,000)
Contract assets/(liabilities)	(2,606,259)	(844,677)
Other	-	(2,099)
	(2,583,000)	(891,000)
At end of year	2,540,000	5,123,000

Deferred tax assets provided in the financial statements are in respect of the tax effects of the following:

	2022 RM	2021 RM
Deferred tax assets (before offsetting)		
Temporary differences arising from:		
Contract assets/(liabilities)	2,584,000	5,190,259
	2,584,000	5,190,259
Offsetting	(44,000)	(67,259)
Deferred tax assets (after offsetting)	2,540,000	5,123,000
Deferred tax liabilities (before offsetting)		
Temporary differences arising from:		
Property, plant and equipment	39,000	44,224
Investment properties	5,000	23,035
	44,000	67,259
Offsetting	(44,000)	(67,259)
Deferred tax liabilities (after offsetting)	-	-

15. CONTRACT ASSETS/(LIABILITIES)

	2022 RM	2021 RM
At beginning of year	(22,145,034)	(26,261,578)
Revenue recognised during the year (Note 5)	37,571,945	64,738,988
Progress billings during the year	(23,219,970)	(60,907,294)
Advances paid on contracts	133,933	284,850
	(7,659,126)	(22,145,034)
Represented by:		
Contract assets	1,819,300	521,354
Contract liabilities	(9,478,426)	(22,666,388)
	(7,659,126)	(22,145,034)

The transaction price allocated to the performance obligation that are unsatisfied (or partially unsatisfied) as at 30 April 2022 is RM29,728,395 (2021: RM67,230,100), where the Company expects to recognise it as revenue over the next 3 years.

There were no impairment losses recognised on contract assets in the reporting period.

16. TRADE RECEIVABLE

	2022 RM	2021 RM
Trade receivable		
Third party	2,838	2,838
Retention sum	47,310	47,310
	50,148	50,148

Trade receivable comprises amount receivable from a main contractor for progress billings with a credit period granted of 30 days (2021: 30 days). Included in trade receivable is retention sum totalling RM47,310 (2021: RM47,310) receivable from the main contractor of the Company. The Company's exposure to credit risk is solely from the main contractor.

Ageing of past due but not impaired receivable:

	2022 RM	2021 RM
Past due > 12 months	50,148	50,148

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The Company recognises impairment losses based on expected credit losses ("ECL") model using the simplified approach, which measures the impairment losses at an amount equal to lifetime ECL.

17. OTHER RECEIVABLES AND REFUNDABLE DEPOSITS

Other receivables and refundable deposits consist of:

	2022 RM	2021 RM
Interest income receivable	100,438	98,517
Refundable deposits	162,227	195,884
Other receivables	2,650	8,650
	265,315	303,051

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a 51% owned subsidiary company of Glomac Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, which is also regarded by the Directors as the ultimate holding company.

Amount owing by related companies, which arose mainly from construction works performed and payments made on behalf, is unsecured, bears interest at 4.14% (2021: 4.15%) per annum and is repayable on demand. Included in amount owing by related companies are retention sums amounting to RM4,511,864 (2021: RM4,459,621).

Amount owing to related companies, which arose mainly from payments made on behalf, is unsecured, bears interest at 4.14% (2021: 4.15%) per annum and is repayable on demand.

During the financial year, significant transactions which are determined on a basis as negotiated between the said companies, are as follows:

	2022 RM	2021 RM
Related companies		
Revenue from construction work performed (Note 5)	37,571,945	64,738,988
Interest income (Note 6)	379,693	788,090

Compensation of key management personnel

	2022 RM	2021 RM
Directors [Note 8(c)]		
Short-term employment benefits:		
Salaries and other emoluments	633,120	636,120
Post-employment benefits:		
Defined contribution plan	28,107	27,452
	661,227	663,572
Other key management personnel		
Short-term employment benefits:		
Salaries and other emoluments	706,392	748,824
Social security costs	3,463	3,694
	709,855	752,518
Post-employment benefits:		
Defined contribution plan	85,080	90,192
	794,935	842,710
Total compensation	1,456,162	1,506,875

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

19. FIXED DEPOSITS, CASH AND BANK BALANCES

	2022 RM	2021 RM
Fixed deposits with licensed banks	14,089,180	13,827,709
Cash and bank balances	22,060,489	18,927,262
	36,149,669	32,754,971
Less: Fixed deposits with maturity in excess of 90 days	(12,628,914)	(12,384,435)
Cash and cash equivalents	23,520,755	20,370,536

Fixed deposits with licensed banks earn interest at rates ranging from 1.50% to 1.95% (2021: 1.50% to 3.45%) per annum and have an average maturity period of 179 days (2021: 189 days).

20. SHARE CAPITAL

	2022 RM	2021 RM
Issued and fully paid:		
Ordinary shares:		
At beginning and end of year		
2,800,000 shares	9,800,000	9,800,000

21. RETAINED EARNINGS

The Company's retained earnings as of 30 April 2022 are distributable as dividends under the single-tier income tax system.

22. TRADE PAYABLES

Trade payables comprise amounts outstanding to contractors, suppliers and consultants. The credit period granted to the Company ranges from 30 to 60 days (2021: 30 to 60 days). Included in trade payables are retention sums totalling RM2,701,690 (2021: RM2,840,931) payable to subcontractors of the Company.

23. OTHER PAYABLES, ACCRUED EXPENSES AND REFUNDABLE DEPOSITS

Other payables, accrued expenses and refundable deposits consist of:

	2022 RM	2021 RM
Accrued expenses	31,500	95,352
Refundable deposits	23,400	37,400
	54,900	132,752

24. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	2022 RM	2021 RM
Financial assets		
Amortised cost		
Trade receivable	50,148	50,148
Other receivables and refundable deposits	265,315	303,051
Amount owing by related companies	13,083,528	23,083,322
Fixed deposits, cash and bank balances	36,149,669	32,754,971
Fair value through other comprehensive income		
Other investments	7,039,018	7,181,982
Financial liabilities		
Amortised cost		
Trade payables	5,950,546	8,692,723
Other payables, accrued expenses and refundable deposits	54,900	132,752
Amount owing to related companies	68,915	68,915

Fair Value of Financial Instruments

The Directors consider the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values due to the relatively short-term maturity period of the financial instruments or exposure to floating interest rates, except as follows:

	2022 RM	2021 RM
Financial assets		
Fair value through other comprehensive income		
Other investments	7,039,018	7,181,982

Fair values of other investments have been arrived using adjusted net assets attributable to ordinary shareholders. Changes in assumptions could affect these estimates and the resulting fair values.

The other investments are classified as Level 3 under fair value hierarchy.

25. FINANCIAL RISK MANAGEMENT

The operations of the Company are subject to a variety of financial risks, including credit risk, interest rate risk and liquidity risk.

The Company has formulated a financial risk management framework whose principal objective is to minimise the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Company.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Company's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

(i) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising returns to its shareholder through the optimisation of debt and equity balance. The Company's overall strategy remains unchanged from 2021.

The Company did not engage in any transaction involving financial derivative instruments during the financial year.

The Company's risk management committee reviews the capital structure of the Company on a regular basis. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. No changes were made to the objectives, policies or processes during the financial year ended 30 April 2022.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

(ii) Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Company.

The Company is exposed to credit risk mainly from its customer base, including amount owing by related companies, trade and other receivables. The Company extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. Amount owing by related companies and trade receivables are monitored on an ongoing basis by the Company's credit control department.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade and other receivables, amount owing by related companies, fixed deposits with licensed bank, and cash and bank balances.

At the end of the reporting period, there was concentration of credit risk whereby 90% (2021: 90%) of the amount owing by related companies was outstanding from 1 (2021: 1) major related company.

The carrying amount of financial assets recognised in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk, without taking into account collateral or other credit enhancements held.

(iii) **Interest Rate Risk Management**

The Company is exposed to interest rate risk through the impact of rate changes on amount owing to related companies, and interest-bearing deposits.

The Company's interest bearing assets are primarily fixed deposits with licensed banks. The interest rates on these deposits are monitored closely to ensure that they are maintained at favourable rates. The Company considers the risk of significant changes to interest rates on deposits to be unlikely.

The Company's interest rate exposure arises mainly from amount owing to related companies. The Company's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate exposure is measured using sensitivity analysis as disclosed below:

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating-rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	2022 RM	2021 RM
Effect on profit after taxation		
Increase of 50 basis points	(262)	(262)
Decrease of 50 basis points	262	262
Effect on total equity		
Increase of 50 basis points	(262)	(262)
Decrease of 50 basis points	262	262

(iv) **Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Note	Weighted average effective interest rate per annum %	Less than 1 year RM	1 - 2 years RM	2 - 5 years RM	5+ years RM	Total RM
30 April 2022							
Non-interest bearing instruments	(a)	-	4,619,109	198,603	1,187,734	-	6,005,446
Variable-interest rate instrument		4.14	71,768	-	-	-	71,768
30 April 2021							
Non-interest bearing instruments	(a)	-	6,656,703	1,146,251	309,353	713,168	8,825,475
Variable-interest rate instrument		4.15	71,775	-	-	-	71,775

(a) Non-interest bearing instruments of the Company consist of trade payables, other payables, accrued expenses and refundable deposits.

26. RECONCILIATION OF LIABILITIES USED IN FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	At 1 May 2021 RM	Cash Flows RM	At 30 April 2022 RM
Amount owing to related companies	68,915	-	68,915

	At 1 May 2020 RM	Cash Flows RM	At 30 April 2021 RM
Amount owing to related companies	70,174	(1,259)	68,915

27. SIGNIFICANT EVENT DURING THE YEAR

The outbreak of the Covid-19 pandemic had adversely affected both the local and global economies arising from suspension of businesses, imposition of travel restrictions and limited movement of people. As a result of the escalation of Covid-19 pandemic cases, a further lockdown has been imposed nationwide with states being governed by various degrees of Movement Control Order (MCO), which further impacted market conditions and sentiments.

Whilst the global economy continues to deal with the resurgence of the Covid-19 infections, the rollout of vaccine programmes has provided hope of a global recovery. The pace of recovery will depend on the delivery of the vaccine and on continued policy support.

Since the onset of Covid-19, the Company's priorities have been to keep people safe and protect the Company's statement of financial position. With the collective efforts from the Government, businesses and the public, the situation should stabilise and recover in time. Determination and perseverance to overcome this crisis is critical for the nation and the Company to bounce back quickly. Therefore, the Company will continue to monitor this crisis, take appropriate actions and act astutely in selection of opportunities to take advantage of the eventual recovery when this Covid-19 pandemic is over with renewed positive sentiment and optimism.

Registration No. 199001008912 (200482 - U)

GLOMAC BINA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **GLOMAC BINA SDN. BHD.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 April 2022 and of the financial performance and the cash flows of the Company for the financial year ended on that date.

Signed in accordance with
a resolution of the Directors,

TAN SRI DATO' MOHAMED MANSOR BIN FATEH DIN	**DATUK FONG LOONG TUCK**

Kuala Lumpur
17 August 2022

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **TAN SRI DATO' MOHAMED MANSOR BIN FATEH DIN**, the director primarily responsible for the financial management of **GLOMAC BINA SDN. BHD.**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TAN SRI DATO' MOHAMED MANSOR BIN FATEH DIN

Subscribed and solemnly declared by the abovenamed **TAN SRI DATO' MOHAMED MANSOR BIN FATEH DIN** at **KUALA LUMPUR** this 17th day of August 2022.

Before me,

PESURUHJAYA SUMPAH
No. W 811
ALIZAHWATI BINTI ATAN
01.03.2020-31.12.2022
MALAYSIA

COMMISSIONER FOR OATHS

76B, JALAN BURHANUDDIN HELMI
TAMAN TUN DR. ISMAIL
60000 KUALA LUMPUR

GLOMAC BERHAD
[Registration No. 198301015139 (110532-M)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Glomac Berhad ("**Glomac**" or the "**Company**") will be held on a virtual basis at the broadcast venue at the Board Room, Glomac Berhad, Level 15, Menara Glomac, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur through live streaming and online remote voting using remote participation and voting facilities via Securities Services e-Portal on Thursday, 22 June 2023 at 2:30 p.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF THE REMAINING 49% EQUITY INTEREST IN GLOMAC BINA SDN. BHD. ("GLOMAC BINA") NOT OWNED BY GLOMAC BERHAD ("GLOMAC" OR THE "COMPANY") FROM TAN SRI DATO' MOHAMED MANSOR BIN FATEH DIN AND MOHD YASIN LOH BIN ABDULLAH FOR A TOTAL CASH CONSIDERATION OF RM16,252,854 ("PROPOSED ACQUISITION")

"**THAT**, subject to and conditional upon the approvals of the relevant authorities and/or parties being obtained and fulfilment of the conditions precedent set out in the share sale agreement dated 12 April 2023 entered into between Glomac and the Vendors as defined below ("**SSA**"), approval be and is hereby given for the Company to acquire 1,372,000 ordinary shares in Glomac Bina being the remaining 49% equity interest in Glomac Bina from Tan Sri Dato' Mohamed Mansor bin Fateh Din and Mohd Yasin Loh bin Abdullah (collectively referred to as "**Vendors**") for a total cash consideration of RM16,252,854, subject to the terms and conditions as set out in the SSA including any modifications, variations, amendments and/or additions thereto;

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised and empowered to do all acts, deeds and such things and to execute, enter into, sign and deliver or cause to be signed, executed or delivered on behalf of the Company, all necessary documents, agreements or arrangements to give effect and complete the Proposed Acquisition, including without limitation, with full powers to assent to or make any modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities and/or parties, or as may be deemed necessary and/or expedient and/or appropriate by the Board in their absolute discretion and to take such steps as may be necessary or expedient to finalise, implement, give full effect and to complete the Proposed Acquisition."

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC No: 201908002648)
CHIN MUN YEE (MAICSA 7019243) (SSM PC No: 201908002785)
Company Secretaries

Kuala Lumpur
30 May 2023

Notes:

1. The Broadcast Venue, which is the main venue of the EGM of the Company, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 ("**the Act**") and Clause 78 of the Company's Constitution, which require the Chairman to be present at the main venue of the EGM of the Company. Accordingly, members, proxies and/or corporate representatives **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the EGM of the Company.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2023 (General Meeting Record of Depositors) shall be eligible to participate in the EGM of the Company or appoint proxy(ies) to participate and/or vote in his/her stead.

   As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers and its subsequent amendments, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders, proxies and/or corporate representatives shall communicate with the main venue of the EGM of the Company via real-time submission of typed texts through a text box within Securities Services e-Portal's ("**SSeP**") platform during the live streaming of the EGM of the Company as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the EGM of the Company. The questions and/or remarks submitted by the shareholders, proxies and/or corporate representatives will be broadcasted and responded to by the Chairman/Board of Directors/relevant advisers during the Meeting.

3. A member (including authorised nominee) entitled to participate and vote at the EGM of the Company shall be entitled to appoint one (1) or more proxy(ies) to participate, speak and vote in his/her stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

4. A proxy may but does not need to be a member of the Company and a member may appoint any person to be his/her proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the EGM of the Company shall have the same rights as the shareholder to speak at the EGM of the Company.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of an officer or attorney duly authorised.

6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account its holds.

7. **<u>Publication of Notice of EGM and Proxy Form on the corporate website</u>**

   Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of Glomac at https://www.glomac.com.my/shareholders-meeting/.

8. **<u>Submission of Proxy Form in either hard copy form or electronic form</u>**

   The appointment of proxy(ies) may now be made either in hard copy form or by electronic form and shall be deposited with the Company's Poll Administrator namely, SS E Solutions Sdn. Bhd., either at the designated office as stated below or vide SSeP, not less than forty-eight (48) hours before the time appointed for holding the EGM of the Company or at any adjournment thereof:

Mode of submission	Designated address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Electronic appointment	SSeP at: https://sshsb.net.my/

9. **<u>Appointment of proxy and registration for remote participation and voting</u>**

   The lodging of the Proxy Form will not preclude any shareholder from participating and voting remotely at the EGM of the Company should any shareholder subsequently wishes to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited with the Company's Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or via SSeP at https://sshsb.net.my/ not less than twenty-four (24) hours before the time stipulated for holding the EGM of the Company or at any adjournment thereof. The resolution set out in this Notice of Meeting is to be voted by poll. Should you wish to personally participate in the EGM of the Company remotely, please register electronically via SSeP at https://sshsb.net.my/ by the registration cut-off date and time. Please refer to the Administrative Details for the EGM for further details.

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GLOMAC BERHAD
[Registration No. 198301015139 (110532-M)]
(Incorporated in Malaysia)

Number of Shares		CDS Account No.	
Contact No.		Email address	

PROXY FORM

*I/We

____
(FULL NAME IN BLOCK LETTERS)

NRIC/Passport/Registration/Company No. ____________________________________

of ____
(FULL ADDRESS)

being a member/members of **Glomac Berhad (“the Company”)**, hereby appoint:

Full Name (In Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Contact No.		

*and/or

Full Name (In Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Contact No.		

*and/or the Chairman of the Meeting as *my/our proxy(ies) to attend and vote for *me/us and on *my/our behalf at the Extraordinary General Meeting (“**EGM**”) of the Company to be held on a virtual basis at the broadcast venue at the Board Room, Glomac Berhad, Level 15, Menara Glomac, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur through live streaming and online remote voting using remote participation and voting facilities via Securities Services e-Portal on Thursday, 22 June 2023 at 2:30 p.m. or any adjournment thereof.

My/Our proxy(ies) *is/are to vote as indicated below (if no indication is given *my/our proxy(ies) will vote or abstain from voting at *his/her/their discretion):

GLOMAC BERHAD
[Registration No. 198301015139 (110532-M)]
(Incorporated in Malaysia)

(Proxy Form of the Extraordinary General Meeting - cont'd)

	RESOLUTION	FOR	AGAINST
Ordinary Resolution	Proposed Acquisition		

* *strike out whichever is not applicable.*

Dated this _______ day of _______ 2023 ____________________________
Signature/Seal

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

Glomac Berhad
c/o SS E Solutions Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur,
Wilayah Persekutuan

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