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

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OCR GROUP BERHAD
(Registration No. 199701025005 (440503-K))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

PROPOSED ACQUISITION BY OCR GROUP BERHAD ("OCR" OR "COMPANY") OF 50% EQUITY INTEREST IN OCR SELAYANG INDUSTRIAL PARK SDN BHD (FORMERLY KNOWN AS SUONG SDN BHD) ("OCR SELAYANG") FROM ONG KAH HOE AND LEE WEI JACK FOR AN INDICATIVE PURCHASE CONSIDERATION OF APPROXIMATELY RM14.12 MILLION TO BE SATISFIED ENTIRELY VIA ISSUANCE AND ALLOTMENT OF NEW ORDINARY SHARES IN OCR ("PROPOSED ACQUISITION OF OCR SELAYANG")

PART B

INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF OCR IN RELATION TO THE PROPOSED ACQUISITION OF OCR SELAYANG

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A



RHB Investment Bank Berhad

(Registration No. 197401002639 (19663-P))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

MALACCA SECURITIES SDN BHD

Registration No: 197301002760 (16121-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of OCR will be conducted on a fully virtual basis through live streaming and online remote participation and voting using Remote Participation and Electronic Voting ("**RPEV**") facility via online meeting platform at www.swsb.com.my (Domain Registration No. with MYNIC: D1A403841) on 24 February 2022 at 3.00 p.m. For further information, please refer to the Notice of EGM and Administrative Guide on EGM in order to register, participate, speak and vote remotely via the RPEV.

The Notice of the EGM and the Form of Proxy are enclosed in this Circular and can be downloaded from the Company's website at <https://www.ocrbhd.com/investor-relations/> or Bursa Securities' website at <https://www.bursamalaysia.com>.

A member entitled to participate, speak and vote remotely at the EGM is entitled to appoint up to 2 proxies to participate, speak and vote remotely on his/her behalf. If you are unable to participate in the virtual EGM, please complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and deposit at the office of the Company's Share Registrar, Shareworks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so. Alternatively, you may deposit the Form of Proxy via email to ir@shareworks.com.my not less than 48 hours before the time set for holding the EGM. For further information on the electronic submission of the Form of Proxy and participation at the EGM, kindly refer to the Administrative Guide on the EGM which is enclosed together with this Circular.

Last date and time for lodgement of the Form of Proxy : Tuesday, 22 February 2022 at 3.00 p.m.

Date and time of the EGM : Thursday, 24 February 2022 at 3.00 p.m.

This Circular is dated 9 February 2022

DEFINITIONS

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

"Acquisition of Stack Builer"	: The acquisition by OCR of 50% equity interest in Stack Builder Sdn Bhd for a purchase consideration of RM2,242,776 satisfied entirely via issuance and allotment of 11,804,084 new OCR Shares which was undertaken by OCR vide its circular to shareholders dated 2 November 2021. The Acquisition of Stack Builder which forms part of the Earlier Corporate Proposals was completed and the said new OCR Shares issued therefrom were listed on the Main Market of Bursa Securities on 26 November 2021
"Acquisition of Wonderland"	: The acquisition by OCR of 100% equity interest in Wonderland Projects Sdn Bhd for a purchase consideration of RM5,318,273 satisfied entirely via issuance and allotment of 27,990,911 new OCR Shares which was undertaken by OCR vide its circular to shareholders dated 2 November 2021. The Acquisition of Wonderland which forms part of the Earlier Corporate Proposals was completed and the said new OCR Shares issued therefrom were listed on the Main Market of Bursa Securities on 26 November 2021
"Act"	: Companies Act 2016
"Board"	: Board of Directors of OCR
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Circular"	: This circular dated 9 February 2022 comprising Part A – Letter to shareholders of OCR in relation to the Proposed Acquisition of OCR Selayang, Part B – IAL from Malacca Securities to the non-interested shareholders of OCR in relation to the Proposed Acquisition of OCR Selayang, and the Appendices
"Completion Date"	: The date falling 14 calendar days after all the conditions precedent of the SSA have been obtained and fulfilled or waived (as the case may be) or such other date as may be agreed upon between OCR and the Vendors for the completion of the SSA to take place
"Consideration Shares"	: 104,953,197 new OCR Shares to be issued and allotted by OCR to the Vendors or their sole nominee at the issue price of RM0.1345 per OCR Share for the purposes of completion of the SSA pursuant to the Proposed Acquisition of OCR Selayang
"Directors"	: The directors of OCR and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"Earlier Corporate Proposals"	: Collectively, the Acquisition of Stack Builder, the Acquisition of Wonderland, the Settlement of Wonderland Advances and the Private Placement undertaken by OCR vide its circular to shareholders dated 2 November 2021. Save for the Private Placement, the Acquisition of Stack Builder, the Acquisition of Wonderland and the Settlement of Wonderland Advances were completed and the new OCR Shares issued therefrom were listed on the Main Market of Bursa Securities on 26 November 2021

DEFINITIONS (CONT'D)

"EGM"	: Extraordinary General Meeting
"EPS"	: Earnings per Share
"FPE"	: Financial period ended
"FYE"	: Financial year ended/ending, as the case may be
"IAL"	: The independent advice letter dated 9 February 2022 from the Independent Adviser to the non-interested shareholders of OCR in relation to the Proposed Acquisition of OCR Selayang, as set out in Part B of this Circular
"Interested Director"	: Ong Kah Hoe
"Knight Frank" or the "Valuer"	: Knight Frank Malaysia Sdn Bhd, the independent registered valuer for the Lands
"Land 1"	: A parcel of freehold industrial land held under Geran 41063, Lot No. 46915, Bandar Selayang, District of Gombak, State of Selangor, measuring 537,765 sq ft in land area
"Land 2"	: A parcel of freehold industrial land held under Geran 41064, Lot No. 46917, Bandar Selayang, District of Gombak, State of Selangor, measuring 5,134 sq ft in land area
"Land 3"	: A parcel of freehold industrial land held under Geran 41076, Lot No. 46916, Bandar Selayang, District of Gombak, State of Selangor, measuring 56,737 sq ft in land area. Land 3 is reserved for TNB transmission line
"Lands"	: Collectively, Land 1, Land 2 and Land 3
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LPD"	: 25 January 2022, being the latest practicable date prior to the date of this Circular
"LTD"	: 5 November 2021, being the last trading day prior to the date of the SSA
"Malacca Securities" or the "Independent Adviser"	: Malacca Securities Sdn Bhd, the independent adviser to advise the non-interested Directors and the non-interested shareholders of OCR in relation to the Proposed Acquisition of OCR Selayang
"Market Day"	: A day on which the stock market of Bursa Securities is open for trading in securities
"Maximum Scenario"	: Based on the assumptions that: <ul style="list-style-type: none"> (a) all the outstanding Warrants D and the Share Options as at the LPD are exercised into new OCR Shares prior to the implementation of the Proposed Acquisition of OCR Selayang; and (b) the Private Placement is completed prior to the implementation of the Proposed Acquisition of OCR Selayang.

DEFINITIONS (CONT'D)

"Minimum Scenario"	: Based on the assumptions that:
	(a) none of the outstanding Warrants D and the Share Options as at the LPD are exercised into new OCR Shares prior to the implementation of the Proposed Acquisition of OCR Selayang; and
	(b) the Private Placement is completed prior to the implementation of the Proposed Acquisition of OCR Selayang.
"NA"	: Net assets
"OCR" or the "Company"	: OCR Group Berhad
"OCR Group" or the "Group"	: Collectively, OCR and its subsidiaries
"OCR Selayang Shares"	: Ordinary shares in OCR Selayang
"OCR Selayang"	: OCR Selayang Industrial Park Sdn Bhd (formerly known as Suong Sdn Bhd)
"OCR Shares" or the "Shares"	: Ordinary shares in OCR
"OCRLHSB"	: OCR Land Holdings Sdn Bhd, a shareholder of OCR as at the LPD
"PATANCI"	: Profit after tax and non-controlling interests
"Private Placement"	: The private placement by OCR of up to 30% of its enlarged total number of issued Shares to independent third-party investor(s) to be identified later and at an issue price to be determined later which was undertaken by OCR vide its circular to shareholders dated 2 November 2021. The Private Placement forms part of the Earlier Corporate Proposals. The first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share was completed on 20 January 2022.
"Proposed Acquisition of OCR Selayang"	: Proposed acquisition by OCR of 50% equity interest in OCR Selayang from the Vendors for the indicative Purchase Consideration to be satisfied entirely via issuance and allotment of the Consideration Shares. The Proposed Acquisition of OCR Selayang is deemed as a related-party transaction
"Purchase Consideration"	: The indicative purchase consideration for the Proposed Acquisition of OCR Selayang of RM14,116,205, subject to adjustments in accordance with the terms and conditions of the SSA, which will be satisfied entirely via issuance and allotment of the Consideration Shares
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
"RHBIB" or the "Principal Adviser"	: RHB Investment Bank Berhad, the Principal Adviser of the Company for the Proposed Acquisition of OCR Selayang

DEFINITIONS (CONT'D)

"RM" and "sen"	: Ringgit Malaysia and sen respectively
"Rules"	: Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia
"Sale Shares"	: 500,000 OCR Selayang Shares, representing 50% equity interest in OCR Selayang to be sold by the Vendors and purchased by OCR in accordance with the terms and conditions of the SSA
"Settlement of Wonderland Advances"	: The settlement by OCR of advances owing by Wonderland Projects Sdn Bhd to Ong Kah Hoe, Low Kin Kok, Chong Tze-Ban and Low Kien Poh amounting to RM9,853,713 satisfied entirely via issuance and allotment of 51,861,647 new OCR Shares which was undertaken by OCR vide its circular to shareholders dated 2 November 2021. The Settlement of Wonderland Advances which forms part of the Earlier Corporate Proposals was completed and the said new OCR Shares issued therefrom were listed on the Main Market of Bursa Securities on 26 November 2021
"Share Options"	: All or part of the 8,000,000 outstanding employees' share options as at the LPD, governed by the by-laws pursuant to OCR's existing employees' share option scheme which is in force for a period of 5 years commencing 10 July 2020 and may be extended for a further period up to a maximum of 5 years. Each Share Option provides the right to the holder of the Share Options to subscribe for 1 new OCR Share during the tenure of the scheme at the exercise price of RM0.249 per Share Option
"SMC"	: Selayang Municipal Council
"SPAs"	: The 5 sale and purchase agreements entered into by OCR Selayang (as developer) with the respective end-purchasers for the sale by OCR Selayang of the Sub-Divided Lands together with the construction of the identified infrastructure on the Sub-Divided Lands by OCR Selayang for an aggregate sale and purchase consideration of RM139,082,103 to be satisfied entirely by cash. The SPAs are expected to be completed by the second half of year 2022
"sq ft"	: Square foot
"SSA"	: The conditional share sale agreement dated 8 November 2021 entered into between OCR and the Vendors for the Proposed Acquisition of OCR Selayang
"Sub-Divided Lands"	: The Land 1 and Land 2 which had been granted planning approval by SMC vide its approval letter dated 19 April 2021 to be amalgamated and sub-divided into 10 plots of detached industrial land and its subsequent approval letter dated 24 September 2021 to reduce and reconfigure Land 1 and Land 2 from 10 plots of detached industrial land into 5 plots of detached industrial land
"TNB"	: Tenaga Nasional Berhad
"Valuation Certificate"	: The valuation certificate dated 8 November 2021 issued by the Valuer in respect of the Lands

DEFINITIONS (CONT'D)

"Valuation Report"	: The valuation report dated 8 November 2021 issued by the Valuer in respect of the Lands
"Vendors"	: Collectively, Ong Kah Hoe and Lee Wei Jack, the vendors of the Sale Shares under the Proposed Acquisition of OCR Selayang
"VWAP"	: Volume weighted average market price
"Warrants D"	: All or part of the 89,102,722 outstanding warrant 2019/2022 in OCR as at the LPD, constituted by a deed poll dated 12 February 2019. Each Warrant D provides the right to the holder of Warrant D to subscribe for 1 new OCR Share during the 3-year exercise period of the Warrant D up to 18 February 2022 at the exercise price of RM0.22 per Warrant D

References to "our Company" in this Circular are to OCR and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

Unless specifically referred to, 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. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by the Company, such as in its quarterly results or annual reports, is due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board (save for the Interested Director) after due inquiry, 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 Company's and/or the Group's plans and objectives will be achieved.

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PART A

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION OF
OCR SELAYANG**

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Acquisition of OCR Selayang as set out in Part A of this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Acquisition of OCR Selayang before voting at the forthcoming EGM.

Salient information	Description	Reference to Circular
Summary of the Proposed Acquisition of OCR Selayang	On 8 November 2021, OCR had entered into a conditional SSA with the Vendors to acquire a total of 500,000 OCR Selayang Shares, representing 50% equity interest in OCR Selayang for an indicative Purchase Consideration of approximately RM14.12 million to be satisfied entirely via issuance and allotment of 104,953,197 Consideration Shares at the issue price of RM0.1345 per Consideration Share.	Sections 1 and 2 of Part A of this Circular
Basis and justification of arriving at the indicative Purchase Consideration	<p>The indicative Purchase Consideration for the Proposed Acquisition of OCR Selayang was arrived at on a willing buyer-willing seller basis and after taking into consideration the following:</p> <ol style="list-style-type: none"> The valuation of the Lands of RM93.00 million as ascribed by the Valuer; The adjusted NA of OCR Selayang after taking into consideration the revaluation surplus arising from the fair value adjustment to the open market value of the Lands; The rationale and benefits of the Proposed Acquisition of OCR Selayang as detailed in Section 4 of Part A of this Circular; and The prospects of OCR Selayang as detailed in Section 5.5 of Part A of this Circular. 	Section 2.2 of Part A of this Circular
Rationale and benefits of the Proposed Acquisition of OCR Selayang	OCR is expected to record a bargain purchase on acquisition of approximately RM4.27 million upon the completion of the Proposed Acquisition of OCR Selayang.	Section 4 of Part A of this Circular

EXECUTIVE SUMMARY (CONT'D)

Prospects of OCR Selayang	<p>OCR Selayang is the registered proprietor and beneficial owner of the Lands. As set out in Section 3 of Part A of this Circular, OCR Selayang had entered into the SPAs for the sale of the Sub-Divided Lands. As at the LPD, the SPAs have yet to be completed in accordance with the terms contained therein and the SPAs are expected to be completed by the second half of year 2022.</p> <p>OCR is expected to record a bargain purchase on acquisition of approximately RM4.27 million upon the completion of the Proposed Acquisition of OCR Selayang, details of which has been set out in Section 4 of Part A of this Circular.</p> <p>Premised on the above, the Proposed Acquisition of OCR Selayang is earnings accretive and the Board (save for the Interested Director) is optimistic that the Proposed Acquisition of OCR Selayang is expected to improve the Group's financial performance in the short term.</p>	Section 5.5 of Part A of this Circular
Risk factors of the Proposed Acquisition of OCR Selayang	<p>The Proposed Acquisition of OCR Selayang is subject to risks inherent to the property development industry which the Group is already involved in and the following risks:</p> <ul style="list-style-type: none">i. Non-completion of the Proposed Acquisition of OCR Selayang;ii. Compulsory acquisition of land by relevant state authority;iii. Non-completion of the SPAs; andiv. Impact of the COVID-19 pandemic.	Section 6 of Part A of this Circular
Approvals required/obtained for the Proposed Acquisition of OCR Selayang	<ul style="list-style-type: none">• The Proposed Acquisition of OCR Selayang is subject to the following approvals being obtained:<ul style="list-style-type: none">i. Bursa Securities, had vide its letter dated 21 January 2022, approved the listing and quotation of 104,953,197 Consideration Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 9 of Part A of this Circular;ii. the non-interested shareholders of OCR, for the Proposed Acquisition of OCR Selayang at the forthcoming EGM by way of poll; andiii. any other relevant authorities and/or parties, if required.• The Proposed Acquisition of OCR Selayang is not conditional upon any other proposals undertaken or to be undertaken by the Company.	Section 9 of Part A of this Circular

EXECUTIVE SUMMARY (CONT'D)

Interests of Directors, major shareholders, chief executives and/or persons connected	Save for Ong Kah Hoe, none of the Directors, major shareholder, chief executive of OCR and/or persons connected with them have any interests, whether direct or indirect, in the Proposed Acquisition of OCR Selayang.	Section 11 of Part A of this Circular
Audit Committee's statement	<p>The Audit Committee of OCR, after taking into consideration the evaluation and opinion on the Proposed Acquisition of OCR Selayang by Malacca Securities, the Independent Adviser, is of the opinion that the Proposed Acquisition of OCR Selayang is:</p> <ul style="list-style-type: none">i. in the best interest of the Company;ii. fair, reasonable and on normal commercial terms; andiii. not detrimental to the interest of the non-interested shareholders of OCR.	Section 12 of Part A of this Circular
Directors' statement and recommendation	<ul style="list-style-type: none">• The Board (save for the Interested Director), having considered all aspects of the Proposed Acquisition of OCR Selayang including, amongst others, the evaluation and opinion of the Independent Adviser that the Proposed Acquisition of OCR Selayang is fair and reasonable and the Independent Adviser's recommendation for the non-interested shareholders of OCR to vote in favour of the resolution pertaining to the Proposed Acquisition of OCR Selayang, is of the opinion that the Proposed Acquisition of OCR Selayang is in the best interest of the Company and the non-interested shareholders of OCR.• Accordingly, the Board (save for the Interested Director) concurs with the evaluation and opinion of the Independent Adviser and recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Acquisition of OCR Selayang to be tabled at the forthcoming EGM.	Section 13 of Part A of this Circular

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OCR GROUP BERHAD
(Registration No. 199701025005 (440503-K))
(Incorporated in Malaysia)

Registered Office

Level 5, Block B
Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor Darul Ehsan

9 February 2022

Board of Directors

YAM Tunku Azudins Shah Ibni Tunku Annuar (*Chairman/ Independent Non-Executive Director*)
Ong Kah Hoe (*Group Managing Director*)
Hj. Abdullah Bin Abdul Rahman (*Independent Non-Executive Director*)
Chong Min Shih (*Independent Non-Executive Director*)
Julian Koh Lu Ern (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED ACQUISITION OF OCR SELAYANG

1. INTRODUCTION

On 8 November 2021, RHBIB had, on behalf of the Board, announced that the Company had entered into a conditional SSA with the Vendors to acquire a total of 500,000 OCR Selayang Shares, representing 50% equity interest in OCR Selayang for an indicative Purchase Consideration of approximately RM14.12 million to be satisfied entirely via issuance and allotment of 104,953,197 Consideration Shares at the issue price of RM0.1345 per Consideration Share.

The Proposed Acquisition of OCR Selayang is deemed as a related-party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Ong Kah Hoe, the Group Managing Director and a major shareholder of OCR, is one of the Vendors of the Sale Shares under the Proposed Acquisition of OCR Selayang. In this respect, OCR has appointed Malacca Securities to act as the Independent Adviser to advise the non-interested Directors and the non-interested shareholders of OCR as to whether the Proposed Acquisition of OCR Selayang is fair and reasonable insofar as the non-interested shareholders are concerned, and whether the Proposed Acquisition of OCR Selayang is to the detriment of the minority shareholders of OCR.

On 24 January 2022, RHBIB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 21 January 2022, approved the listing and quotation of 104,953,197 Consideration Shares to be issued pursuant to the Proposed Acquisition of OCR Selayang on the Main Market of Bursa Securities, subject to the conditions as set out in Section 9 of Part A of this Circular.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITION OF OCR SELAYANG AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION OF OCR SELAYANG TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE RECOMMENDATION OF THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED ACQUISITION OF OCR SELAYANG AS SET OUT IN PART B OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION OF OCR SELAYANG TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION OF OCR SELAYANG

The Proposed Acquisition of OCR Selayang entails the acquisition by OCR of a total of 500,000 OCR Selayang Shares, representing 50% equity interest in OCR Selayang from the Vendors for the indicative Purchase Consideration of RM14,116,205, subject to the terms and conditions of the SSA.

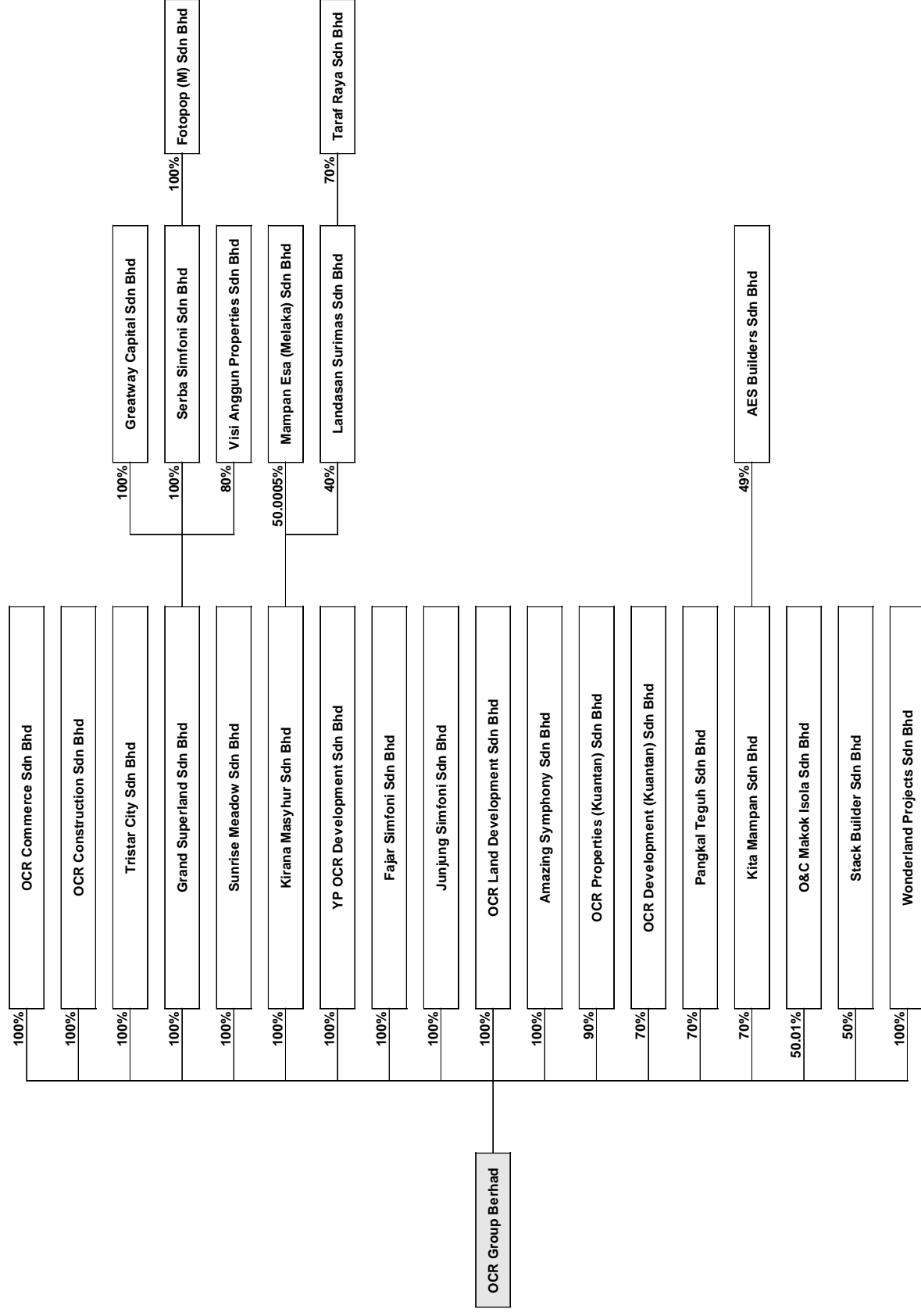
Pursuant to the terms of the SSA, the Vendors have agreed to sell and OCR has agreed to purchase the Sale Shares free from all claims, liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the Completion Date.

It is a condition precedent under the SSA that OCR and the remaining shareholder of OCR Selayang, namely Tan Chin Hoong (who holds the remaining 500,000 OCR Selayang Shares, representing 50% equity interest in OCR Selayang), will enter into a shareholders' agreement in respect of OCR Selayang to regulate their rights and relationship as shareholders of OCR Selayang upon the completion of the Proposed Acquisition of OCR Selayang. Upon the completion of the Proposed Acquisition of OCR Selayang, OCR Selayang will become a 50%-owned subsidiary of OCR.

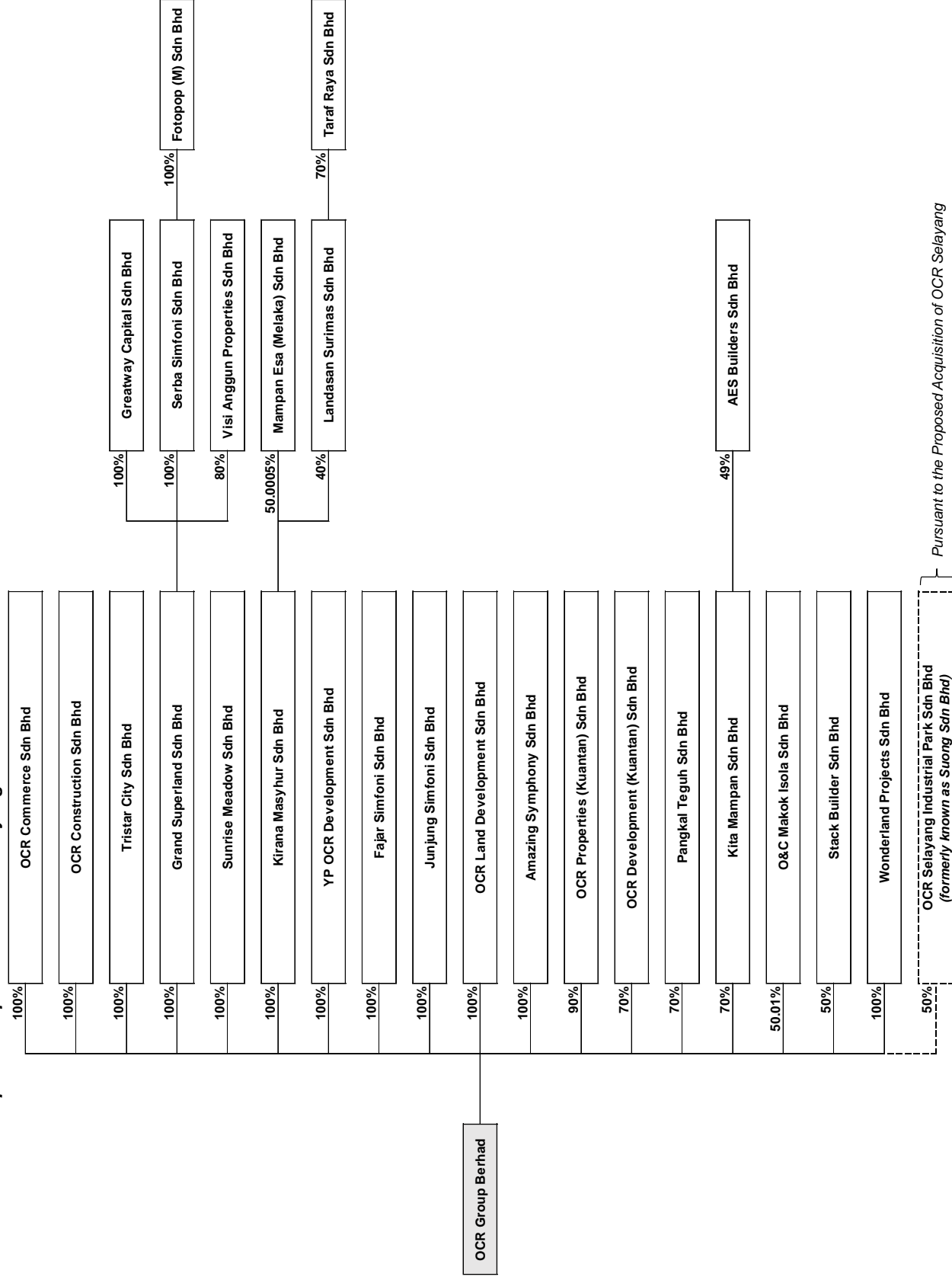
For information purposes, Tan Chin Hoong, a Malaysian aged 38, holds a Diploma in Accounting from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College), which he obtained in 2004. Presently, he runs his own business whereby he is the sole director and sole shareholder of Diamond Pavilion Sdn Bhd, a company which is principally involved in forwarding services. He has not previously and up to the LPD been involved in any property development projects. As at the LPD, he does not hold any directorship and any direct interest in OCR Group.

The group structure of OCR Group before and after the Proposed Acquisition of OCR Selayang is illustrated in the following page.

Before the Proposed Acquisition of OCR Selayang



After the Proposed Acquisition of OCR Selayang



Pursuant to the Proposed Acquisition of OCR Selayang

The indicative Purchase Consideration will be satisfied entirely via the issuance and allotment of new OCR Shares in proportion to the percentage of Sale Shares to be sold by the respective Vendors in the manner set out below:

Vendors	No. of OCR Selayang Shares held	No. of Sale Shares	No. of Consideration Shares	Total indicative Purchase Consideration RM
Ong Kah Hoe	300,000	300,000	62,971,918	8,469,723
Lee Wei Jack	200,000	200,000	41,981,279	5,646,482
Total	500,000	500,000	104,953,197	14,116,205

The parties had acknowledged and agreed that Ong Kah Hoe is the sole nominee appointed collectively by the Vendors to receive and accept the Consideration Shares in place of the Vendors pursuant to the Proposed Acquisition of OCR Selayang.

2.1 Mode of settlement of the Indicative Purchase Consideration

The indicative Purchase Consideration will be satisfied entirely via the issuance and allotment of 104,953,197 Consideration Shares at an issue price of RM0.1345 per Consideration Share by OCR to the Vendors or their sole nominee on the Completion Date.

In the event any of the conditional precedent of the SSA is not obtained and fulfilled or waived (as the case may be) in accordance with the terms contained therein, then either party will be entitled to terminate the SSA by giving a notice of termination to that effect to the other party.

2.2 Basis and justification of arriving at the indicative Purchase Consideration

The indicative Purchase Consideration for the Proposed Acquisition of OCR Selayang was arrived at on a willing buyer-willing seller basis and after taking into consideration the following:

- i. The valuation of the Lands of RM93.00 million as ascribed by the Valuer;
- ii. The adjusted NA of OCR Selayang after taking into consideration the revaluation surplus arising from the fair value adjustment to the open market value of the Lands;
- iii. The rationale and benefits of the Proposed Acquisition of OCR Selayang as detailed in Section 4 of Part A of this Circular; and
- iv. The prospects of OCR Selayang as detailed in Section 5.5 of Part A of this Circular.

The indicative Purchase Consideration for the Proposed Acquisition of OCR Selayang was computed based on the following:

	RM
The fair value adjustment arising from changes to the open market value of the Lands held by OCR Selayang as at the date of the SSA arising from the valuation ^(a)	93,000,000
Less: Total unaudited property development expenditure and contract cost as stated in the statement of financial position of OCR Selayang as at 31 August 2021 ^(b)	(57,409,811) ^(c)
Revaluation surplus	35,590,189
Less: Deferred tax liabilities at the rate of 24%	(8,541,645)
	27,048,544
Add: Unaudited NA of OCR Selayang as at 31 August 2021	1,183,865
Adjusted unaudited NA of OCR Selayang as at 31 August 2021	28,232,409
Indicative Purchase Consideration (being 50% of the adjusted unaudited NA of OCR Selayang as at 31 August 2021)	14,116,205

Notes:

- (a) *The Company had appointed Knight Frank to undertake an independent valuation on the market value of the Lands held by OCR Selayang. The Valuer had vide its Valuation Certificate dated 8 November 2021 ascribed a market value of approximately RM93.00 million or approximately RM171.30 per sq ft for Land 1 and Land 2 and a nominal value for Land 3 on 30 September 2021 adopting the figures derived from the Income Approach by Residual Method and using the Comparison Approach as a cross check.*

The Income Approach by Residual Method is based on the premise that the price which a purchaser can pay for a property is the present value of the surplus amount or residual value after deducting out the full cost of development (gross development cost) and profit from the sales proceeds (gross development value) of the completed development, which is then discounted at an appropriate rate to reflect the inherent risk and holding cost for the period of development to arrive at the market value.

The Comparison Approach involves analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location/accessibility, terrain, size and shape of land, tenure, planning status, title restrictions, if any and other relevant factors to arrive at the market value.

The Valuer has adopted the Income Approach by Residual Method as the most appropriate valuation methodology in assessing the market value of the Lands. The Residual Method of valuation derives the value of the Lands by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs. In the Valuer's assessment for the Lands intended for future development (which has yet to be launched), as long as the subject development is granted with master development approval and pre-computation plan approvals coupled with an upcoming development plan, it would be more appropriate to adopt the Income Approach by Residual Method as their valuation would rely on the proposed development plan as opposed to those lands intended for future development (without definite plan).

Please refer to Section 3 of Part A of this Circular for further information on the Lands.

- (b) *The details of the unaudited property development expenditure and contract cost as at 31 August 2021 are set out below:*

	Date occurred	Amount RM
Property development expenditure		
Land and land related cost [^]	Jan 2021 – Aug 2021	58,039,616
Construction cost	Jan 2021 – Aug 2021	295,487
Professional cost	Jan 2021 – Aug 2021	2,256,599
Authority cost	Jan 2021 – Aug 2021	211,263
Other development cost	Jan 2021 – Aug 2021	32,707
		<u>60,835,672</u>
Less: Land and development expenditure charged out as stated in the statement of comprehensive income as at 31 August 2021	Jan 2021 – Aug 2021	(9,814,101)
Total unaudited property development expenditure as at 31 August 2021		<u>51,821,241</u>
Contract cost		
Marketing cost	Jan 2021 – Aug 2021	5,588,570
Total unaudited contract cost as at 31 August 2021		<u>5,588,570</u>

[^] *The land cost was reclassified from the property, plant and equipment account to the property development expenditure account in January 2021.*

- (c) *For the avoidance of doubt, the property development expenditure and contract cost amounting to RM57,409,811 is the total property development expenditure cost only up to the period of 31 August 2021. As the completion of the SPAs for the Sub-Divided Lands is expected to only be completed in the second half of 2022, the property development expenditure and contract cost is expected to increase towards the total expected gross development cost for the Sub-Divided Lands of approximately RM107.95 million as disclosed in Section 4 of Part A of this Circular.*

Further, for the purpose of justifying the reasonableness of the indicative Purchase Consideration, reference was made to the price-to-book ("PB") multiple of the comparable companies listed in Malaysia which have broadly comparable principal activities to that of OCR Selayang ("**Comparable Companies**"). As OCR Selayang is an asset-based company, the PB multiple is the most appropriate reference to evaluate the indicative Purchase Consideration.

It should be noted that the Comparable Companies are by no means exhaustive and may differ from OCR Selayang in term of, amongst others, the composition of business activities, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, prospects, capital structure, marketability of their securities and other criteria. However, the list of Comparable Companies was mainly selected as their principal activities are broadly comparable to OCR Selayang's principal activities by virtue of their involvement and generation of revenue of more than 90% in property development and with a market capitalisation of up to RM100.00 million.

The details of the Comparable Companies and their respective PB multiple as at the LTD are as follows:

Name of company	Principal activities	Closing market price as at the LTD RM	No. of shares outstanding as at the LTD	NA per share RM	Market capitalisation as at the LTD RM'million	PB multiple Times
Malaysia Pacific Corporation Berhad	The company and its subsidiaries are principally engaged in property development, property investment and construction	0.115	287,659,780	0.11	33.08	1.05
Jiankun International Berhad	The company and its subsidiaries are principally engaged in property development and construction, property management and investment holding	0.250	209,072,619	0.29	52.27	0.87
S&F Capital Berhad	The company and its subsidiaries are principally engaged in property development, precast concrete products, and construction	0.105	550,366,576	0.11	57.79	0.95
Axteria Group Berhad	The company and its subsidiaries are principally engaged in property development, construction and investment holding	0.220	421,419,123	0.19	92.71	1.16
					High	1.16
					Low	0.87
					Average	1.01
					OCR Selayang	1.00^(a)

(Source: Bloomberg)

Note:

(a) The indicative Purchase Consideration of RM14, 116,205 (being 50% of the adjusted unaudited NA of OCR Selayang as at 31 August 2021 of RM28,232,409) represents a PB multiple of 1.00 time.

The PB multiple of OCR Selayang of 1.00 time is below the average PB multiple of the Comparable Companies of 1.01 times and is within the range of the PB multiple of the Comparable Companies from 0.87 times to 1.16 times.

Based on the above, the indicative Purchase Consideration is deemed reasonable.

2.3 Basis and justification in determining the issue price of the Consideration Shares

The issue price of RM0.1345 per Consideration Share was arrived at and determined after taking into consideration the 5-day VWAP of OCR Shares up to and including the LTD of RM0.1345.

The issue price of RM0.1345 per Consideration Share represents a premium/(discount) to the last transacted price and the following historical VWAP of OCR Shares up to and including the LTD:

	Share Price RM	Premium/(Discount) RM	%
Last transacted price of OCR Shares as at the LTD	0.1300	0.0045	3.46
Up to and including the LTD:			
5-day VWAP of OCR Shares	0.1345	-	-
1-month VWAP of OCR Shares	0.1329	0.0016	1.20
3-month VWAP of OCR Sharers	0.1426	(0.0081)	(5.68)
6-month VWAP of OCR Shares	0.2004	(0.0659)	(32.88)
12-month VWAP of OCR Shares	0.2330	(0.0985)	(42.27)

The settlement of the indicative Purchase Consideration entirely via the issuance and allotment of the Consideration Shares allows the Group to conserve its cash for its property development and construction projects and day-to-day working capital requirements.

2.4 Information on OCR Selayang

Please refer to Appendix I of this Circular for information on OCR Selayang.

2.5 Information on the Vendors

i. Information on Ong Kah Hoe

Ong Kah Hoe, a Malaysian aged 47, is a director and a major shareholder of OCR Selayang. He is also the Group Managing Director and a major shareholder of OCR. He was appointed to the Board on 14 November 2014.

He graduated from University of Coventry, United Kingdom in 1997 with a Bachelor Degree (Honours) in Business Administration. He has 17 years of experience in property development and construction. He has successfully led and completed numerous residential, commercial and hotel projects. As the Group Managing Director of OCR Group, he spearheads OCR Group's overall strategy and direction in the property development, construction and project management consultation businesses.

As at the LPD, he holds direct interest of 10.39% and indirect interest of 5.32% in OCR by virtue of his interest in OCRLHSB pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in OCR. For information purposes, he is the brother-in-law to Lee Wei Jack.

ii. Information on Lee Wei Jack

Lee Wei Jack, a Malaysian aged 46, is a director and a major shareholder of OCR Selayang.

He graduated from the University of Hertfordshire, UK with a Bachelor Degree (Honours) in Business Management. He has over 20 years of experience in the logistic industry. He is currently running his own freight forwarding business.

As at the LPD, he does not hold any directorship and any direct interest in OCR Group. For information purposes, he is the brother-in-law to Ong Kah Hoe.

2.6 Original cost and date of investment

The original cost and date of investment in OCR Selayang by the Vendors are set out below:

Vendors	Date of investment	No. of OCR Selayang Shares	Consideration RM
Ong Kah Hoe	22.10.2012	300,000	300,000
Lee Wei Jack	26.01.2011	50	50
	25.04.2011	19,950	19,950
	06.04.2012	180,000	180,000
Total		500,000	500,000

2.7 Ranking of the Consideration Shares

The Consideration Shares, shall upon issuance and allotment to the Vendors or their sole nominee, rank equally in all respects with the existing OCR Shares, save and except that the Consideration Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions where the entitlement of such dividends, rights, allotments and/or any other forms of distribution precedes the relevant date of issuance and allotment of the Consideration Shares.

2.8 Listing and quotation of the Consideration Shares

Bursa Securities had, vide its letter dated 21 January 2022, approved the listing and quotation of 104,953,197 Consideration Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 9 of Part A of this Circular.

2.9 Salient terms of the SSA

Please refer to Appendix II of this Circular for further information on the salient terms of the SSA.

2.10 Liabilities/Guarantees in relation to the Proposed Acquisition of OCR Selayang

Save for the obligations and liabilities stated in and arising from, pursuant to or in connection with the SSA, there is no other liability, including any contingent liability or guarantee, to be assumed by OCR arising from the Proposed Acquisition of OCR Selayang.

2.11 Additional financial commitment required

Save for the indicative Purchase Consideration, there is no additional financial commitment required by OCR to put the business of OCR Selayang on-stream as OCR Selayang is currently carrying out land works with progress billings for the purposes of completing the SPAs for the sale of the Sub-Divided Lands and save for the Lands, OCR Selayang does not own any other assets.

2.12 Implication of the Rules

The issuance of the Consideration Shares to the Vendors or their sole nominee arising from the Proposed Acquisition of OCR Selayang will not give rise to any mandatory take-over obligation under the Rules.

For information purposes, Ong Kah Hoe's direct and indirect shareholding in OCR upon completion of the Earlier Corporate Proposals is 9.19% and 4.71% respectively and upon completion of the Proposed Acquisition of OCR Selayang is expected to be 18.81% and 4.21% respectively under the Minimum Scenario as set out in Section 7.3 of Part A of this Circular.

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2.13 Public shareholding spread requirement

Pursuant to Paragraph 8.02(i) of the Listing Requirements, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

The pro forma effects of the Proposed Acquisition of OCR Selayang on the public shareholding spread of the Company are set out below:

Minimum Scenario

	I		II	
	As at the LPD	After the remaining tranche(s) of the Private Placement ^(b)	After I and the Proposed Acquisition of OCR Selayang	%
	No. of Shares	No. of Shares	No. of Shares	%
Issued share capital	783,043,247	885,355,247	990,308,444	100.00
Less:				
• Directors of OCR and its subsidiaries	(81,338,266)	(81,338,266)	(186,291,463) ^(c)	(18.81)
• Substantial shareholders of OCR	(39,424,700)	(39,424,700)	(39,424,700)	(3.98)
• Associates of Directors or substantial shareholders of OCR	(76,439,776)	(76,439,776)	(76,439,776)	(7.72)
Public shareholding spread^(a)	585,840,505	688,152,505	688,152,505	69.49

Notes:

(a) The total number of Shares held by shareholders of the Company holding less than 100 Shares each has been excluded as the quantum is negligible in terms of percentage of shareholding.

(b) The first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share was completed on 20 January 2022. The remaining tranche(s) of the Private Placement under the Minimum Scenario may comprise the issuance of up to 102,312,000 new OCR Shares.

(c) After including the issuance and allotment of 104,953,197 Consideration Shares pursuant to the Proposed Acquisition of OCR Selayang.

Maximum Scenario

	I After assuming all the outstanding Warrants D and Share Options are exercised		II After I and the remaining tranche(s) of the Private Placement ^(d)		III After II and the Proposed Acquisition of OCR Selayang	
<-----As at the LPD----->	No. of Shares	%	No. of Shares	%	No. of Shares	%
Issued share capital	783,043,247	100.00	880,152,969	100.00	1,089,458,166	100.00
Less:						
• Directors of OCR and its subsidiaries	(81,338,266)	(10.39)	(89,761,865) ^(b)	(10.20)	(89,761,865) ^(e)	(17.87)
• Substantial shareholders of OCR	(39,424,700)	(5.03)	(39,424,700)	(4.48)	(39,424,700)	(3.62)
• Associates of Directors or substantial shareholders of OCR	(76,439,776)	(9.76)	(89,222,286) ^(c)	(10.13)	(89,222,286)	(8.19)
Public shareholding spread^(a)	585,840,505	74.82	661,744,118	75.19	766,096,118	70.32

Note:

- (a) The total number of Shares held by shareholders of the Company holding less than 100 Shares each has been excluded as the quantum is negligible in terms of percentage of shareholding.
- (b) Ong Kah Hoe holds 6,983,599 Warrants D and is deemed interested in 11,822,510 Warrants D by virtue of his interest in OCRLHSB pursuant to Section 8 of the Act and his parents and siblings' holdings of Warrants D in the Company. He also holds 1,440,000 Share Options and is deemed interested in 720,000 Share Options by virtue of his siblings' holdings of Share Options in the Company.
- (c) After including the issuance of a total of 11,822,510 new OCR Shares assuming OCRLHSB and Ong Kah Hoe's parents and siblings exercise all of their outstanding Warrants D as well as the issuance of a total of 960,000 new OCR Shares assuming Ong Kah Hoe's spouse and siblings exercise all of their outstanding Share Options.
- (d) The first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share was completed on 20 January 2022. The remaining tranche(s) of the Private Placement under the Maximum Scenario may comprise the issuance of up to 104,352,000 new OCR Shares.
- (e) After including the issuance and allotment of 104,953,197 Consideration Shares pursuant to the Proposed Acquisition of OCR Selayang.

Based on the above, the Company is in compliance with the public shareholding spread requirement upon the completion of the Proposed Acquisition of OCR Selayang.

3. INFORMATION ON THE LANDS

The Lands are located within Kawasan Perindustrian Taman Selayang Baru, Selangor which are situated on the northern side of Jalan Kuching, travelling from Jinjang towards Selayang. Geographically, the Lands are located approximately 12 kilometres due north-west of the Kuala Lumpur city centre.

The Lands are easily accessible from Kuala Lumpur city centre via Jalan Tun Razak, Jalan Kuching, exiting onto Jalan Besar and thereafter onto Jalan 4, all being well-maintained metalled roads.

The Lands are located inside the area coloured in red on the location plan as follows:



Properties located within the immediate vicinity of the Lands comprise predominantly properties related to industrial usage in nature comprising terraced, semi-detached and detached factories complemented by commercial terraced shop-offices, terraced/detached houses and apartment/condominium developments.

Established housing schemes located in the immediate and larger vicinity include Taman Selayang Baru, Taman Desa Bakti, Taman Selayang Jaya and Perdana Residence. In addition, apartment/condominium developments located nearby include Selayang 18 Residences, Magna Ville Condominium and 162 Residency Selayang. Other industrial schemes located within the immediate and larger vicinity includes Kawasan Industri Selayang.

Notable landmarks and community facilities in the immediate vicinity include Majlis Perbandaran Selayang Pasar Borong and Selayang Mall, Stadium M.P.S, Universiti Teknologi MARA (UiTM) Fakulti Perubatan Kampus Selayang and Hospital Selayang.

Further details on the Lands are set out below:

Particulars	Land 1	Land 2	Land 3
Identification/ Postal address (with provisional land area)	Geran 41063, Lot 46915, Bandar Selayang, District of Gombak, State of Selangor	Geran 41064, Lot 46917, Bandar Selayang, District of Gombak, State of Selangor	Geran 41076, Lot 46916, Bandar Selayang, District of Gombak, State of Selangor
Tenure	Freehold	Freehold	Freehold
Proprietor/ Registered/ Beneficial owner	OCR Selayang	OCR Selayang	OCR Selayang
Category of land use	Industrial	Industrial	Industrial
Land area	537,765 sq ft	5,134 sq ft	56,737 sq ft
Existing use	Vacant	Vacant	Vacant
Proposed use/ Development potential	Medium industrial area	Medium industrial area	Reserved for transmission line
Express condition	Industrial	Electrical substation	<ul style="list-style-type: none"> Storage for electrical cable Construction of buildings according to Majlis Bandaraya Petaling Jaya
Restriction-in-interest	Nil	Nil	Nil
Encumbrances	Charge registered vide presentation no. 86155/2020 on 10 December 2020 in favour of OSK Capital Sdn Bhd (" OSK Capital ") ^(a)	Charge registered vide presentation no. 86155/2020 on 10 December 2020 in favour of OSK Capital ^(a)	Nil

Particulars	Land 1	Land 2	Land 3
Endorsement	<ul style="list-style-type: none">Private caveat registered vide presentation no. 28076/2020 on 24 August 2020 in favour of OSK Capital^(a);Lease on part of land (with 30 years tenure commencing from 15 November 1986 and ending on 14 November 2016) registered vide presentation no. 6173/1987 on 18 May 1987 in favour of TNB and"Perletakhakan Berkanun – Borang 30A melibatkan Pajakan No. Pers 6173/1987" from Lembaga Letrik Negara Tanah Melayu to TNB vide Presentation No. 39438/2008 registered on 22 August 2008.	Private caveat registered vide presentation no. 28076/2020 on 24 August 2020 in favour of OSK Capital ^(a) .	Nil
Audited net book value ^(b)	RM51,822,504	RM500,804	RM5,534,046
Independent registered valuer	Knight Frank	Knight Frank	Knight Frank
Date of valuation	30 September 2021	30 September 2021	30 September 2021
Method of valuation	Income Approach by Residual Method	Income Approach by Residual Method	Income Approach by Residual Method
Market value ^(c)	RM93,000,000 for Land 1 and Land 2 Nominal value for Land 3		
(Source: Valuation Certificate)			
Notes:			
(a)	As at the LPD, the encumbrances and endorsements created in favour of OSK Capital have been removed based on the land searches conducted on the Land 1 and the Land 2 on 17 December 2021.		
(b)	Based on the audited financial statements of OCR Selayang for the FYE 31 December 2020.		
(c)	The Valuer ascribed a combined market value for Land 1 and Land 2 as the said lands comprise the 5 plots of detached industrial land. However, the Valuer ascribed a nominal value for Land 3 as the said land being reserved for TNB transmission line. For the avoidance of doubt, nominal value in real estate terms refers to an interest in asset (especially lands) where there is no development potential.		

The exact locations of the Lands are depicted as follows:



The SMC had vide its approval letter dated 19 April 2021, granted planning approval to OCR Selayang to demolish the detached factory (which has already been demolished as at the LPD) on Land 1 and Land 2 and to amalgamate and sub-divide Land 1 and Land 2 into 10 plots of detached industrial land while Land 3 is reserved for TNB transmission line. OCR Selayang had on 27 May 2021 submitted a further amended plan to SMC to reduce the number of plots to be subdivided into and SMC had vide its approval letter dated 24 September 2021 granted the approval to OCR Selayang to reduce and reconfigure Land 1 and Land 2 into the Sub-Divided Lands while Land 3 is reserved for TNB transmission line.

OCR Selayang had, prior to the date of the SSA, entered into the SPAs with the respective end-purchasers for the sale of the Sub-Divided Lands together with the construction by OCR Selayang of the identified infrastructure including street lightings, on-site detention pond and external main power sub-station providing electricity supply as required on the Sub-Divided Lands for an aggregate sale and purchase consideration of RM139,082,103 to be satisfied entirely by cash. For the avoidance of doubt, the SPAs includes only the identified infrastructure but do not include the construction of any building on the Sub-Divided Lands. The total expected gross development cost involved for the overall development on the Sub-Divided Lands is approximately RM107.95 million. For the avoidance of doubt, the property development expenditure and contract cost amounting to RM57,409,811 as disclosed in Section 2.2 of Part A of this Circular forms part of the total expected gross development cost. For information purposes, the property development expenditure and contract cost of RM57,409,811 is expected to increase after the completion of the SPAs as stated in Note (c) of Section 2.2 of Part A of this Circular. As at the LPD, the SPAs have yet to be completed in accordance with the terms contained therein and the SPAs are expected to be completed by the second half of year 2022. The details of the SPAs are set out below:

Date of SPA	Particulars of the Sub-Divided Lands	Selling price RM	Percentage of completion as at the LPD %
16 March 2021	Lot 1 (previously known as Lot 1, 2, 3 and 10) measuring approximately 226,391.38 sq ft	67,917,414	10.79
21 April 2021	Lot 2 (previously known as Lot 9) measuring approximately 51,157.65 sq ft	15,347,295	10.79

Date of SPA	Particulars of the Sub-Divided Lands	Selling price RM	Percentage of completion as at the LPD %
28 October 2020	Lot 3 (previously known as Lot 8) measuring approximately 48,079.55 sq ft	14,423,865	10.79
27 April 2021	Lot 4 (previously known as Lot 7) measuring approximately 45,372.60 sq ft	13,611,780	10.79
31 August 2021	Lot 5 (previously known as Lot 4, 5 and 6) measuring approximately 92,605.83 sq ft	27,781,749	10.79
Total		139,082,103	

For information purposes, the total selling price of RM139,082,103 is consistent with the gross development value of the Sub-Divided Lands located within Land 1 and Land 2 as ascribed by the Valuer in its Valuation Report.

4. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION OF OCR SELAYANG

OCR Group is primarily involved in the property development, construction, project management consultation and related businesses. The Group is a real estate player focused on providing innovative and unique homes in Klang Valley and strategic areas in Malaysia.

Notwithstanding the soft property market in the Klang Valley and Malaysia, the Board (save for the Interested Director) is of the view that the Proposed Acquisition of OCR Selayang comes at an opportune time. OCR Selayang is the registered proprietor and beneficial owner of the Lands. As set out in Section 3 of Part A of this Circular, OCR Selayang had entered into the SPAs for the sale of the Sub-Divided Lands. As at the LPD, the SPAs have yet to be completed in accordance with the terms contained therein and the SPAs are expected to be completed by the second half of year 2022. As OCR Selayang has entered into the SPAs for the sale of the Sub-Divided Lands prior to the date of the SSA, OCR is expected to record a bargain purchase on acquisition of approximately RM4.27 million upon the completion of the Proposed Acquisition of OCR Selayang as set out below:

	RM'000
<i>Fair value of the NA of OCR Selayang as at 31 August 2021</i>	
• Revaluation surplus arising from the valuation of the Lands	35,590
• Unaudited NA of OCR Selayang as at 31 August 2021	1,184
	36,774
<i>50% of the fair value of the unaudited NA of OCR Selayang as at 31 August 2021</i>	18,387
<i>Less: Indicative Purchase Consideration</i>	14,116
Bargain purchase on acquisition^(a)	4,271

Note:

- (a) For the avoidance of doubt, the deferred tax liabilities of 24% has been taken into consideration to derive at the indicative Purchase Consideration as detailed in Section 2.2 of Part A of this Circular after taken into consideration the corporate tax rate of 24% to be incurred by OCR Selayang pursuant to its sale of the Sub-Divided Lands. However, OCR Selayang paid real property gain tax upon the reclassification of the Lands from the property, plant and equipment account to the property development expenditure account and hence, OCR will not incur any further taxes on the Lands pursuant to the Proposed Acquisition of OCR Selayang. Solely for information purposes, in the event the SPAs fail to be completed due to any unforeseen circumstances, the potential gain that OCR may derive from the Proposed Acquisition of OCR Selayang is expected to remain the same due to the indicative Purchase Consideration being derived from the fair value of OCR Selayang based on the revaluation surplus arising from the valuation of the Lands.

Premised on the above, the Proposed Acquisition of OCR Selayang is an earnings accretive and the Board (save for the Interested Director) is optimistic that the Proposed Acquisition of OCR Selayang is expected to improve the Group's financial performance in the short term.

5. INDUSTRY OVERVIEW AND OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian Economy

The Malaysian economy experienced renewed demand and supply shocks arising from strict containment measures under the National Recovery Plan ("**NRP**") during the third quarter of 2021 ("**3Q 2021**"). As a result, the economy contracted by 4.5%. Economic activity was particularly impacted in July 2021 under Phase 1 of the NRP, but subsequently recovered as more states transitioned into Phase 2 with less restrictive containment measures. On the supply side, all economic sectors registered a contraction, particularly the construction sector, which was constrained by operating capacity limits. On the demand side, the restrictions on mobility, especially on inter-district and inter-state travel, has weighed on consumption and investment activity, while continued increase in public sector consumption and investment activity, while continued increase in public sector consumption spending provided some support to overall growth. On a quarter-on-quarter seasonally adjusted basis, the economy registered a decline of 3.6% in 3Q 2021.

All economic sectors recorded negative growth in 3Q 2021. The services sector declined by 4.9%. The services sector was affected by weaker consumer-related activities amid the re-imposition of the lockdown, particularly in July 2021. Nonetheless, consumer-related activities have shown emerging signs of recovery on a month-on-month basis since August 2021 as operating restrictions were eased, including restaurants and recreational activities.

The manufacturing sector contracted marginally by 0.8% largely due to continued implementation of NRP Phase 1 in July 2021 in most states, as activities allowed to operate were restricted to essentials and global value chains. Production was further constrained to essential manufacturing activities during the 2-week Enhanced Movement Control Order ("**EMCO**") in Klang Valley, affecting the electrical and electronics ("**E&E**") subsector in particular. However, relaxation of restrictions for firms with vaccinated employees were implemented in August 2021. This facilitated a broad-based recovery across all manufacturing clusters. Global value chains sectors continued to expand in tandem with strong external demand, while non-essential manufacturing activities gradually recovered as operating restrictions eased.

The construction sector declined by 20.6% in 3Q 2021 as activities were constrained by operating capacity limits. Growth in the residential, non-residential and civil engineering subsectors were particularly affected, but the situation improved from August 2021 following easing of the containment measures, allowing more construction activities to resume.

Domestic demand declined by 4.1% in 3Q 2021, as private consumption and investment activities were affected by the imposition of phased restrictions under NRP. On the external front, net exports contracted by 37.5% in 3Q 2021 as growth in imports outpaced the growth in exports.

Private consumption declined by 4.2% in 3Q 2021 as the stringent containment measures and mobility restrictions weighed on household spending in the first half of 3Q 2021. Similarly, labour market conditions also weakened in the same period with weaker income and employment growth. Nevertheless, various policy measures, including EPF i-Sinar and i-Citra withdrawals as well as Bantuan Khas Coronavirus Disease 2019 ("**COVID-19**"), continued to provide support to affected households.

For 2021, the Malaysian economy remains on track to achieve the projected growth range of 3.0% - 4.0%. The recent gradual relaxations for reopening of more economic sectors, along with higher adaptability of firms to the new operating environment and continued policy support, partly mitigated the impact of nationwide containment measures in 3Q 2021. Furthermore, the successful rollout of the vaccination programme, which has resulted in improved health outcomes, has enabled a phased and safe reopening of economic sectors and allow the economy to continues its recovered path.

Going into 2022, the positive growth momentum is expected to improve. The economy would benefit from expansion in global demand, higher private sector expenditure in line with the resumption of economic activity and continued policy support.

(Source: Economic and Financial Developments in the Malaysian Economy in 3Q 2021, Bank Negara Malaysia)

Malaysia's gross domestic product is expected to grow between 3% – 4% in 2021 and further expand in the range of 5.5% – 6.5% in 2022. The growth is projected to be driven by normalisation in economic activities arising from a high nationwide vaccination rate, resumption of projects with high multiplier effects, strong external demand and targeted travel activities, particularly for business, health and education purposes. Nevertheless, there are still downside risks to the country's economic prospects. These include a prolonged COVID-19 outbreak with the emergence of new variants, volatility in global financial markets, slower labour market recovery, commodity supply shocks and geopolitical uncertainties.

(Source: Economic Outlook 2022, Ministry of Finance)

5.2 Overview and outlook of the property market in Malaysia

Property market activity

The property market performance recorded a significant increase in the first half of 2021 ("**H1 2021**") as compared to the same period last year in the first half of 2020 ("**H1 2020**"). A total of 139,754 transactions worth RM62.01 billion were recorded, showing an increase of 21.0% in volume and 32.1% in value compared to H1 2020. Volume of transactions across the sub-sectors showed upward movements. Residential, commercial, industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.2%, 28.5%, 29.4%, 13.9% and 21.3% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded growths of 34.7%, 28.4%, 19.8%, 33.1% and 40.6% respectively.

Residential property

There were 92,017 transactions worth RM34.51 billion recorded in H1 2021, increased by 22.2% in volume and 34.7% in value year-on-year. Performance across the states improved in the review period. All states recorded higher market volume except for Putrajaya. The 4 major states namely Kuala Lumpur, Selangor, Johor and Pulau Pinang formed about 50% of the total national residential volume.

In the primary market, there were 16,660 units launched, down by 34.0% against 25,227 units in H1 2020. Against the second half of 2020 ("**H2 2020**"), the new launches were lower by 24.1%.

Sales performance for new launches recorded at 24.7%, better compared to H1 2020 (12.9%) and H2 2020 (17.0%). The improvement in sales performance probably attributed to various measures by the government such as incentives of the Home Ownership Campaign (reintroduced from 1 June 2020 – 31 Dec 2021) and low overnight policy rate.

Selangor recorded the highest number of new launches in the country, capturing nearly 24.7% (4,114 units) of the national total with sales performance at 26.2%. Kuala Lumpur recorded the second highest number (3,651 units, 21.9% share) with sales performance at 3.5%. Johor came third (2,187 units, 13.1% share) with sales performance at 49.8%.

By property type, terraced houses dominated the new launches. Single storey (2,624 units) and 2-3 storey (5,455 units) together contributed 48.5% of the total units, followed by condominium/apartment units at 41.4% share (6,893 units).

The residential overhang exhibited a moderated growth. A total of 31,112 overhang units worth RM20.09 billion was recorded, showing an increase of 5.2% and 6.2% in volume and value respectively against H2 2020.

Construction activity recorded an increase in completion, starts and new planned supply, each up by 8.7%, 35.3% and 36.0% respectively compared to H1 2020.

The Malaysian Housing Price Index ("**MHPI**") saw an unprecedented negative growth in Q2 2021, after a series of slow price growth since 2018. MHPI stood at 197.9 points, down by 1.2% year-on-year. Quarterly movements saw a decline of 1.6%.

Commercial property

There were 10,433 transactions worth RM10.93 billion recorded, up by 28.5% in volume and 28.4% in value compared to H1 2020. All states recorded more market activity in the review period except for Putrajaya and Pahang. Selangor contributed the highest volume and value to the national market share, with 26.3% in volume (2,741 transactions) and 30.8% in value (RM3.37 billion); followed by Kuala Lumpur with 13.0% in volume (1,359 transactions) and 28.2% in value (RM3.08 billion) and Johor with 13.5% in volume (1,410 transactions) and 11.6% in value (RM1.27 billion).

Serviced apartment sub-sector recorded 1,912 transactions worth RM1.21 billion, formed 18.3% of the commercial property transactions volume and 11.0% of the value. Market performance recorded an increase of 33.4% in volume and 23.7% in value compared to H1 2020.

Serviced apartment sub-sector recorded 24,064 overhang units with a value of RM20.41 billion, indicating a marginal increase of 1.9% in volume, but value declined by 10.2% compared to H2 2020. Meanwhile, the unsold under construction recorded 42,358 units, increased by 20.1%.

The construction activities saw a mixed trend with completions decreased by 8.3% to 4,030 units, starts increased by 89.6% to 21,278 units and new planned supply up by 33.7% to 7,339 units against H1 2020.

The performance of shopping complex moderated in H1 2021, with the national occupancy rate saw a slight decline of 76.6% as compared to H1 2020 (78.6%). Kuala Lumpur and Selangor recorded 81.6% and 78.8% occupancy rate respectively, whereas Johor and Pulau Pinang managed to secure an average occupancy of 73.4% and 72.2% respectively.

The sole completion recorded in H1 2021 was contributed by the extension of Setia City Mall, Shah Alam (21,363 square metres ("**s.m.**")), bringing the total space for shopping complex nationwide to 16.93 million s.m. There were another 47 complexes (1.94 million s.m.) in the incoming supply and with another 10 complexes (0.34 million s.m.) in the planned supply.

The overall performance of purpose-built office decreased to 78.5%, slightly lower than H1 2020 (80.6%). The occupancy rate for private office buildings declined further to 71.7%, down from 74.3% recorded in H1 2020. Pulau Pinang secured a higher occupancy rate at 85.3% while Kuala Lumpur, Selangor and Johor recorded lower than the national level at 73.8%, 68.4%, and 72.75%, respectively.

8 new purpose-built offices with office spaces totalling 505,842 s.m. were completed in H1 2021, extending the existing market supply to 23.84 million s.m. from 2,581 buildings. Kuala Lumpur was the lead contributor for office space with a share of 40.7% (9.70 million s.m.) in the existing market, 54.0% (1.09 million s.m.) in incoming supply and 52.9% (0.17 million s.m.) in planned supply.

2021 outlook

The acceleration of the National COVID-19 Immunisation Programme and the National Recovery Plan threshold across the states will see the reopening of more economic and social sectors in the fourth quarter of 2021. Supported by the implementation of various government initiatives and assistance, the property market is expected to be on the recovery path in line with the gradual economic recovery.

(Source: Press Release Malaysia Property Market Report First Half Year 2021, National Property Information Centre, Valuation and Property Services Department, Ministry of Finance Malaysia)

The overall value in the residential sub-sector in Malaysia is likely to remain soft throughout 2021 and pricing for prime housing, in particular landed properties, is expected to gradually rise throughout 2022 as the property market is widely expected to start recovering on the back of a more positive outlook, according to Knight Frank Malaysia.

"Moving forward, with domestic investors shifting from the stock market to safer and less volatile alternative investment products – supported by record-low interest rate environment, lockdown savings, attractive property deals (Home Ownership Campaign and developers' sales campaigns) – the overall housing market is expected to gradually recover throughout 2022 although prices, in general, are expected to remain flattish," said Knight Frank Malaysia in a statement today.

(Source: Malaysian housing market to gradually recover in 2022 but prices to remain flattish: Knight Frank, The Sun Daily, 9 October 2021)

5.3 Overview and outlook of the property market in Selangor

Property market activity

The Central Region property market performance improved in H1 2021, indicated by the increase in market activities. The region registered 36,089 transactions worth RM28.56 billion, increased by 33.9% and 37.0% in volume and value respectively as compared to H1 2020. Combined, these three states formed 25.8% and 46.1% of the national volume and value of transactions. In term of transaction value, all states showed an upward trend. Kuala Lumpur increased by 40.7%, followed by Selangor (35.9%), and Putrajaya (2.4%).

By state, Selangor dominated the region's overall property transactions with 82.0% in volume (29,610 transactions) and 72.7% in value (RM20.76 billion) of the total transactions.

By sub-sector, residential continued to dominate the region's property transactions, contributing 79.6% (28,710 transactions) of the total. Likewise, residential sub-sector dominated the region's overall property transaction value with 57.4% share.

Residential property

Residential sub-sector was the main sub-sector for all states. Kuala Lumpur and Selangor recorded increase of 19.8% and 38.0% in volume of transactions respectively whereas, Putrajaya decreased by 12.9%. In terms of transaction value, all states showed upward trend. Selangor increased by 47.1%, followed by Putrajaya (32.2%) and Kuala Lumpur (25.5%).

The Central Region primary market saw more new launches in Kuala Lumpur and Selangor. Kuala Lumpur recorded 3,651 new launches, increased by 8.8% compared to H1 2020 (3,356 units), meanwhile Selangor increased by 28.1% to 4,114 units (H1 2020: 3,212 units). No new launches was recorded in Putrajaya.

The residential overhang situation took a downturn compared to previous year as more units were recorded for Kuala Lumpur and Putrajaya in H1 2021. However, the residential overhang situation in Selangor improved in H1 2021. The unsold under construction unit in the Central Region increased by 2.6% (21,102 units) compared to H2 2020 (20,564 units). Meanwhile the unsold not constructed decreased by 20.4% (6,851 units) compared to H2 2020 (8,609 units).

The residential price trend was largely stable across the board with marginal growth observed in selected locations. Residential properties both landed and stratified in prominent and established areas as well as those located along Light Rail Transit (LRT) and Mass Rapid Transit witnessed capital appreciation. In Kuala Lumpur, apartment located in prominent areas served with efficient road linkages indicating an increase of 2.1% to 12.6%. Meanwhile, apartment in Selangor namely Alora Mediterranean Apartment, Klang and Pangsapuri Seri Intan, Bandar Setia Alam witnessed an increase of 9.8% and 9.9% respectively. However, there were instances of declines in selected schemes for terraced houses, apartment and condominium in the region.

Commercial property

More market activity was recorded as the transaction volume in Kuala Lumpur and Selangor increased by 12.1% and 46.6% respectively. However, Putrajaya recorded a decline of 47.1%. In terms of transaction value, Kuala Lumpur and Selangor increased by 47.6% and 40.3% respectively, whereas Putrajaya declined by 67.0%.

Shop sub-sector recorded 1,119 transactions worth RM1.58 billion in H1 2021, accounting for 27.2% in volume and 24.4% in value of commercial property transactions in the region. Selangor continued to drive the sub-sector with 917 transactions worth RM1.11 billion, accounting for 81.9% and 70.1% respectively of the shop transactions volume and value. Kuala Lumpur took up 17.8% market share in transactions volume and 29.3% in term of the transactions value. Selangor recorded an increase of 27.4% in volume and 20.7% in value as compared to H1 2020, while Kuala Lumpur and Putrajaya saw a decline of 6.1% and 57.1% in volume as well as 7.8% and 50.9% in value respectively.

The shop overhang and unsold situation improved in Central Region. Kuala Lumpur and Selangor portrayed a better performance while Putrajaya stagnated at 21 units. In term of value, both Kuala Lumpur and Selangor decreased by 66.1% and 4.5% respectively (H2 2020: RM146.01 million and RM705.25 million). Similarly, unsold under construction units decreased in Kuala Lumpur and Selangor by 14.3% and 25.5% respectively (H2 2020: 70 and 466 units) while Putrajaya remained as nil since H1 2020. The region was unencumbered with any unsold not constructed in H1 2021.

Prices of shops showed mixed movements with increases charted in several areas. Three and four storey shops in Bandar Sri Petaling, Taman Tun Dr Ismail and Jalan Kenanga increased by 7.6%, 8.4% and 11.6 % respectively, which transacted between RM1.90 million to RM5.20 million. In Selangor, one and a-half storey shops in Bandar Puteri recorded a decline of 18.9% with the transaction prices ranging from RM900,000 to RM980,000.

The performance of purpose-built office in the Central Region softened with lower overall occupancy rate at 74.9%, as compared to 77.3% in H2 2020. Putrajaya, where majority are government buildings, stood firm. The occupancy rate increased slightly to 90.4% (H2 2020: 90.1%). However, Kuala Lumpur and Selangor recorded lower occupancy rate at 73.8% and 68.4% respectively compared to H2 2020 (77.6% and 69.2%).

Industrial property

The industrial sub-sector contributed a small portion of 2.6% to the overall market activity in the Central Region. The region's market performance recorded an increase of 33.6% in volume to 954 transaction (H1 2020: 714 transactions) and 6.6% in value to RM3.57 billion (H1 2020: RM3.35 billion). In terms of transaction value, Kuala Lumpur and Selangor increased by 7.3% and 6.1% respectively. The industrial overhang was minimal. Selangor recorded 67 overhang units in H1 2021. The other two states did not record any unsold.

(Source: Central Region Property Market Report First Half 2021, Valuation and Property Services Department, Ministry of Finance Malaysia)

Going forward, the outlook for the local industrial property market is expected to remain steady, as changes brought on by the COVID-19 pandemic are anticipated to spur growth for this segment.

Knight Frank Malaysia says the industrial property market is expected to benefit in the medium term, supported by a brighter outlook in Malaysia's industrial production index ("IPI"). Although IPI figures are expected to trend upwards in the months ahead, the positive spill-over effect on the industrial real estate market may only be witnessed in the medium term. This is given that the recovery figures will mostly reflect the resumption of operations of existing manufacturing capacities, before expansion in the industrial real estate space (in terms of real square footage) takes place. Selected sectors such as electrical and electronics, healthcare, cold storage and food industries may reach full operational capacity earlier, underpinned by the global demand and thus embark on an expansion of real estate footprint much sooner than other sectors.

(Source: Industrial market to remain steady, The Star, 2 October 2021)

5.4 Prospects of OCR Group

OCR Group is primarily involved in the property development, construction, project management consultation and related businesses. The Group is a real estate player focused on providing innovative and unique homes in Klang Valley and strategic areas in Malaysia.

As at the LPD, the Group's existing development projects include Isola at KLCC, Kuala Lumpur, The Mate at Damansara Jaya, Selangor and PRIYA Kuantan at Kuantan, Pahang. For information purposes, Isola at KLCC, Kuala Lumpur comprises 140 units of high-end condominium, The Mate at Damansara Jaya, Selangor comprises 268 units of signature suites and 5 retail outlets and PRIYA Kuantan at Kuantan, Pahang is an affordable housing project comprises 978 units of single-storey terrace houses and 146 units of single-storey semi-detached houses. As at the LPD, the take-up rate for Isola at KLCC, Kuala Lumpur, The Mate at Damansara Jaya, Selangor and PRIYA Kuantan at Kuantan, Pahang is 86%, 58% and 98% respectively. Total gross development value of the existing development projects is approximately RM583.00 million and the total unbilled sales are approximately RM199.60 million as at 30 September 2021.

In terms of the construction segment, the Group is involved as the main contractor for the YOLO Signature Suites development in Bandar Sunway, Selangor. For information purposes, YOLO Signature Suites development in Bandar Sunway, Selangor is a 41-storey commercial building comprising office units, shop lots, commercial space and other ancillary facilities. The total contract value of the project is RM159.60 million with an order book balance of RM119.60 million as at 30 September 2021.

The Malaysian economic sentiment has improved, supported by progressive relaxation of containment measures and continued policy support, and is expected to continue its positive growth trajectory in 2022.

Although construction work have gradually resumed since end-August 2021, the shortage and its corresponding rise in raw material as well as manpower costs have further affected the industry. Despite that, the Group has implemented a more robust approach in terms of procurement and contractor management to contain these costs whilst ensuring smooth delivery of its projects.

Sales have been encouraging thus far as homeowners continue to take advantage of the Home Ownership Campaign policy. The Group believes that the momentum shall continue in 2022 as uncertainties ease and the economy picks-up.

In 2022, the Group's key focus is to deliver the vacant possession of both PRIYA Kuantan and Isola at KLCC development projects. In terms of new pipelines, the Group is currently closely monitoring the market and targets to launch projects in both Klang Valley and Kuantan in the 2nd half of 2022.

(Source: Management of OCR)

5.5 Prospects of OCR Selayang

OCR Selayang is the registered proprietor and beneficial owner of the Lands. As set out in Section 3 of Part A of this Circular, OCR Selayang had entered into the SPAs for the sale of the Sub-Divided Lands. As at the LPD, the SPAs have yet to be completed in accordance with the terms contained therein and the SPAs are expected to be completed by the second half of year 2022. OCR is expected to record a bargain purchase on acquisition of approximately RM4.27 million upon the completion of the Proposed Acquisition of OCR Selayang, details of which has been set out in Section 4 of Part A of this Circular.

Premised on the above, the Proposed Acquisition of OCR Selayang is earnings accretive and the Board (save for the Interested Director) is optimistic that the Proposed Acquisition of OCR Selayang is expected to improve the Group's financial performance in the short term.

(Source: Management of OCR Selayang)

6. RISK FACTORS OF THE PROPOSED ACQUISITION OF OCR SELAYANG

The Proposed Acquisition of OCR Selayang is subject to risks inherent to the property development industry which the Group is already involved in. Such risks may include property overhang, adverse changes in real estate market prices, competition from other property developers, changes in economic, social and political conditions, delay in completion of the Group's property development projects against the scheduled completion, performance of third party sub-contractors, labour and material supply shortages, fluctuations in the prices of building materials and costs of labour charges as well as other statutory charges.

In addition to the risks set out above, the following are risks specifically associated with the Proposed Acquisition of OCR Selayang:

i. Non-completion of the Proposed Acquisition of OCR Selayang

The completion of the Proposed Acquisition of OCR Selayang is subject to the fulfilment of the conditions precedent as set out in the SSA in such time and manner prescribed therein which include, amongst others, the approval of the shareholders of the Company, failing which may result in the termination of the SSA. Further details of the conditions precedent of the SSA are set out in Section 4 of Appendix II of this Circular. If OCR and/or the Vendors are unable to obtain and fulfil or waive (as the case may be) any of the conditions precedent set out therein and/or fail to perform their obligations in accordance with the terms of the SSA, the Proposed Acquisition of OCR Selayang may not be completed.

ii. Compulsory acquisition of land by state authority

Pursuant to the Land Acquisition Act, 1960, the ruler of the Yang Di-Pertua Negeri of the respective state has the power to compulsorily acquire any land within the jurisdiction of such relevant state authority in Malaysia in accordance with the aforesaid legislation. In the event of any compulsory acquisition of the Lands or any part thereof, the amount of compensation to be compensated will be determined on the basis prescribed in the First Schedule of the Land Acquisition Act, 1960. If all or any portion of the Lands is compulsorily acquired by the relevant state authority at any point in time, the amount of such compensation may be less than the purchase consideration paid by OCR under the Proposed Acquisition of OCR Selayang.

In the event of any compulsory acquisition of the Lands or any part thereof after the completion of the SSA, OCR may seek to minimise any potential losses from such transactions by invoking the relevant provisions in the Land Acquisition Act, 1960 in relation to its rights to submit an objection in respect of the amount of compensation, where necessary.

iii. Non-completion of the SPAs

The completion of the SPAs is subject to the compliance of the terms and conditions of the respective SPAs by the relevant parties at such time and in such manner as prescribed therein, failing which may result in the termination of the respective SPAs.

There is a possibility that the SPAs may not be completed within the stipulated timeframe. Nevertheless, following the completion of the Proposed Acquisition of OCR Selayang, OCR will take reasonable steps to ensure that every effort is made by OCR Selayang to fulfill and comply with the terms of the respective SPAs and complete the sale of the Sub-Divided Lands in a timely manner.

iv. Impact of the COVID-19 pandemic

Global economic growth has been affected due to the outbreak of COVID-19 and its rapid spread across the globe. Inevitably, social and economic conditions in Malaysia will be affected by the COVID-19 outbreak. The property development industry and construction sector in Malaysia have been constrained by strict standard operating procedures and capacity limits during the imposition of various phases of the movement control orders and National Recovery Plan by the Malaysian government to contain the spread of the COVID-19 pandemic. The property development and construction activities have gradually resumed since the end of the 3rd quarter of 2021. Nevertheless, the recent shortages of construction material and the increase in material and manpower costs have affected property development industry and construction sector to a certain extent.

The principal activities of OCR Selayang are investment holding, receiving rental and property development. It owns the Lands as its sole major assets. It had, prior to the date of the SSA, entered into the SPAs with the respective end-purchasers for the sale of the Sub-Divided Lands together with the construction of the identified infrastructure on the Sub-Divided Lands. The risks associated with the impact of COVID-19 on the Proposed Acquisition of OCR Selayang and the market value of OCR Selayang is mitigated as OCR Selayang owns the Lands as its sole major assets and it had entered into the SPAs prior to the date of the SSA.

However, its construction of the identified infrastructure on the Sub-Divided Lands may be affected by the recent shortages of manpower and the increase in material and manpower costs, which in turn, may affect the completion of the SPAs. The completion of the SPAs is dependent on the ability of OCR Selayang to expedite the construction of the identified infrastructure on the Sub-Divided Lands. There can be no assurance that the afore-mentioned events can be materialised. The Group will continue to monitor the development progress of the Sub-Divided Lands closely upon the completion of the Proposed Acquisition of OCR Selayang in order to minimise the risk of any delay in completion of the SPAs.

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7. EFFECTS OF THE PROPOSED ACQUISITION OF OCR SELAYANG

7.1 Issued share capital

The pro forma effects of the Proposed Acquisition of OCR Selayang on the issued share capital of OCR are set out below:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	783,043,247	224,084,372	783,043,247	224,084,372
Assuming all the outstanding Warrants D are exercised	-	-	89,109,722	19,604,139 ^(a)
Assuming all the outstanding Share Options are exercised	-	-	8,000,000	2,731,279 ^(b)
	783,043,247	224,084,372	880,152,969	246,419,790
Shares to be issued pursuant to the remaining tranche(s) of the Private Placement ^(c)	102,312,000 ^(c)	14,466,917 ^(c)	104,352,000 ^(c)	14,755,373 ^(c)
	885,355,247	238,551,289	984,504,969	261,175,163
Shares to be issued pursuant to the Proposed Acquisition of OCR Selayang	104,953,197	14,116,205 ^(d)	104,953,197	14,116,205 ^(d)
Enlarged issued share capital	990,308,444	252,667,494	1,089,458,166	275,291,368

Notes:

- (a) Calculated based on the exercise price of RM0.22 per Warrant D.
- (b) Calculated based on the exercise price of RM0.249 per Share Option and the transfer of the share option reserve in respect of the 8,000,000 outstanding Share Options of RM217,435 as at 31 December 2020 and RM521,844 as at 31 December 2021 to share capital assuming all the 8,000,000 outstanding Share Options are exercised. For the avoidance of doubt, the share option expenses of RM521,844 as at 31 December 2021 is recognised from the accumulated losses account.
- (c) Calculated based on the following:
- the remaining number of new OCR Shares to be issued pursuant to the Private Placement after the completion of the first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share which was completed on 20 January 2022; and
 - the indicative issue price of RM0.1414 per share as stated in the circular to shareholders of OCR dated 2 November 2021 in relation to the Earlier Corporate Proposals.
- (d) Calculated based on the issue price of RM0.1345 per Consideration Share.

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7.2

NA per OCR Share and gearing

Based on the latest audited consolidated statements of financial position of OCR Group as at 31 December 2020, the pro forma effects of the Proposed Acquisition of OCR Selayang on the NA per OCR Share and gearing of OCR Group are set out below:

Minimum Scenario

	I	II	III
	Audited as at 31 December 2020 RM'000	After adjusted for subsequent events ^(a) RM'000	After I and the remaining tranche(s) of the Private Placement RM'000
			After II and the Proposed Acquisition of OCR Selayang RM'000
Share capital	156,003	224,085	238,551
Irredeemable convertible preference shares ("ICPS")	15,802	-	-
Warrant reserve	890	-	-
Share option reserve	444	740	740
Accumulated losses	(23,418)	(22,824) ^(c)	(20,853) ^{(d)(e)}
Shareholders' funds/ NA	149,721	202,001	214,767
No. of OCR Shares in issue ('000)	455,933	783,043	885,355
NA per OCR Share (RM)	0.33	0.26	0.24
Total borrowings (RM'000)	87,309	123,195 ^(b)	123,195
Gearing ratio (times)	0.58	0.61	0.57

Notes:

(a) After adjusted for the following:

- the issuance of a total of 31,603,837 new OCR Shares pursuant to the conversion of ICPS into new OCR Shares with the conversion ratio of 10 ICPS to 1 new OCR Share at a conversion price of RM0.50 per Share that had expired on 24 July 2021;
- the placement of 50,000,000 new OCR Shares at an issue price of RM0.2187 per Share on 1 April 2021 and 51,850,000 new OCR Shares at an issue price of RM0.2111 per Share on 18 May 2021 pursuant to a private placement exercise of OCR which was completed on 18 May 2021;
- the warrant reserve, which relates to the Warrants 2016/2021 that had expired on 24 July 2021, was transferred to retained earnings at the expiry of the Warrants 2016/2021;

- iv. the issuance of 11,804,084 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Stack Builder which were listed on the Main Market of Bursa Securities on 26 November 2021;
 - v. the issuance of 27,990,911 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Wonderland which were listed on the Main Market of Bursa Securities on 26 November 2021;
 - vi. the issuance of 51,861,647 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Settlement of Wonderland Advances which were listed on the Main Market of Bursa Securities on 26 November 2021;
 - vii. the first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share which was completed on 20 January 2022; and
 - viii. the transfer of the share option reserve of a total of RM226,124 to the accumulated losses account pursuant to the expiry of 2,200,000 Share Options as at 31 December 2021 and the lapse of 800,000 Share Options up to the LPD, and the recognition of share option expenses of RM521,844 as at 31 December 2021 from the accumulated losses account in respect of the 8,000,000 outstanding Share Options.
- (b) After consolidating the unaudited total borrowings of Stack Builder Sdn Bhd and Wonderland Projects Sdn Bhd as at 31 March 2021 of approximately RM35.89 million.
 - (c) After deducting the estimated expenses in relation to the Earlier Corporate Proposals of approximately RM1.70 million.
 - (d) After including the bargain purchase on acquisition of approximately RM4.27 million pursuant to the Proposed Acquisition of OCR Selayang. Solely for information purposes, in the event the SPAs fail to be completed due to any unforeseen circumstances, the potential gain that OCR may derive from the Proposed Acquisition of OCR Selayang is expected to remain the same due to the indicative Purchase Consideration being derived from the fair value of OCR Selayang based on the revaluation surplus arising from the valuation of the Lands.
 - (e) After deducting the estimated expenses in relation to the Proposed Acquisition of OCR Selayang of approximately RM0.60 million comprising professional fees, regulatory fees, printing and despatch costs for the circular to shareholders of the Company in relation to the Proposed Acquisition of OCR Selayang, costs to convene an extraordinary general meeting and other incidental expenses in relation to the Proposed Acquisition of OCR Selayang.
 - (f) After consolidating the unaudited total borrowings of OCR Selayang as at 31 August 2021 of approximately RM11.62 million.

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Maximum Scenario

	Audited as at 31 December 2020 RM'000	I After adjusted for subsequent events ^(a) RM'000	II After I and assuming all the outstanding Warrants D and Share Options are exercised RM'000	III After II and the remaining tranche(s) of the Private Placement RM'000	IV After III and the Proposed Acquisition of OCR Selayang RM'000
Share capital	156,003	224,085	246,421	261,176	275,292
ICPS	15,802	-	-	-	-
Warrant reserve	890	-	-	-	-
Share option reserve	444	740	-	-	-
Accumulated losses	(23,418)	(22,824)	(22,824)	(24,524) ^(c)	(20,853) ^{(d)(e)}
Shareholders' funds/ NA	149,721	202,001	223,597	236,652	254,439
No. of OCR Shares in issue ('000)	455,933	783,043	880,153	984,505	1,089,458
NA per OCR Share (RM)	0.33	0.26	0.25	0.24	0.23
Total borrowings (RM'000)	87,309	123,195 ^(b)	123,195	123,195	134,816 ^(f)
Gearing ratio (times)	0.58	0.61	0.55	0.52	0.53

Notes:

(a) After adjusted for the following:

- the issuance of a total of 31,603,837 new OCR Shares pursuant to the conversion of ICPS into new OCR Shares with the conversion ratio of 10 ICPS to 1 new OCR Share at a conversion price of RM0.50 per Share that had expired on 24 July 2021;
- the placement of 50,000,000 new OCR Shares at an issue price of RM0.2187 per Share on 1 April 2021 and 51,850,000 new OCR Shares at an issue price of RM0.2111 per Share on 18 May 2021 pursuant to a private placement exercise of OCR which was completed on 18 May 2021;
- the warrant reserve, which relates to the Warrants 2016/2021 that had expired on 24 July 2021, was transferred to retained earnings at the expiry of the Warrants 2016/2021;
- the issuance of 11,804,084 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Stack Builder which were listed on the Main Market of Bursa Securities on 26 November 2021;
- the issuance of 27,990,911 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Wonderland which were listed on the Main Market of Bursa Securities on 26 November 2021;

- vi. the issuance of 51,861,647 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Settlement of Wonderland Advances which were listed on the Main Market of Bursa Securities on 26 November 2021;
 - vii. the first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share which was completed on 20 January 2022; and
 - viii. the transfer of the share option reserve of a total of RM226,124 to the accumulated losses account pursuant to the expiry of 2,200,000 Share Options as at 31 December 2021 and the lapse of 800,000 Share Options up to the LPD, and the recognition of share option expenses of RM521,844 as at 31 December 2021 from the accumulated losses account in respect of the 8,000,000 outstanding Share Options.
- (b) After consolidating the unaudited total borrowings of Stack Builder Sdn Bhd and Wonderland Projects Sdn Bhd as at 31 March 2021 of approximately RM35.89 million.
 - (c) After deducting the estimated expenses in relation to the Earlier Corporate Proposals of approximately RM1.70 million.
 - (d) After including the bargain purchase on acquisition of approximately RM4.27 million pursuant to the Proposed Acquisition of OCR Selayang. Solely for information purposes, in the event the SPAs fail to be completed due to any unforeseen circumstances, the potential gain that OCR may derive from the Proposed Acquisition of OCR Selayang is expected to remain the same due to the indicative Purchase Consideration being derived from the fair value of OCR Selayang based on the revaluation surplus arising from the valuation of the Lands.
 - (e) After deducting the estimated expenses in relation to the Proposed Acquisition of OCR Selayang of approximately RM0.60 million comprising professional fees, regulatory fees, printing and despatch costs for the circular to shareholders of the Company in relation to the Proposed Acquisition of OCR Selayang, costs to convene an extraordinary general meeting and other incidental expenses in relation to the Proposed Acquisition of OCR Selayang.
 - (f) After consolidating the unaudited total borrowings of OCR Selayang as at 31 August 2021 of approximately RM11.62 million.

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7.3 Substantial shareholders' shareholdings

The proforma effects of the Proposed Acquisition of OCR Selayang on the substantial shareholders' shareholdings of OCR are set out below:

Minimum Scenario

Substantial shareholders	I				After I and the remaining tranche(s) of the Private Placement			
	Shareholding as at the LPD		<-----Direct----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
ACE Credit (M) Sdn Bhd	39,424,700	5.03	-	-	39,424,700	4.45	-	-
Ong Kah Hoe	81,338,266	10.39	41,678,800 ^(a)	5.32	81,338,266	9.19	41,678,800 ^(a)	4.71

Substantial shareholders	II				After I and the Proposed Acquisition of OCR Selayang			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
ACE Credit (M) Sdn Bhd	39,424,700	3.98	-	-	-	-	-	-
Ong Kah Hoe	186,291,463 ^(b)	18.81	41,678,800 ^(a)	4.21	-	-	-	-

Notes:

- (a) Deemed interested by virtue of his interest in OCRLHSB pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in the Company.
- (b) Inclusive of the Consideration Shares to be received by him as the sole nominee collectively appointed by the Vendors pursuant to the terms of the SSA.

Maximum Scenario

Substantial shareholders	I Shareholding as at the LPD				Assuming full exercise of the Warrants D and Share Options			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
ACE Credit (M) Sdn Bhd	39,424,700	5.03	-	-	39,424,700	4.48	-	-
Ong Kah Hoe	81,338,266	10.39	41,678,800 ^(a)	5.32	89,761,865 ^(b)	10.20	54,461,310 ^{(a)(b)}	6.19
Substantial shareholders	II After I and the remaining tranche(s) of the Private Placement				III After II and the Proposed Acquisition of OCR Selayang			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
ACE Credit (M) Sdn Bhd	39,424,700	4.00	-	-	39,424,700	3.62	-	-
Ong Kah Hoe	89,761,865	9.12	54,461,310 ^(a)	5.53	194,715,062 ^(c)	17.87	54,461,310 ^(a)	5.00

Notes:

- (a) Deemed interested by virtue of his interest in OCRLHSB pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in the Company. For information purposes, his deemed interest in OCR will include his spouse's direct shareholding in the Company of 240,000 OCR Shares in the event his spouse fully exercise her holdings of 240,000 Share Options in the Company.
- (b) Ong Kah Hoe holds 6,983,599 Warrants D and is deemed interested in 11,822,510 Warrants D by virtue of his interest in OCRLHSB pursuant to Section 8 of the Act and his parents and siblings' holdings of Warrants D in the Company. He also holds 1,440,000 Share Options and is deemed interested in 960,000 Share Options by virtue of his spouse's and siblings' holdings of Share Options in the Company.
- (c) Inclusive of the Consideration Shares to be received by him as the sole nominee collectively appointed by the Vendors pursuant to the terms of the SSA.

7.4

Earnings and EPS

The pro forma effects of the Proposed Acquisition of OCR Selayang on the consolidated EPS of OCR assuming the Proposed Acquisition of OCR Selayang had been effected at the beginning of the FYE 31 December 2020, is illustrated as follows:

Minimum Scenario

	I	II	III
	Audited as at 31 December 2020	After adjusted for subsequent events ^(a) After I and the remaining tranche(s) of the Private Placement	After II and the Proposed Acquisition of OCR Selayang
PATANCI (RM'000)	815	249 ^(b) (1,451) ^(c)	2,867 ^(d)
Weighted average no. of OCR Shares in issue ('000)	372,839	699,950 ^(a)	907,215
Basic EPS (sen)	0.22	0.04 (0.18)	0.32

Notes:

(a) After adjusted for the following:

- the issuance of a total of 31,603,837 new OCR Shares pursuant to the conversion of ICPS into new OCR Shares with the conversion ratio of 10 ICPS to 1 new OCR Share at a conversion price of RM0.50 per Share that had expired on 24 July 2021;
- the placement of 50,000,000 new OCR Shares at an issue price of RM0.2187 per Share on 1 April 2021 and 51,850,000 new OCR Shares at an issue price of RM0.2111 per Share on 18 May 2021 pursuant to a private placement exercise of OCR which was completed on 18 May 2021;
- the issuance of 11,804,084 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Stack Builder which were listed on the Main Market of Bursa Securities on 26 November 2021;
- the issuance of 27,990,911 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Wonderland which were listed on the Main Market of Bursa Securities on 26 November 2021;
- the issuance of 51,861,647 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Settlement of Wonderland Advances which were listed on the Main Market of Bursa Securities on 26 November 2021; and
- the first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share which was completed on 20 January 2022.

(b) After consolidating 50% of the audited loss after tax of Stack Builder Sdn Bhd for the financial period from 30 October 2018 to 31 March 2020 of approximately RM0.13 million and 100% of the audited loss after tax of Wonderland Projects Sdn Bhd for the FYE 31 October 2020 of approximately RM0.30 million as well as the recognition of share option expenses of RM521,844 as at 31 December 2021 in respect of the 8,000,000 outstanding Share Options.

- (c) After deducting the estimated expenses in relation to the Earlier Corporate Proposals of approximately RM1.70 million.
- (d) After consolidating 50% of the audited profit after tax of OCR Selayang for the FYE 31 December 2020 of approximately RM0.65 million and including the bargain purchase on acquisition of approximately RM4.27 million and deducting the estimated expenses in relation to the Proposed Acquisition of OCR Selayang of approximately RM0.60 million. Solely for information purposes, in the event the SPAs fail to be completed due to any unforeseen circumstances, the potential gain that OCR may derive from the Proposed Acquisition of OCR Selayang is expected to remain the same due to the indicative Purchase Consideration being derived from the fair value of OCR Selayang based on the revaluation surplus arising from the valuation of the Lands.

Maximum Scenario

	I	II	III	IV
	Adjusted for subsequent events ^(a)	After I and assuming all the outstanding Warrants D and Share Options are exercised	After II and the remaining tranche(s) of the Private Placement	After III and the Proposed Acquisition of OCR Selayang
Audited as at 31 December 2020				
PATANCI (RM'000)	815	249 ^(b)	249	2,867 ^(d)
Weighted average no. of OCR Shares in issue ('000)	372,839	699,950 ^(a)	901,412	1,006,365
Basic EPS (sen)	0.22	0.04	(0.16)	0.28

Notes:

- (a) After adjusted for the following:
- the issuance of a total of 31,603,837 new OCR Shares pursuant to the conversion of ICPS into new OCR Shares with the conversion ratio of 10 ICPS to 1 new OCR Share at a conversion price of RM0.50 per Share that had expired on 24 July 2021;
 - the placement of 50,000,000 new OCR Shares at an issue price of RM0.2187 per Share on 1 April 2021 and 51,850,000 new OCR Shares at an issue price of RM0.2111 per Share on 18 May 2021 pursuant to a private placement exercise of OCR which was completed on 18 May 2021;
 - the issuance of 11,804,084 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Stack Builder which were listed on the Main Market of Bursa Securities on 26 November 2021;
 - the issuance of 27,990,911 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Wonderland which were listed on the Main Market of Bursa Securities on 26 November 2021;
 - the issuance of 51,861,647 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Settlement of Wonderland Advances which were listed on the Main Market of Bursa Securities on 26 November 2021; and
 - the first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share which was completed on 20 January 2022.

- (b) *After consolidating 50% of the audited loss after tax of Stack Builder Sdn Bhd for the financial period from 30 October 2018 to 31 March 2020 of approximately RM0.13 million and 100% of the audited loss after tax of Wonderland Projects Sdn Bhd for the FYE 31 October 2020 of approximately RM0.30 million as well as the recognition of share option expenses of RM521,844 as at 31 December 2021 in respect of the 8,000,000 outstanding Share Options.*
- (c) *After deducting the estimated expenses in relation to the Earlier Corporate Proposals of approximately RM1.70 million.*
- (d) *After consolidating 50% of the audited profit after tax of OCR Selayang for the FYE 31 December 2020 of approximately RM0.65 million and including the bargain purchase on acquisition of approximately RM4.27 million and deducting the estimated expenses in relation to the Proposed Acquisition of OCR Selayang of approximately RM0.60 million. Solely for information purposes, in the event the SPAs fail to be completed due to any unforeseen circumstances, the potential gain that OCR may derive from the Proposed Acquisition of OCR Selayang is expected to remain the same due to the indicative Purchase Consideration being derived from the fair value of OCR Selayang based on the revaluation surplus arising from the valuation of the Lands.*

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7.5 Convertible securities

Save for the Warrants D and the Share Options, OCR does not have any other convertible securities in issue as at the LPD. The issuance of the Consideration Shares arising from the Proposed Acquisition of OCR Selayang will not result in any adjustment to the number and/or exercise price of the Warrants D and the Share Options pursuant to the terms of the deed poll dated 12 February 2019 constituting the Warrants D and the by-laws governing the Share Options.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the OCR Shares as traded on Bursa Securities for the past 12 months from February 2021 to January 2022 are set out below:

	High RM	Low RM
2021		
February	0.28	0.24
March	0.27	0.23
April	0.27	0.22
May	0.25	0.20
June	0.24	0.17
July	0.23	0.15
August	0.17	0.15
September	0.17	0.14
October	0.15	0.12
November	0.17	0.13
December	0.17	0.14
2022		
January	0.19	0.14
Last transacted market price of OCR Shares as at the LTD		0.13
Last transacted market price of OCR Shares as the LPD		0.14

(Source: Bloomberg)

9. APPROVALS REQUIRED/OBTAINED

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

- i. Bursa Securities, for the listing and quotation of 104,953,197 Consideration Shares to be issued pursuant to the Proposed Acquisition of OCR Selayang on the Main Market of Bursa Securities which was obtained vide its letter dated 21 January 2022, subject to the following conditions:

No.	Condition	Status of compliance
(i)	Confirmation by RHBIB on the compliance of at least 25% of the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements upon the listing and quotation of the Consideration Shares;	To be complied.
(ii)	OCR and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition of OCR Selayang;	Noted.

No.	Condition	Status of compliance
(iii)	OCR/RHBIB to furnish Bursa Securities with the certified true copy of the resolution passed by the shareholders at the EGM approving the Proposed Acquisition of OCR Selayang;	To be complied.
(iv)	OCR and RHBIB to inform Bursa Securities upon the completion of the Proposed Acquisition of OCR Selayang; and	To be complied.
(v)	OCR and RHBIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition of OCR Selayang is completed.	To be complied.
ii.	the non-interested shareholders of OCR, for the Proposed Acquisition of OCR Selayang at the forthcoming EGM by way of poll; and	
iii.	any other relevant authorities and/or parties, if required.	

The Proposed Acquisition of OCR Selayang is not conditional upon any other proposal undertaken or to be undertaken by the Company.

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition of OCR Selayang pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 79.39% based on 50% of the latest audited profit after tax of OCR Selayang for the FYE 31 December 2020 over the latest audited consolidated PATANCI of OCR Group for the FYE 31 December 2020.

The highest percentage ratio applicable to the Proposed Acquisition of OCR Selayang and the Earlier Corporate Proposals aggregated pursuant to Paragraph 10.12 of the Listing Requirements is approximately 79.39% as the transactions involved the same party, namely Ong Kah Hoe and the terms of the transactions were agreed upon within a period of 12 months.

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

Save as disclosed below, none of the Directors, major shareholder, chief executive of OCR and/or persons connected with them have any interests, whether direct or indirect, in the Proposed Acquisition of OCR Selayang.

Ong Kah Hoe is deemed interested in the Proposed Acquisition of OCR Selayang by virtue of him being the Group Managing Director and a major shareholder of OCR ("**Interested Major Shareholder**") as well as one of the Vendors of the Sale Shares pursuant to the Proposed Acquisition of OCR Selayang. He has abstained and will continue to abstain from deliberating and voting on the Proposed Acquisition of OCR Selayang at the relevant Board meetings. In addition, he will abstain and have undertaken to ensure that persons connected with him will abstain from voting in respect of their respective direct and/or indirect shareholdings in OCR, if any, on the resolution pertaining to the Proposed Acquisition of OCR Selayang at the forthcoming EGM.

The direct and indirect shareholdings of Ong Kah Hoe and persons connected with him in OCR as at the LPD are set out below:

Name	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Interested Director and Interested Major Shareholder				
Ong Kah Hoe	81,338,266	10.39	41,678,800 ^(a)	5.32
Persons connected with Interested Director and Interested Major Shareholder				
OCRLHSB	31,215,000	3.99	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.10	122,217,066 ^(b)	15.61
Tan Poo Yot	2,600,000	0.33	120,417,066 ^(c)	15.38
Ong Kah Wee	3,681,900	0.47	119,335,166 ^(d)	15.24
Ong Yew Ming	3,381,900	0.43	119,635,166 ^(e)	15.28

Notes:

- (a) Deemed interested by virtue of his interest in OCRLHSB pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in the Company.
- (b) Ong Kim Chong @ Ong Hwee Choo is the father of Ong Kah Hoe and he is deemed interested by virtue of his interest in OCRLHSB pursuant to Section 8 of the Act and his spouse and children's direct shareholdings in the Company.
- (c) Tan Poo Yot is the mother of Ong Kah Hoe and she is deemed interested by virtue of her interest in OCRLHSB pursuant to Section 8 of the Act and her spouse and children's direct shareholdings in the Company.
- (d) Ong Kah Wee is the brother of Ong Kah Hoe and he is deemed interested by virtue of his interest in OCRLHSB pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in the Company.
- (e) Ong Yew Ming is the sister of Ong Kah Hoe and she is deemed interested by virtue of her interest in OCRLHSB pursuant to Section 8 of the Act and her parents and siblings' direct shareholdings in the Company.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of OCR, after taking into consideration the evaluation and opinion on the Proposed Acquisition of OCR Selayang by Malacca Securities, the Independent Adviser, is of the opinion that the Proposed Acquisition of OCR Selayang 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 OCR.

In forming its views, the Audit Committee of OCR has taken into consideration, amongst others, the following:

- i. the rationale and benefits for the Proposed Acquisition of OCR Selayang;
- ii. the salient terms of the SSA;
- iii. the basis and justification for arriving at the indicative Purchase Consideration;
- iv. the effects of the Proposed Acquisition of OCR Selayang; and
- v. the future prospects of OCR Selayang.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Director), having considered all aspects of the Proposed Acquisition of OCR Selayang, including the basis and justification for arriving at the indicative Purchase Consideration, the salient terms of the SSA, the rationale and benefits of the Proposed Acquisition of OCR Selayang, the effects of the Proposed Acquisition of OCR Selayang, the future prospects of OCR Selayang, the evaluation and opinion of the Independent Adviser that the Proposed Acquisition of OCR Selayang is fair and reasonable and the Independent Adviser's recommendation for the non-interested shareholders of OCR to vote in favour of the resolution pertaining to the Proposed Acquisition of OCR Selayang, is of the opinion that the Proposed Acquisition of OCR Selayang is in the best interest of the Company and the non-interested shareholders of OCR.

Accordingly, the Board (save for the Interested Director) concurs with the evaluation and opinion of the Independent Adviser and recommends that you **vote in favour** of the resolution pertaining to the Proposed Acquisition of OCR Selayang to be tabled at the forthcoming EGM.

14. INDEPENDENT ADVISER

In view that the Proposed Acquisition of OCR Selayang is deemed as a related-party transaction pursuant to Paragraph 10.08 of the Listing Requirements, Malacca Securities has been appointed to act as the Independent Adviser to undertake the following in relation to the Proposed Acquisition of OCR Selayang:

- i. comment as to:
 - (a) whether the Proposed Acquisition of OCR Selayang is fair and reasonable in so far as the non-interested Directors and shareholders of OCR are concerned; and
 - (b) whether the Proposed Acquisition of OCR Selayang is to the detriment of the minority shareholders of OCR,and such opinions must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- ii. advise the minority shareholders of OCR whether they should vote in favour of the Proposed Acquisition of OCR Selayang; and
- iii. take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in items (i) and (ii) above.

Please refer to Part B of this Circular for the IAL in relation to the Proposed Acquisition of OCR Selayang. You are advised to read and carefully consider the contents of this Circular (including the IAL) before voting on the resolution pertaining to the Proposed Acquisition of OCR Selayang to be tabled at the forthcoming EGM.

15. ESTIMATED TIME FRAME OF COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Acquisition of OCR Selayang is expected to be completed by the 1st quarter of 2022.

The tentative timetable for the implementation of the Proposed Acquisition of OCR Selayang is set out below:

Date/Month	Events
24 February 2022	<ul style="list-style-type: none"> • Convening of the EGM to obtain the approval from the non-interested shareholders of OCR for the Proposed Acquisition of OCR Selayang
Early March 2022	<ul style="list-style-type: none"> • Fulfilment of all the conditions precedent of the SSA for the Proposed Acquisition of OCR Selayang
Early March 2022	<ul style="list-style-type: none"> • Completion of the SSA (issuance and allotment of the Consideration Shares) • Listing and quotation of the Consideration Shares on the Main Market of Bursa Securities

16. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisition of OCR Selayang and the Private Placement, there is no other corporate exercise which has been announced by the Company but not yet completed as at the date of this Circular.

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17. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save as disclosed below, there are no other related-party transactions with the same related party for the 12 months preceding the date of this Circular:

No.	Related party	Related party within OCR Group	Nature of transaction	Value of transaction RM'000	Interested Director, major shareholder and persons connected	Nature of relationship
1.	Unilink Outdoor Sdn Bhd ("UOSB")	O&C Makok Isola Sdn Bhd ("OMISB"), a 50.01%-owned subsidiary of OCR	OMISB rents the billboard from UOSB for advertising and marketing projects purpose. Renting period: 1 year commencing from January 2021.	333	Ong Kah Hoe	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. Ong Kah Hoe is a director and major shareholder of UOSB with a direct interest of 64% as at the LPD.
2.	UOSB	OCR Construction Sdn Bhd ("OCRCBSB"), a wholly-owned subsidiary of OCR	OCRCBSB rents the billboard from UOSB for advertising and marketing projects purpose. Renting period: 1 year commencing from January 2021.	333	Ong Kah Hoe	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. Ong Kah Hoe is a director and major shareholder of UOSB with a direct interest of 64% as at the LPD.

No.	Related party	Related party within OCR Group	Nature of transaction	Value of transaction RM'000	Interested Director, major shareholder and persons connected	Nature of relationship
3.	OCRLHSB	OMISB, a 50.01%-owned subsidiary of OCR	<p>OMISB pays marketing fee to OCRLHSB for advertising and marketing for Isola project at KLCC.</p> <p>Comprises 140 units of high-end condominium located at KLCC, Kuala Lumpur.</p> <p>Marketing fee up to 3% on the net development value of the Isola project.</p>	202	Ong Kah Hoe and OCRLHSB	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. OCRLHSB is a shareholder of OCR with a direct interest of 3.99% in OCR as at the LPD.
4.	OCRLHSB	OCR Properties (Kuantan) Sdn Bhd ("OCRPKSB"), a 90%-owned subsidiary of OCR	<p>OCRPKSB pays marketing fee to OCRLHSB for advertising and marketing for PRIYA Kuantan.</p> <p>Affordable housing project comprising 978 units of single-storey terrace houses and 146 units of single-storey semi-detached houses located at Kuantan, Pahang.</p> <p>Marketing fee up to 3% on the net development value of the PRIYA Kuantan project.</p>	643	Ong Kah Hoe and OCRLHSB	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. OCRLHSB is a shareholder of OCR with a direct interest of 3.99% in OCR as at the LPD.

No.	Related party	Related party within OCR Group	Nature of transaction	Value of transaction RM'000	Interested Director, major shareholder and persons connected	Nature of relationship
5.	OCRLHSB	OCRCSB, a wholly-owned subsidiary of OCR	<p>OCRCSB pays marketing fee to OCRLHSB for advertising and marketing for the Mate project in Petaling Jaya.</p> <p>Comprises 268 units of office suites and 5 units of retail located at Damansara Jaya, Petaling Jaya, Selangor.</p> <p>Marketing fee up to 3% on the net development value of the Mate project in Petaling Jaya.</p>	693	Ong Kah Hoe and OCRLHSB	<ul style="list-style-type: none">Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD.OCRLHSB is a shareholder of OCR with a direct interest of 3.99% as at the LPD.
6.	OCR Properties (YOLO) Sdn Bhd ("OPYSB")	OCRCSB, a wholly-owned subsidiary of OCR	<p>OPYSB awards a construction contract for Yolo Signature Suites development to OCRCSB.</p> <p>Comprises a 41-storey commercial building at PJS 8, Bandar Sunway, Petaling Jaya, Selangor.</p> <p>Commencement: November 2018 Expected completion: April 2023 Contract sum: RM160 million Contract costs: RM127 million</p>	6,189	Ong Kah Hoe	<ul style="list-style-type: none">Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD.Ong Kah Hoe is a director and major shareholder of OPYSB with a direct interest of 50% as at the LPD.

No.	Related party	Related party within OCR Group	Nature of transaction	Value of transaction RM'000	Interested Director, major shareholder and persons connected	Nature of relationship
7.	OCR Noble Land (The Pano) Sdn Bhd ("ONLTP")	OCRCBSB, a wholly-owned subsidiary of OCR	<p>ONLTP awards a construction contract for The Pano Project to OCRCBSB.</p> <p>Comprises 363 units of service apartment and 8 units of retail located at Jalan Ipoh, Kuala Lumpur.</p> <p>Commencement: January 2019 Expected completion: March 2022 Contract Sum: RM20 million Contract Costs: RM11 million</p>	4,346	Ong Kah Hoe	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. Ong Kah Hoe is a director and major shareholder of ONLTP with a direct interest of 50% as at the LPD.
8.	Unilink Sdn Bhd ("USB")	OCRCBSB, a wholly-owned subsidiary of OCR	<p>OCRCBSB awards labour and related services for the Pano Project to USB.</p> <p>Comprises 363 units of service apartment and 8 units of retail located at Jalan Ipoh, Kuala Lumpur.</p> <p>Commencement: January 2019 Expected completion: March 2022 Contract Sum: RM7.8 million Contract Costs: RM6.5 million</p>	4,045	Ong Kah Hoe	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. Ong Kah Hoe is a director and major shareholder of USB with a direct interest of 35% as at the LPD.

No.	Related party	Related party within OCR Group	Nature of transaction	Value of transaction RM'000	Interested Director, major shareholder and persons connected	Nature of relationship
9.	USB	OCRCB, a wholly-owned subsidiary of OCR	<p>OCRCB awards a construction contract for The Mate Project to USB</p> <p>Comprises 268 units of office suites and 5 units of retail located at Damansara Jaya, Petaling Jaya, Selangor.</p> <p>Commencement: May 2020 Expected completion: March 2023 Contract Sum: RM58 million* Contract Costs: RM46 million</p>	2,093	Ong Kah Hoe	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. Ong Kah Hoe is a director and major shareholder of USB with a direct interest of 35% as at the LPD.
10.	Ong Kah Hoe	OCR	Acquisition of Stack Builder	2,245	Ong Kah Hoe	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. Ong Kah Hoe is a director and was a vendor of Stack Builder Sdn Bhd.
11.	Ong Kah Hoe	OCR	Acquisition of Wonderland	5,318	Ong Kah Hoe	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. Ong Kah Hoe is a director and was a vendor of Wonderland Projects Sdn Bhd.

No.	Related party	Related party within OCR Group	Nature of transaction	Value of transaction RM'000	Interested Director, major shareholder and persons connected	Nature of relationship
12.	Ong Kah Hoe	OCR	Settlement of Advances	9,854	Ong Kah Hoe	<ul style="list-style-type: none"> Ong Kah Hoe is the Group Managing Director of OCR and a major shareholder of OCR with a direct interest of 10.39% and indirect interest of 5.32% by virtue of his interest in OCRLHSB, a company in which he is deemed interested pursuant to Section 8 of the Act, and his parents and siblings' direct shareholdings in OCR as at the LPD. Ong Kah Hoe is a director and was a vendor of Wonderland Projects Sdn Bhd.

Note:

* The contract sum stated is based on the past record of recurring related party transactions carried out with the related parties. The actual value of the transactions from the date of OCR's 23rd annual general meeting to date of the next annual general meeting may vary.

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18. EGM

The forthcoming EGM will be conducted on a fully virtual basis through live streaming and online remote participation and voting using Remote Participation and Electronic Voting ("RPEV") facility via online meeting platform at www.swsb.com.my (Domain Registration No. with MYNIC: D1A403841) on Thursday, 24 February 2022 at 3.00 p.m. for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Acquisition of OCR Selayang.

The Notice of the EGM and the Form of Proxy are enclosed in this Circular and can be downloaded from the Company's website at <https://www.ocrbhd.com/investor-relations/> or Bursa Securities' website at <https://www.bursamalaysia.com>.

A member entitled to participate, speak and vote remotely at the EGM is entitled to appoint up to 2 proxies to participate, speak and vote remotely on his/her behalf. If you are unable to participate in the virtual EGM, please complete and return the Form of Proxy in accordance with the instructions therein and deposit at the office of the Company's Share Registrar, Shareworks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so. Alternatively, you may deposit the Form of Proxy via email to ir@shareworks.com.my not less than 48 hours before the time set for holding the EGM. For further information on the electronic submission of the Form of Proxy and participation at the EGM, kindly refer to the Administrative Guide on EGM which is enclosed together with this Circular.

19. ADDITIONAL INFORMATION

You are advised to refer to Part B of this Circular and the appendices for additional information.

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

YAM TUNKU AZUDINSHAH IBNI TUNKU ANNUAR
Chairman/ Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER FROM MALACCA SECURITIES TO THE NON-INTERESTED
SHAREHOLDERS OF OCR IN RELATION TO THE PROPOSED ACQUISITION OF OCR
SELAYANG**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the “Definitions” section of this Circular and as defined in this IAL herein, except where the context herein requires otherwise or where otherwise defined herein. All references to “you” are references made to the non-interested shareholders of the Company, whilst references to “we”, “us” or “our” are references to Malacca Securities, being the Independent Adviser for the Proposed Acquisition of OCR Selayang.

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

1. INTRODUCTION

On 8 November 2021, RHBIB had, on behalf of the Board, announced that the Company had entered into the SSA with the Vendors for the Proposed Acquisition of OCR Selayang.

The Proposed Acquisition of OCR Selayang is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of Ong Kah Hoe, the Group Managing Director and a major shareholder of OCR, who is one of the Vendors of the Sale Shares under the Proposed Acquisition of OCR Selayang as set out in Section 11 of Part A of the Circular.

Accordingly, on 29 June 2021, Malacca Securities had been appointed to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in respect of the Proposed Acquisition of OCR Selayang.

2. EVALUATION ON THE PROPOSED ACQUISITION OF OCR SELAYANG

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

Section of the IAL	Area of evaluation	Malacca Securities’ comments
7.1	Rationale for the Proposed Acquisition of OCR Selayang	<p>In evaluating the rationale for the Proposed Acquisition of OCR Selayang, we have taken into consideration that the Proposed Acquisition of OCR Selayang is in line with OCR Group’s ordinary course of business, as OCR Group is involved in property development, construction, project management consultation and related businesses.</p> <p>We also note that OCR Selayang had, prior to the date of the SSA, entered into the SPAs with the respective end-purchasers for the sale of the Sub-Divided Lands together with the construction by OCR Selayang of the identified infrastructure including street lightings, on-site detention pond and external main power sub-station providing electricity supply as required on the Sub-Divided Lands for an aggregate sale and purchase consideration of RM139.08 million to be satisfied entirely via cash, of which the Valuer had opined in its valuation report that the GDV of RM139.08 million (analysed as RM300.00 per square foot (“psf”) over the total land area of 463,572 sq ft of the five (5) saleable industrial detached plots) is deemed fair.</p>

EXECUTIVE SUMMARY (Cont'd)

Section of the IAL	Area of evaluation	Malacca Securities' comments
7.1	Rationale for the Proposed Acquisition of OCR Selayang (Cont'd)	<p>We note that OCR Selayang is expected to record a bargain purchase consideration of approximately RM4.27 million upon the completion of the Proposed Acquisition of OCR Selayang. We note that the Proposed Acquisition of OCR Selayang is earnings accretive and is expected to improve the Group's financial performance in the short term.</p> <p>We note that the settlement of the Purchase Consideration will be via the issuance of Consideration Shares. This will allow OCR Group to conserve its cash reserves and avoid incurring additional interest expenses on borrowings, as opposed to being settled entirely in cash and/or bank borrowings.</p> <p>In view of the above, we are of the view that the rationale for the Proposed Acquisition of OCR Selayang is <u>fair and reasonable</u>.</p>
7.2	Basis and justification of arriving at the Purchase Consideration	<p>For the purpose of assessing the value of OCR Selayang, we have adopted the asset-based valuation method using the revalued net asset valuation ("RNAV") as the most suitable valuation methodology to be used for the valuation of OCR Selayang as the RNAV is a commonly adopted valuation methodology in approaching valuations of asset-based companies as all or certain substantial property-related assets may be carried at their historical cost or book values. Thus, the RNAV analysis assumes, inter alia, the existence of ready and committed buyer(s) for each asset at the fully revalued basis, and that the sale can be conducted efficiently without any time constraint and without regard to other relevant market factors that may affect the sale process. The market values would typically be appraised by expert valuers.</p> <p>In order to arrive at the market value of the Lands, the Company had appointed the Valuer to undertake an independent valuation on the Lands and the Valuer had ascribed a market value of approximately RM93.0 million using the Income Approach by Residual Method supported by the Comparison Approach.</p> <p>We are of the view that the methodologies applied by the Valuer are reasonable and are consistent with generally applied valuation methodologies for property in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents, and Property Managers Malaysia. Furthermore, we concur with the Valuer that the income approach by residual method, with the comparison method as a cross-check, is the most appropriate valuation in arriving at the market values of the Lands.</p> <p>We are of the view that the Purchase Consideration is <u>fair</u> as it is equivalent to the RNAV of OCR Selayang based on 50% equity interest.</p>

EXECUTIVE SUMMARY (Cont'd)

Section of the IAL	Area of evaluation	Malacca Securities' comments
7.3	Basis and justification of arriving at the issue price of the Consideration Shares	<p>We note that the issue price of RM0.1345 per Consideration Share is within the highest and lowest traded market prices of OCR Shares for the past twelve (12) months up to the LPD.</p> <p>The issue price of RM0.1345 per Consideration Share represents:</p> <ul style="list-style-type: none"> (a) the 5-day VWAP of OCR Shares up to and including the LTD; (b) a premium ranging from 1.28% to 3.46% to the closing price and 1-month VWAP of OCR Shares up to the LTD; (c) a discount ranging from 5.68% to 42.32% to the 3-month VWAP, 6-month VWAP and 12-month VWAP of OCR Shares up to the LTD; and (d) a discount ranging from 3.93% to 11.63% to the closing price and 5-day VWAP of OCR Shares up to the LPD. <p>The implied PB multiple of OCR based on the issue price of 0.58 times is higher than the average PB multiple of the Comparable Companies of 0.35 times and within the PB multiple range of the Comparable Companies of 0.23 times to 0.83 times.</p> <p>Although the issue price of RM0.1345 per Consideration Share is at a 41.52% discount to the NA per OCR Share of RM0.23 as at 30 September 2021, we are of the view that the issue price is justifiable as there is no assurance that OCR may be able to realise the NA per OCR Share at its full value, after taking into consideration various factors, such as the nature of OCR's assets which mainly comprise right-of-use assets and inventories which are highly illiquid and cannot be readily converted into cash or cash equivalents</p> <p>Premised on the above, we are of the view that the issue price of the Consideration Shares is fair to the non-interested shareholders of OCR.</p>
7.4	Salient terms of the SSA	<p>On an overall basis, we are of the view that the salient terms of the SSA are considered fair, reasonable and not detrimental to the interests of the non-interested shareholders of OCR.</p>
7.5	Effects of the Proposed Acquisition of OCR Selayang	<p>Under the Minimum Scenario, the proforma NA per OCR Share as at 31 December 2020 will decrease from RM0.33 to RM0.23 whereas there will be no changes to the pro forma gearing of OCR Group upon completion of the Proposed Acquisition of OCR Selayang. Under the Maximum Scenario, the pro forma NA per OCR Share as at 31 December 2020 will decrease from RM0.33 to RM0.23 whereas the pro forma gearing of OCR Group will decrease from 0.58 times to 0.53 times upon completion of the Proposed Acquisition of OCR Selayang,</p> <p>Upon the issuance of the Consideration Shares, the Proposed Acquisition of OCR Selayang will result in a dilution in the shareholdings of the existing shareholders of OCR, save for Ong Kah Hoe, who is the sole nominee collectively appointed by the Vendors, to receive the Consideration Shares which represents up to approximately 13.40% of OCR's issued share capital as at the LPD.</p>

EXECUTIVE SUMMARY (Cont'd)

Section of the IAL	Area of evaluation	Malacca Securities' comments
7.5	Effects of the Proposed Acquisition of OCR Selayang (Cont'd)	<p>Under the Minimum Scenario, the basic EPS of the Company will increase from 0.22 sen to 0.32 sen after the Proposed Acquisition of OCR Selayang. Under the Maximum Scenario, the basic EPS of the Company will increase from 0.22 sen to 0.28 sen after the Proposed Acquisition of OCR Selayang.</p> <p>Based on the above, we are of the view that the financial effects of the Proposed Acquisition of OCR Selayang are not detrimental to the interest of the non-interested shareholders of OCR.</p>
7.6	Prospects of the Proposed Acquisition of OCR Selayang	<p>After taking into consideration the industry overview and outlook as well as the prospects of the Lands held by OCR Selayang, we are of the view that the Proposed Acquisition of OCR Selayang is favourable to the Group and the Proposed Acquisition of OCR Selayang is expected to contribute positively to the earnings and profitability of the enlarged OCR Group.</p> <p>Nonetheless, we wish to highlight that the construction and property development industries are subject to uncertainties which are not within the Board's control, such as, amongst others, changes in policies of the Government of Malaysia and changes in financing conditions. 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.</p>
7.7	Risk factors in relation to the Proposed Acquisition of OCR Selayang	<p>The Proposed Acquisition of OCR Selayang is subject to the risk inherent in the property development sector, of which OCR Group is already involved and will be addressed as part of the Group's ordinary course of business.</p> <p>Although the Proposed Acquisition of OCR Selayang is expected to contribute positively to the future earnings of the Group as mentioned in Section 7.4 of Part A of this Circular, there is no guarantee that the expected benefits from the Proposed Acquisition of OCR Selayang will materialise or that OCR Selayang will be able to generate sufficient revenue and earnings therefrom to offset the associated costs incurred for the Proposed Acquisition of OCR Selayang.</p>

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition of OCR Selayang and our evaluation is as set out in Section 7 of this IAL. Non-interested shareholders of the Company should take into account all the merits and demerits of the Proposed Acquisition of OCR Selayang based on all relevant pertinent factors including those which are as set out in Part A of this Circular, the relevant appendices thereof, this IAL and other publicly available information.

After having considered all the various factors included in our evaluation for the Proposed Acquisition of OCR Selayang, we are of the opinion that the Proposed Acquisition of OCR Selayang is **FAIR AND REASONABLE** insofar as the non-interested shareholders of the Company are concerned and are not to the detriment of the non-interested shareholders of the Company.

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

Registered Office

No. 1, 3 & 5, Jalan PPM 9,
Plaza Pandan Malim,
(Business Park), Balai Panjang
75250 Melaka

9 February 2022

To: The non-interested shareholders of the Company

Dear Sir/Madam,

OCR GROUP BERHAD (“OCR” OR THE “COMPANY”)

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF OCR IN
RELATION TO THE PROPOSED ACQUISITION OF OCR SELAYANG**

This IAL is prepared for inclusion in Part B of this Circular to the shareholders of the Company. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the “Definitions” section of this Circular, except where the context herein requires otherwise or where otherwise defined herein.

1. INTRODUCTION

On 8 November 2021, RHBIB had, on behalf of the Board, announced that the Company had entered into the SSA with the Vendors for the Proposed Acquisition of OCR Selayang.

The Proposed Acquisition of OCR Selayang is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of Ong Kah Hoe, the Group Managing Director and a major shareholder of OCR, who is one of the Vendors of the Sale Shares under the Proposed Acquisition of OCR Selayang as set out in Section 11 of Part A of the Circular.

Accordingly, on 29 June 2021, Malacca Securities had been appointed to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in respect of the Proposed Acquisition of OCR Selayang with:

- (a) comments as to whether the Proposed Acquisition of OCR Selayang:
 - (i) is fair and reasonable so far as the non-interested shareholders of the Company are concerned; and
 - (ii) is to the detriment of the non-interested shareholders of the Company;and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (b) advise the non-interested shareholders of the Company on whether they should vote in favour of the Proposed Acquisition of OCR Selayang; and
- (c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in (a) and (b) above.

The purpose of this IAL is to provide the non-interested shareholders of the Company with an independent evaluation on the fairness and reasonableness of the Proposed Acquisition of OCR Selayang and whether the Proposed Acquisition of OCR Selayang is detrimental to the non-interested shareholders of the Company together with our recommendation on whether the non-interested shareholders of the Company should vote in favour of the Proposed Acquisition of OCR Selayang.

Nonetheless, non-interested shareholders of the Company should rely on their own evaluation on the merits and demerits of the Proposed Acquisition of OCR Selayang before deciding on the course of action to be taken at the Company's forthcoming EGM.

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

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

2. CREDENTIALS, EXPERIENCE AND EXPERTISE OF MALACCA SECURITIES

Malacca Securities is a participating organisation of Bursa Securities and provides a range of services including corporate finance advisory, stocks and futures broking and research. Malacca Securities was approved by the Securities Commission Malaysia on 10 August 2020, as a corporate finance adviser. Our corporate finance team provides a wide range of corporate finance advisory services including initial public offerings, mergers, acquisitions and divestitures, equity fund raisings, corporate restructuring and independent advisory opinions.

The credentials, professional experience and expertise of Malacca Securities, where Malacca Securities had acted and was appointed as an independent adviser in the past two (2) years prior to the date of this IAL include, amongst others, the following:

(a) proposed disposals of:

- (i) two parcels of lands held under HS(M) 1404 ("**Lot 1**") and HS(M) 1405 ("**Lot 2**") together with the buildings erected thereon located in Setapak, Kuala Lumpur by CFM Development Sdn. Bhd. ("**CFMD**"), an indirect wholly-owned subsidiary of Computer Forms (Malaysia) Berhad ("**CFM**"), to FCW Holdings Berhad ("**FCW**") or its nominee for a cash consideration of RM57.8 million for Lot 1 and a cash consideration of RM22.6 million for Lot 2 ("**Proposed Disposals of Lots 1 and 2**"); and
- (ii) two parcels of lands held under HS(D) 122578 ("**Lot 13**") and HS(M) 1015 ("**Lot 14**") together with buildings erected thereon located in Setapak, Kuala Lumpur by CFM Printing & Stationery Sdn. Bhd., a wholly-owned subsidiary of CFM, to FCW or its nominee, and

the proposed tenancies of Lots 1 and 2 by CFMD or its nominee from FCW or its nominee immediately after the completion of the Proposed Disposals of Lots 1 and 2, where the independent advice letter was issued and dated 8 July 2021.

- (b) unconditional mandatory take-over offer by Aim Tetap Teguh Group Sdn. Bhd. (“**ATTG**”) through AmlInvestment Bank Berhad to acquire all the remaining ordinary shares in Grand Hoover Berhad (“**GHB Shares(s)**”) not already owned by ATTG and the joint ultimate offerors, namely Dato’ Hj. Abd Rahim Bin Hj. Jaafar, Teo Swee Leng and Teo Swee Phin for a cash consideration of RM0.80 per GHB Share, where the independent advice circular was issued and dated 8 March 2021;
- (c) unconditional mandatory take-over offer by AKK Capital Sdn. Bhd. (“**AKKCSB**”) through Hong Leong Investment Bank Berhad to acquire all the remaining ordinary shares in Paragon Union Berhad (“**PUB Shares(s)**”) not already owned by AKKCSB for a cash offer price of RM0.55 per PUB Share, where the independent advice circular was issued and dated 25 February 2021;
- (d) proposed joint venture between Ho Hup Dagang Jaya Sdn. Bhd., a wholly-owned subsidiary of Ho Hup Construction Company Berhad (“**Ho Hup**”) and Low Chee Group Sdn. Bhd., to undertake a residential development on 2 parcels of land located in Taman Dagang Jaya, Ampang measuring approximately 4.71 acres and 7.06 acres into 824 units of condominium and 353 units of Rumah Selangorku, where the independent advice letter was issued and dated 9 February 2021; and
- (e) proposed exemption to Hextar Holdings Sdn. Bhd. (“**Hextar**”) and the persons acting in concert (“**PAC(s)**”) with Hextar from the obligation to undertake a mandatory take-over offer for all the remaining shares in Hextar Industries Berhad (formerly known as SCH Group Berhad) (“**HIB**”) not already held by them pursuant to Hextar’s undertakings in relation to HIB’s proposed rights issue, where the independent advice letter was issued and dated 4 February 2021.

Premised on the foregoing, the corporate finance personnel of Malacca Securities are capable and competent and have the relevant experience in carrying out its role and responsibilities as an independent adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Proposed Acquisition of OCR Selayang.

3. DECLARATION OF CONFLICT OF INTEREST

We confirm that there are no existing or potential conflict of interest situations for us to carry out our role as the Independent Adviser in connection with the Proposed Acquisition of OCR Selayang and there were no professional relationships between us and OCR in the past two (2) years prior to the date of this IAL.

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

Malacca Securities was not involved in the formulation and structuring of the Proposed Acquisition of OCR Selayang and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Acquisition of OCR Selayang. Malacca Securities’ scope of work as the Independent Adviser is limited to expressing an opinion on the fairness and reasonableness of the Proposed Acquisition of OCR Selayang and whether the transaction is to the detriment of the non-interested shareholders of the Company, based on the following sources of information and documents:

- (a) information contained in Part A of this Circular and the appendices enclosed therein;
- (b) other relevant information, documents, confirmations and representations provided to us by the Board and the management of OCR (“**Management**”);
- (c) discussions and consultation with the Board and the Management;

- (d) the SSA;
- (e) the Valuation Certificate and Valuation Report for the Lands by the Valuer; and
- (f) other publicly available information.

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

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

We are satisfied with the information provided by the Board and the Management and are not aware of any facts or matters not disclosed which may render any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. After making all reasonable enquiries and to the best of our knowledge and belief, the information we used is reasonable, accurate, complete and free from material omission.

Non-interested shareholders of the Company should note that the views expressed by Malacca Securities herein are, amongst others, based on the current economic, market, industry, regulatory, monetary, social-political and other conditions prevailing up to the LPD. Such conditions may change over a short period of time which may adversely affect amongst others, the financial and operational conditions of the Group. Accordingly, our evaluation and opinion in this IAL do not take into account information, events and conditions arising or may occur after the LPD. Our advice should be considered in the context of the entirety of this IAL.

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

- (a) the scope of Malacca Securities' responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the Proposed Acquisition of OCR Selayang as well as other implications of the said Proposed Acquisition of OCR Selayang only. Comments or points of consideration which may be commercially oriented are included for our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of OCR to consider and form their views thereon;

- (b) Malacca Securities' views and recommendation as contained in the IAL only cater to the non-interested shareholders of OCR at large and not to any non-interested shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax position and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and
- (c) 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 of OCR Selayang in the context of their individual objectives, risk profiles, financial and tax position or particular needs, consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately. We shall not be liable for any damages or loss sustained or suffered by any individual shareholder or any group of shareholders.

We will notify the non-interested shareholders of OCR if after the despatch of this IAL and until the date of the EGM, we become aware that the IAL:

- (a) contains a material statement which is false or misleading;
- (b) contains a statement from which there is a material omission; or
- (c) has omitted any material information.

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

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS. CHIEF EXECUTIVES AND/OR PERSONS CONNECTED TO THEM

Save as disclosed in Section 11 of Part A of this Circular, none of the Directors or major shareholders of OCR, chief executive of the Company, and/or persons connected to them has any interests, direct or indirect, in the Proposed Acquisition of OCR Selayang as at the LPD.

Accordingly, the Interested Director has abstained and will continue to abstain from deliberating and voting at the relevant Board meetings in relation to the Proposed Acquisition of OCR Selayang. The Interested Director will also abstain from voting in respect of his direct and/or indirect interest in OCR on the resolution pertaining to the Proposed Acquisition of OCR Selayang to be tabled at the forthcoming EGM.

The Interested Director has also undertaken that he will ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in OCR on the resolution pertaining to the Proposed Acquisition of OCR Selayang to be tabled at the forthcoming EGM.

6. DETAILS OF THE PROPOSED ACQUISITION OF OCR SELAYANG

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

7. EVALUATION OF THE PROPOSED ACQUISITION OF OCR SELAYANG

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

Factors	Section
Rationale for the Proposed Acquisition of OCR Selayang	7.1
Basis and justification of arriving at the Purchase Consideration	7.2
Basis and justification of arriving at the issue price of the Consideration Shares	7.3
Salient terms of the SSA	7.4
Effects of the Proposed Acquisition of OCR Selayang	7.5
Prospects of the Proposed Acquisition of OCR Selayang	7.6
Risk factors in relation to the Proposed Acquisition of OCR Selayang	7.7

7.1 Rationale for the Proposed Acquisition of OCR Selayang

We have taken note of the rationale for the Proposed Acquisition of OCR Selayang as set out in Section 4 of Part A of this Circular and our comments are as follows:

Malacca Securities' comments

OCR Group is principally involved in investment holding. The main business segments of the Group comprise the following:

Segment	Description
Construction services	Construction of residential and commercial properties
Property development	Development and sales of residential and commercial properties
Others	Investment holdings company and subsidiaries not reported in above segments

The revenue and profit before tax ("PBT")/loss before taxation ("LBT") of the business segments of OCR Group for FYE 31 December 2018 to FYE 31 December 2020 are as follows:

Revenue

Segment revenue	FYE 31 December					
	2018 ⁽¹⁾		2019		2020	
	RM'000	%	RM'000	%	RM'000	%
Construction	13,965	31.4	35,547	43.4	24,963	34.2
Property development	30,504	68.6	49,265	60.2	49,578	67.9
Others	-	-	2,933	3.6	3,763	5.2
Adjustments and eliminations ⁽²⁾	-	-	(5,880)	(7.2)	(5,310)	(7.3)
Total	44,469	100.0	81,866	100	72,994	100

Notes:

(1) Excludes discontinued segments (i.e. manufacturing and trading segments).

(2) The inter-segment adjustments and eliminations are in respect of transactions between segments and are eliminated on consolidation.

PBT/(LBT)

PBT/(LBT)	Audited FYE 31 December		
	2018⁽¹⁾	2019	2020
	RM'000	RM'000	RM'000
Construction	(3,494)	6,718	2,916
Property development	5,004	5,123	54
Others	(3,617)	(1,467)	(5,097)
Adjustments and eliminations ⁽¹⁾	(9,621)	(1,383)	2,494
OCR Group	(11,728)	8,990	367

Notes:

- (1) Excludes discontinued segments (i.e. manufacturing and trading segments).
- (2) The inter-segment adjustments and eliminations are in respect of transactions between segments and are eliminated on consolidation.

As illustrated in the table above, the property development segment has been one of the main contributors to the Group's revenue for the past 3 financial years up to FYE 31 December 2020. For the FYE 31 December 2020, the property development segment contributed approximately 67.9% to the Group's total revenue. The property development segment is also the main contributor to the PBT of OCR Group for FYE 31 December 2018, while the construction sector was the main contributor to the PBT of OCR Group for FYE 31 December 2019 and FYE 31 December 2020.

In FYE 31 December 2018, the Group's property development segment had recorded a revenue of RM30.5 million and a PBT of RM5.0 million, which represents a PBT margin of approximately 16.4%. In FYE 31 December 2019, the Group's property development segment had recorded a revenue of RM49.3 million and a PBT of RM5.1 million, which represents a PBT margin of approximately 10.3%. The decrease in the PBT margin from FYE 31 December 2018 to FYE 31 December 2019, despite the increase in revenue, was mainly due to an increase in land costs, property development costs, as well as tax expenses incurred during the financial year.

In FYE December 2020, the Group's property development segment had recorded a revenue of RM49.6 million and a PBT of RM0.05 million, which represents a PBT margin of approximately 0.1% and a decrease of 98.9% in the PBT from the previous financial year. The decrease in the PBT margin and PBT in FYE 31 December 2020 was mainly due to an increase in administrative expenses which included one-off expenses incurred from the issuance of new OCR Shares and implementation of the Company's employee share option scheme during the financial year.

In evaluating the rationale for the Proposed Acquisition of OCR Selayang, we have taken into consideration that the Proposed Acquisition of OCR Selayang is in line with OCR Group's ordinary course of business, as OCR Group is involved in property development, construction, project management consultation and related businesses.

We note that the SMC had, vide its approval letter dated 19 April 2021, granted planning approval to OCR Selayang to demolish the detached factory on Land 1 and Land 2 and to amalgamate and subdivide Land 1 and Land 2 into 10 plots of detachable industrial land while Land 3 is reserved for TNB transmission line. As at the LPD, the detached factory on Land 1 and Land 2 has been demolished.

In addition, OCR Selayang had on 27 May 2021, submitted a further amended plan to SMC to reduce the number of plots to be subdivided into and SMC had vide its approval letter dated 24 September 2021 granted the approval to OCR Selayang to reduce and reconfigure Land 1 and Land 2 from 10 plots of detachable industrial land into 5 plots of detachable industrial land while Land 3 is reserved for the TNB transmission line.

We also note that OCR Selayang had, prior to the date of the SSA, entered into the SPAs with the respective end-purchasers for the sale of the Sub-Divided Lands together with the construction by OCR Selayang of the identified infrastructure including street lightings, on-site detention pond and external main power sub-station providing electricity supply as required on the Sub-Divided Lands by OCR Selayang for an aggregate sale and purchase consideration of RM139.08 million to be satisfied entirely via cash, of which the Valuer had opined in its valuation report that the GDV of RM139.08 million (analysed as RM300.00 psf over the total land area of 463,572 sq ft of the five (5) saleable industrial detached plots) is deemed fair.

We note that OCR Selayang is expected to record a bargain purchase consideration of approximately RM4.27 million upon the completion of the Proposed Acquisition of OCR Selayang as set out below:

	RM'000
Fair value of the NA of OCR Selayang as at 31 August 2021:	
- Revaluation surplus arising from the valuation of the Lands	35,590
- Unaudited NA of OCR Selayang as at 31 August 2021	1,184
	36,774
50% of the fair value of the NA of OCR Selayang as at 31 August 2021	18,387
Less: Purchase Consideration	14,116
Bargain purchase on acquisition⁽¹⁾	4,271

Note:

- (1) *Solely for information purposes, in the event that the SPAs fail to be completed, given that there is no absolute certainty that the SPAs will be completed due to any unforeseen circumstances, the potential gain that OCR may derive from the Proposed Acquisition of OCR Selayang is expected to remain the same due to the Purchase Consideration being derived from the fair value of OCR Selayang based on the revaluation surplus arising from the valuation of the Lands. Hence we are of the opinion that it is fair and reasonable to assume that OCR would be able to record the bargain purchase consideration of RM4.27 million.*

Premised on the above, we note that the Proposed Acquisition of OCR Selayang is earnings accretive and is expected to improve the Group's financial performance in the short term.

Additionally, we note that the settlement of the Purchase Consideration will be via the issuance of Consideration Shares. This will allow OCR Group to conserve its cash reserves and avoid incurring additional interest expenses on borrowings, as opposed to being settled entirely in cash and/or bank borrowings.

In view of the above, we are of the view that the rationale for the Proposed Acquisition of OCR Selayang is **fair and reasonable**.

7.2 Basis and justification of arriving at the Purchase Consideration

We noted the basis and justification of arriving at the Purchase Consideration as set out in Section 2.2 of Part A of the Circular.

Malacca Securities' comments

As stated in Section 2.2 of Part A of this Circular, the Purchase Consideration for the Proposed Acquisition of OCR Selayang was arrived at on a willing buyer-willing seller basis and after taking into consideration the following:

- the valuation of the Lands of RM93.00 million as ascribed by the Valuer;
- the adjusted NA of OCR Selayang after taking into consideration the revaluation surplus arising from the fair value adjustment to the open market value of the Lands;

- (c) the rationale and benefits of the Proposed Acquisition of OCR Selayang as detailed in Section 4 of Part A of this Circular; and
- (d) the prospects of OCR Selayang as detailed in Section 5.5 of Part A of this Circular.

OCR Selayang is principally involved in investment holding and receiving rental. It has commenced its business operations since the date of its incorporation whereby it has been deriving its revenue from rental income from a detached factory (which has been demolished as at the LPD) on Land 1 and Land 2 and the lease of Land 3 to TNB for its transmission line. OCR Selayang currently owns the Lands as its sole major assets. Further information on OCR Selayang is set out in Appendix I of this Circular.

We did not evaluate OCR Selayang using the earnings-based valuation methods because the use of the valuation methods such as price-to-earnings ratio and the enterprise value / earnings before interest, tax, depreciation and amortisation ratio are not appropriate as OCR Selayang has substantial property-related assets that are carried at their historical cost or book values. In addition, the earnings based valuation methods are also not appropriate as OCR Selayang had recorded fluctuating PAT and LAT for the past 3 financial years.

In view thereof, for the purpose of assessing the value of OCR Selayang, we have adopted the asset-based valuation method using the RNAV as the most suitable valuation methodology to be used for the valuation of OCR Selayang as the RNAV is a commonly adopted valuation methodology in approaching valuations of asset-based companies as all or certain substantial property-related assets may be carried at their historical cost or book values. Thus, the RNAV analysis assumes, inter alia, the existence of ready and committed buyer(s) for each asset at the fully revalued basis, and that the sale can be conducted efficiently without any time constraint and without regard to other relevant market factors that may affect the sale process. The market values would typically be appraised by expert valuers.

In order to arrive at the market value of the Lands, the Company had appointed the Valuer to undertake an independent valuation on the Lands. Please refer to Section 7.2.1 for further details and our comments on the valuation of the Lands.

In order to ascertain the RNAV, we have considered the deferred tax liabilities. Pursuant to paragraph 51 of MFRS 112, the measurement of the deferred tax liabilities would follow the manner in which the entity expects to recover the carrying amounts of its assets. As OCR Group intends to sell the Lands, it will be subject to corporate tax in the future and thus deferred tax liabilities is computed at 24%.

The RNAV of OCR Selayang, after adjusting for the revaluation surplus based on the estimated market value of the Lands as appraised by the Valuer, is as follows:

	(RM)	(RM)
Unaudited NA of OCR Selayang as at 31 August 2021		1,183,865
Revaluation surplus ⁽¹⁾	35,590,189	
Less: Deferred tax liabilities of 24%	(8,541,645)	
Net revaluation surplus	27,048,544	27,048,544
Estimated RNAV of OCR Selayang		28,232,409
RNAV of OCR Selayang based on 50% equity interest		14,116,205
Purchase Consideration		14,116,205
Premium/discount of Purchase Consideration over RNAV		-

Note:

- (1) For your ease of reference, we have summarised the computation of the revaluation surplus based on the valuation methods adopted by the Valuer as follows:

Lands/ Title no.	Location/ address	Description	Gross land area (acres)	Date of acquisition	Tenure	Valuation method	Material date of valuation	NBV as at 31 August 2021 (RM'000)	Market value (RM'000)	Revaluation surplus (RM'000)
Lot 46915, Lot 46917 and Lot 46916 held under Title No(s), Geran 41063, Geran 41064 and Geran 41076 respectively, all located within Bandar Selayang, District of Gombak, Selangor Darul Ehsan	Kawasan Perindustrian Taman Selayang Baru, industrial land which is sited of the planning approval for redevelopment identified for Lot 46915 and Lot 46917 and a parcel of industrial land reserved for transmission line identified as Lot 46916.	Two (2) parcels of industrial land with planning approval for redevelopment identified for Lot 46915 and Lot 46917 and a parcel of industrial land reserved for transmission line identified as Lot 46916.	13.77	26 April 2011	Freehold	Income approach (residual method) Comparison approach as a cross-check	30 September 2021	57,410	93,000	35,590

Further information on the valuation of the Lands conducted by the Valuer and the respective valuation method used and the justification for the method adopted by the Valuer can be found in the Valuation Certificate in Appendix IV of the Circular.

Based on the above, we are of the view that the Purchase Consideration is **fair** as it is equivalent to the RNAV of OCR Selayang based on 50% equity interest.

As further set out in Section 2.2 of Part A of this Circular, we also note that reference was made to the price-to-book ("PB") multiple of the comparable companies listed in Malaysia which have broadly comparable principal activities to that of OCR Selayang by virtue of their involvement and generation of revenue of more than 90% in property development and with a market capitalisation of up to RM100.00 million. We note that the PB multiple of OCR Selayang of 1.00 time is below the average PB multiple of the Comparable Companies of 1.01 times and is within the range of the PB multiple of the Comparable Companies from 0.87 times to 1.16 times.

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7.2.1 Valuation of the Lands

In order to arrive at the market value of the Lands, the Company had appointed the Valuer to undertake an independent valuation on the Lands and the Valuer had ascribed a market value of approximately RM93.0 million using the income approach by residual method supported by the comparison approach. The methods are described as follows:

Method of valuation	Description
Income approach (residual method)	This approach is based on the premise that the price which a purchaser can pay for a property is the present value of the surplus amount or residual value after deducting out the full cost of development (GDC) and profit from the sales proceeds (GDV) of the completed development, which is then discounted at an appropriate rate to reflect the inherent risk and holding cost for the period of development to arrive at the current market value.
Comparison approach	This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued (subject property) is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

We are of the view that the methodologies applied by the Valuer are reasonable and are consistent with generally applied valuation methodologies for property in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents, and Property Managers Malaysia. Furthermore, we concur with the Valuer that the income approach by residual method, with the comparison method as a cross-check, is the most appropriate valuation in arriving at the market values of the Lands.

We have relied upon the Valuation Certificate and Valuation Report that were made available to us by the Company and after making due review and enquiries, are satisfied with the valuation appraisalment of the Lands as conducted by the Valuer.

Please refer to Appendix IV for the valuation certificate by the Valuer.

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Our comments on the valuation methodologies and the bases and assumptions used by the Valuer for the Lands as set out in the Valuation Report and Valuation Certificate in arriving at the market values are as follows:

Lands/ Title no.	Location/ address	Valuation method	Malacca Securities' comments																																			
Lot 46915, Lot 46917 and Lot 46916 held under Title No(s). Geran 41063, Geran 41064 and Geran 41076 respectively	Kawasan Perindustrian Taman Selayang Baru (which is sited of the northern (right) side of Jalan Kuching, travelling from Jinjang towards Selayang), Bandar Selayang, District of Gombak, Selangor Darul Ehsan	Income approach (residual method)	<p>The Lands is valued using the income approach (residual method). This approach is based on the premise that the price which a purchaser can pay for a property is the present value of the surplus amount or residual value after deducting out the full cost of development (GDC) and profit from the sales proceeds (GDV) of the completed development, which is then discounted at an appropriate rate to reflect the inherent risk and holding cost for the period of development to arrive at the current market value.</p> <p>The key bases and assumptions adopted by the Valuer in arriving at the market value of the Lands and our comments are as follows:</p> <p>GDV</p> <p>In arriving at the GDV of the Lands, the Valuer has adopted the SPA selling prices as the final GDV to be fair representation after taking into consideration the take-up rates and sales performance whereby as at the date of inspection, the five (5) saleable industrial detached plots are 100% sold. The detailed breakdown of the SPA selling prices are as follows:</p> <table><tr><th>Developer parcel no.</th><th>Purchaser</th><th>Date of SPA</th><th>Land size (sq ft)</th><th>Total selling price</th></tr><tr><td>Lot 1</td><td>SK Cold Chain Solution Sdn Bhd</td><td>16 March 2021</td><td>⁽¹⁾226,391</td><td>RM67,917,414</td></tr><tr><td>Lot 2</td><td>Edge Plus Recycle Sdn Bhd</td><td>21 April 2021</td><td>51,158</td><td>RM15,347,295</td></tr><tr><td>Lot 3</td><td>Moltec Property Sdn Bhd</td><td>28 October 2020</td><td>⁽¹⁾48,080</td><td>RM14,423,865</td></tr><tr><td>Lot 4</td><td>Hlap Liong Trading Sdn Bhd</td><td>27 April 2021</td><td>45,373</td><td>RM13,611,780</td></tr><tr><td>Lot 5</td><td>Golden Hope Frozen Food Sdn Bhd</td><td>31 August 2021</td><td>92,606</td><td>RM27,781,749</td></tr><tr><td colspan="4">Total</td><td>RM139,082,103</td></tr></table> <p>Note:</p> <p>(1) We noted that the land area as disclosed in the SPA for developer parcel no. Lot 1 and Lot 3 are slightly different from the site layout plan bearing plan no. IP/018/46915 & 46917/21-09/06 (01) prepared by Iplan Planners Sdn Bhd due to the aforesaid parcels were sold before the approved amendment was granted on 24 September 2021. As such, the Valuer has adopted the land areas of 223,959 sq ft and 48,044 sq ft for Lot 1 and Lot 3 respectively as extracted from the site layout plan in the Valuer's assessment to derive the GDV in the income approach by residual method.</p> <p>In order to determine if the selling price is deemed a fair representation, the Valuer had adopted the comparison approach by considering the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect the value.</p>	Developer parcel no.	Purchaser	Date of SPA	Land size (sq ft)	Total selling price	Lot 1	SK Cold Chain Solution Sdn Bhd	16 March 2021	⁽¹⁾ 226,391	RM67,917,414	Lot 2	Edge Plus Recycle Sdn Bhd	21 April 2021	51,158	RM15,347,295	Lot 3	Moltec Property Sdn Bhd	28 October 2020	⁽¹⁾ 48,080	RM14,423,865	Lot 4	Hlap Liong Trading Sdn Bhd	27 April 2021	45,373	RM13,611,780	Lot 5	Golden Hope Frozen Food Sdn Bhd	31 August 2021	92,606	RM27,781,749	Total				RM139,082,103
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Total				RM139,082,103																																		

Lands/ Title no.	Location/ address	Valuation method	Malacca Securities' comments																																																																											
			The Valuer had selected developer parcel no. Lot 3 as the base plot analysis as the aforesaid parcel is a typical intermediate plot, regular in shape and a typical standard industrial size, and is an ideal parcel to be compared with the selected transactions. The Valuer had analysed the following comparable transactions:																																																																											
			<table><tr><th>Details</th><th>Comparable 1</th><th>Comparable 2</th><th>Comparable 3</th></tr><tr><td>Source</td><td colspan="3">Valuation and Property Services Department (JPPH)</td></tr><tr><td>Lot No.</td><td>Lot 70210 held under Title No. Geran 283720</td><td>Lot 16989 held under Title No. Geran 24232</td><td>Lot 32 & 33 held under Title No(s). GRN 222596 & GRN 222597</td></tr><tr><td>Mukim</td><td colspan="3">Bandar Selayang</td></tr><tr><td>District</td><td colspan="3">Gombak</td></tr><tr><td>State</td><td colspan="3">Selangor</td></tr><tr><td>Address</td><td>Located along Jalan DBP, Taman Industri Dolomite, Selangor</td><td>Located along Jalan 2, Kawasan Industri Taman Selayang Baru, Selangor</td><td>Located along Jalan SBC 9, Kawasan Industri Batu Caves, Selangor Darul Ehsan</td></tr><tr><td>Property type</td><td>A parcel of industrial land</td><td>A parcel of industrial land</td><td>Two (2) parcels of industrial land</td></tr><tr><td>Title land area</td><td>19,795 sq ft</td><td>22,301 sq ft</td><td>78,846 sq ft</td></tr><tr><td>Zoning/planning</td><td colspan="3">Zoned for industrial use with permissible plot ratio of 1:3</td></tr><tr><td>Tenure</td><td colspan="3">Term in perpetuity (freehold)</td></tr><tr><td>Transaction date</td><td>22/01/2020</td><td>18/06/2019</td><td>19/07/2017</td></tr><tr><td>Vendor</td><td>Mega Palette Sdn Bhd</td><td>Lim Goh Eng Holdings Sdn Bhd</td><td>Dolomite Industrial Park Sdn Bhd</td></tr><tr><td>Purchaser</td><td>PLS Property Sdn Bhd</td><td>HSH Frozen Foods Sdn Bhd</td><td>B-Canyon (M) Sdn Bhd + 1</td></tr><tr><td>Consideration</td><td>RM7,819,025</td><td>RM6,244,560</td><td>RM22,867,370</td></tr><tr><td>Analysis of property value per sq ft)</td><td>RM395.00</td><td>RM280.01</td><td>RM290.03</td></tr><tr><td>Adjustments</td><td colspan="3">Adjustment is made for prevailing market condition, location/establishment, accessibility, exposure/frontages, terrain/level and land size</td></tr><tr><td>Adjusted land value (per sq ft)</td><td>RM337.73</td><td>RM292.61</td><td>RM333.53</td></tr></table> <p>We note that the comparable transactions used by the Valuer above are within the state of Selangor and yield fair values from RM292.61 to RM337.73 per sq ft.</p> <p>Based on the above, we noted that the Valuer had used Comparable 3 as the best comparable to be used as the base value, as it is the largest in landholding size, after having considered and made adjustments for prevailing market condition, location/establishment, accessibility, exposure/frontages, terrain/level and land size.</p> <p>For the purpose of valuation, the Valuer had adopted the effective adjusted value of RM333.53 per sq ft as the base value in their valuation after having made the necessary adjustments for the base plot (developer parcel no. Lot 3). We are of the view that it is reasonable and concur with the Valuer that the effective adjusted value of RM333.53 per sq ft is fair and reflective of the market conditions.</p>				Details	Comparable 1	Comparable 2	Comparable 3	Source	Valuation and Property Services Department (JPPH)			Lot No.	Lot 70210 held under Title No. Geran 283720	Lot 16989 held under Title No. Geran 24232	Lot 32 & 33 held under Title No(s). GRN 222596 & GRN 222597	Mukim	Bandar Selayang			District	Gombak			State	Selangor			Address	Located along Jalan DBP, Taman Industri Dolomite, Selangor	Located along Jalan 2, Kawasan Industri Taman Selayang Baru, Selangor	Located along Jalan SBC 9, Kawasan Industri Batu Caves, Selangor Darul Ehsan	Property type	A parcel of industrial land	A parcel of industrial land	Two (2) parcels of industrial land	Title land area	19,795 sq ft	22,301 sq ft	78,846 sq ft	Zoning/planning	Zoned for industrial use with permissible plot ratio of 1:3			Tenure	Term in perpetuity (freehold)			Transaction date	22/01/2020	18/06/2019	19/07/2017	Vendor	Mega Palette Sdn Bhd	Lim Goh Eng Holdings Sdn Bhd	Dolomite Industrial Park Sdn Bhd	Purchaser	PLS Property Sdn Bhd	HSH Frozen Foods Sdn Bhd	B-Canyon (M) Sdn Bhd + 1	Consideration	RM7,819,025	RM6,244,560	RM22,867,370	Analysis of property value per sq ft)	RM395.00	RM280.01	RM290.03	Adjustments	Adjustment is made for prevailing market condition, location/establishment, accessibility, exposure/frontages, terrain/level and land size			Adjusted land value (per sq ft)	RM337.73	RM292.61	RM333.53
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Lands/ Title no.	Location/ address	Valuation method	Malacca Securities' comments																										
			Using the base plot of Developer Parcel No. Lot 3, the following general adjustments were made to the other industrial detached plots (Developer Parcel No(s). Lot 1, 2, 4 and 5) on land size, exposure, shape, lot configuration and adverse feature:																										
			<table><thead><tr><th>Developer parcel no.</th><th>Land size (sq ft)</th><th>General adjustments</th><th>Base value (RM psf)</th><th>Effective adjustment</th><th>Adjusted value (RM psf)</th></tr></thead><tbody><tr><td>Lot 1</td><td>223,959</td><td rowspan="4">General adjustments for land size, exposure/frontage, shape, lot configuration and adverse feature</td><td rowspan="4">333.53</td><td>-20%</td><td>266.82</td></tr><tr><td>Lot 2</td><td>51,158</td><td>5%</td><td>350.21</td></tr><tr><td>Lot 4</td><td>45,373</td><td>-5%</td><td>316.85</td></tr><tr><td>Lot 5</td><td>92,606</td><td>-10%</td><td>300.18</td></tr></tbody></table>	Developer parcel no.	Land size (sq ft)	General adjustments	Base value (RM psf)	Effective adjustment	Adjusted value (RM psf)	Lot 1	223,959	General adjustments for land size, exposure/frontage, shape, lot configuration and adverse feature	333.53	-20%	266.82	Lot 2	51,158	5%	350.21	Lot 4	45,373	-5%	316.85	Lot 5	92,606	-10%	300.18		
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			Accordingly, the Valuer had arrived at an average round value of RM294.50 per sq ft for the five industrial detached plots. We are of the view it is reasonable and concur with the Valuer that the adjusted value of RM294.50 per sq ft for the five industrial detached plots is fair and reflective of the market conditions.																										
			GDC In arriving at the Gross Development Cost (GDC), the Valuer had made reference to the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar types of properties																										
			A summary of the parameters of the GDC adopted by the Valuer is tabulated as follows:																										
			<table><thead><tr><th>Item amount</th><th>Malacca Securities' comments</th></tr></thead><tbody><tr><td>Statutory charges/Contribution/ Land related charges RM2,570,517</td><td>The statutory charges, contributions and land-related charges to relevant authorities, as estimated by the Valuer at approximately 1.85% of the total GDV, are in line with the industry standard. We are of the view that this is reasonable.</td></tr><tr><td>Preliminaries and infrastructure costs RM8,143,490</td><td>The site preparation and mobilisation cost, estimated at approximately RM10.00 per sq ft over the gross land area, and the preliminaries and common/external infrastructure costs, estimated at approximately RM5.00 per sq ft over the gross land area, are in line with the industry practice. We are of the view that this is reasonable.</td></tr><tr><td>Professional fees/consultant fees RM488,609</td><td>The professional fees and consultant fees are estimated at approximately 6.0% of total preliminaries, infrastructure costs and building construction costs. We are of the view that this is reasonable.</td></tr><tr><td>Contingencies RM258,963</td><td>The contingencies allowance in respect of unexpected items such as escalation of development costs as a result of change of design, increase in cost of materials, weather disruption, variation orders, etc at a rate of 3.0% of the total preliminaries, infrastructure costs, building construction costs and professional fees are in line with the industry practice. We are of the view that this is reasonable.</td></tr></tbody></table>	Item amount	Malacca Securities' comments	Statutory charges/Contribution/ Land related charges RM2,570,517	The statutory charges, contributions and land-related charges to relevant authorities, as estimated by the Valuer at approximately 1.85% of the total GDV, are in line with the industry standard. We are of the view that this is reasonable.	Preliminaries and infrastructure costs RM8,143,490	The site preparation and mobilisation cost, estimated at approximately RM10.00 per sq ft over the gross land area, and the preliminaries and common/external infrastructure costs, estimated at approximately RM5.00 per sq ft over the gross land area, are in line with the industry practice. We are of the view that this is reasonable.	Professional fees/consultant fees RM488,609	The professional fees and consultant fees are estimated at approximately 6.0% of total preliminaries, infrastructure costs and building construction costs. We are of the view that this is reasonable.	Contingencies RM258,963	The contingencies allowance in respect of unexpected items such as escalation of development costs as a result of change of design, increase in cost of materials, weather disruption, variation orders, etc at a rate of 3.0% of the total preliminaries, infrastructure costs, building construction costs and professional fees are in line with the industry practice. We are of the view that this is reasonable.																
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Lands/ Title no.	Location/ address	Valuation method	Malacca Securities' comments	
			Item and balance amount	Malacca Securities' comments
			Marketing, agency and legal fees RM2,086,232	We noted that the marketing, agency and legal fees (representing 1.50% of the total GDV) is in line with the industry practice. We are of the view that this is reasonable.
			Financial charges RM130,032	The Valuer has adopted financial charges of 30.0% of the total preliminaries, infrastructure costs, building construction cost, professional fees and contingencies capitalized at 6.50% per annum (borrowing cost) for a period of 0.75 years after taking into consideration of the development progress and development phasing. In arriving at the borrowing cost of 6.50%, the Valuer had benchmarked against the average base rate offered by banks at 2.50% + a spread in the region of 4.00% for any typical project financing. We are of the view that this is reasonable.
			Developer's profit and risk RM20,862,315	The Valuer's surveys and enquiries with developers revealed that generally, the rate of return of about 10% to 15% of GDV is required for a developer to commit to a project development. The Valuer had adopted 15% of the GDV for the industrial detached plots as developer's profit as fair representation and reflective of the industry average.
<u>Development period and discount rate</u>				
<p>The Valuer has adopted 1.5 years as the estimated development period for completion of the Lands. We consider 1.5 years period to be reasonable in view of the current sales performance of the development, demand, take-up rates and sales performance of other similar developments, the type and intensity of the development, the product features being offered as well as the potential impact of the COVID-19 pandemic.</p> <p>We also view the discount rate of 8.00% (i.e. 6.00% to 6.50% being the range of expected returns for industrial properties + 2.00% for inflation and there will be minimal impact caused by COVID-19 pandemic on industrial properties) adopted by the Valuer to be reasonable.</p> <p>Based on the income approach (residual method), the Valuer had adopted RM93,000,000 in their valuation as a fair representation using the income approach by residual method.</p>				

Lands/ Title no.	Location/ address	Valuation method	Malacca Securities' comments																																																																									
		Comparison approach	In arriving at the market value of the Lands, the Valuer had adopted the comparison approach as a cross-check by considering the sales of similar or substitute properties and related market data, and had established a value estimate by making adjustments for differences in factors. The Valuer had analysed the following comparable transactions:																																																																									
			<table><thead><tr><th>Details</th><th>Comparable 1</th><th>Comparable 2</th><th>Comparable 3</th></tr></thead><tbody><tr><td>Source</td><td colspan="3">Valuation and Property Services Department (JPPH)</td></tr><tr><td>Lot No.</td><td>Lot 70210 held under Title No. Geran 283720</td><td>Lot 16989 held under Title No. Geran 24232</td><td>Lot 32 & 33 held under Title No(s). 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GRN 222596 & GRN 222597	Mukim	Bandar Selayang			District	Gombak			State	Selangor			Address	Located along Jalan DBP, Taman Industri Dolomite, Selangor	Located along Jalan 2, Kawasan Industri Taman Selayang Baru, Selangor	Located along Jalan SBC 9, Kawasan Industri Batu Caves, Selangor Darul Ehsan	Property type	A parcel of industrial land	A parcel of industrial land	Two (2) parcels of industrial land	Title land area	1,839.00 square metres (19,795 sq ft)	2,071.86 square metres (22,301 sq ft)	7,325.00 square metres (78,846 sq ft)	Zoning/planning	Zoned for industrial use with permissible plot ratio of 1:3			Tenure	Term in perpetuity (freehold)			Transaction date	22/01/2020	18/06/2019	19/07/2017	Vendor	Mega Palette Sdn Bhd	Lim Goh Eng Holdings Sdn Bhd	Dolomite Industrial Park Sdn Bhd	Purchaser	PLS Property Sdn Bhd	HSB Frozen Foods Sdn Bhd	B-Canyon (M) Sdn Bhd + 1	Consideration	RM7,819,025	RM6,244,560	RM22,867,370	Analysis of property value per sq ft)	RM395.00	RM280.01	RM290.03	Adjustments	Adjustment is made for prevailing market condition, location/establishment, accessibility, exposure/frontages, shape, terrain/level and land size and planning approval			Adjusted land value (per sq ft)	RM187.63	RM154.01	RM183.44	<p>We note that the comparable transactions used by the Valuer above are within the state of Selangor and yield fair values from RM154.01 to RM187.63 per sq ft after relevant adjustments were made for prevailing market condition, location/establishment, accessibility, exposure/frontages, terrain/level and land size.</p> <p>Based on the above, we noted that the Valuer had used Comparable 3 as the best comparable to be used as the base value, as it is the largest in landholding size, after having considered and made diligent adjustments for location/establishment, accessibility, exposure/frontages, shape, terrain/level and land size and planning approval. Accordingly, the Valuer had adopted a valuation of RM183.46 per sq ft, which translates into a total market value of RM99,600,000, as fair representation using the comparison approach. As such, we are of the view it is reasonable for the Valuer to arrive at the market value of the Lands based on the assumptions set out by the Valuer under the comparison approach.</p> <p>We note that the Valuer had adopted the income approach by residual method as the most appropriate valuation methodology in assessing the market value of the Lands. We concur with the Valuer and we are of the view that it is reasonable to value the Lands using the income approach by residual method. The market value of the Lands based on the income approach by residual method as appraised by the Valuer is RM93,000,000.</p>
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Premised on the above, we are of the view that the basis and justification of arriving at the Purchase Consideration is fair and reasonable to the non-interested shareholders of OCR.

7.3 Basis and justification of arriving at the issue price of the Consideration Shares

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

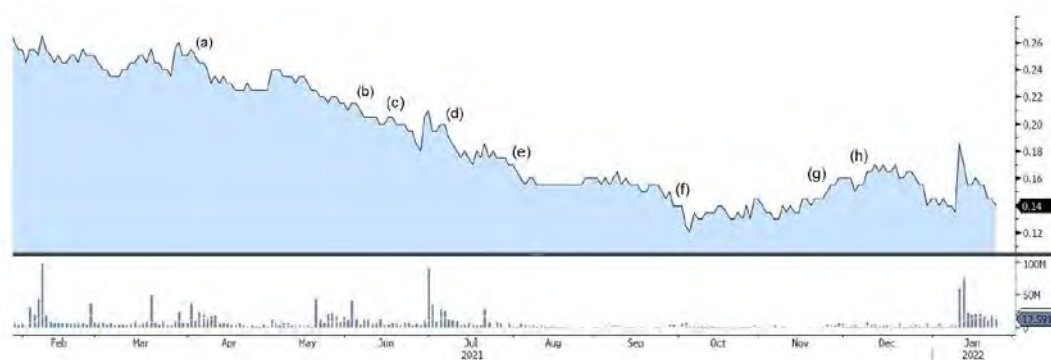
The issue price of RM0.1345 per Consideration Share was arrived at on a willing buyer-willing seller basis, after taking into consideration the 5-day VWAP of OCR Shares up to and including the LTD.

Malacca Securities' comments

In evaluating the issue price of the Consideration Shares, we have considered the following:

(a) Historical market price of OCR Shares

The chart below sets out the historical closing market prices of OCR Shares for the past twelve (12) months up to the LPD:



(Source: Bloomberg)

Based on the announcements made by OCR to Bursa Securities during the past twelve (12) months up to LPD, save as disclosed below, there were no key announcements made by OCR that may have affected the movement of OCR Share prices:

- (a) the Board had announced on 9 April 2021 that the Company had entered into the following heads of agreements on 9 April 2021:
 - (i) heads of agreement between OCR, Ong Kah Hoe and Tan Chin Hoong (“**TCH**”) for the proposed acquisition by OCR of up to such number of ordinary shares in Stack Builder Sdn Bhd (“**Stack Builder**”) to be determined from Ong Kah Hoe for a purchase consideration to be negotiated and agreed upon, the proposed settlement of debt owing by Stack Builder to Ong Kah Hoe in the sum to be determined and the proposed settlement of debt owing by Stack Builder to TCH in the sum to be determined; and
 - (ii) heads of agreement between OCR, Ong Kah Hoe, Mr. Low Kin Kok (“**LKK**”), Mr. Chong Tze-Ban (“**CTB**”) and Mr. Low Kien Poh (“**LKP**”) (Ong Kah Hoe, LKK, CTB and LKP are collectively referred to as the “**Wonderland Vendors**”) for the proposed acquisition by OCR of up to such number of ordinary shares in Wonderland Projects Sdn Bhd (“**Wonderland**”) to be determined from the Wonderland Vendors for a purchase consideration to be negotiated and agreed upon the proposed settlement of debts owing by Wonderland to the Wonderland Vendors in the sum to be determined.
- (b) the resignation of Dato’ Haji Mohd Fakrunizam Bin Ibrahim as an Independent Non-Executive Director of the Company which was announced on 4 June 2021;

- (c) the retirement of Lee Chin Cheh as the Non-Independent Non-Executive Director of the Company which was announced on 10 June 2021;
- (d) the Board had announced on 9 July 2021 that the Company had entered into the following heads of agreements on 9 July 2021, which had superseded the earlier heads of agreements entered into on 9 April 2021:
 - (i) heads of agreement between OCR, Mr. Ong Kah Hoe and TCH for the proposed acquisition by OCR of up to such number of ordinary shares in Stack Builder to be determined from Ong Kah Hoe and TCH for a purchase consideration to be negotiated and agreed upon, the proposed settlement of debt owing by Stack Builder to Ong Kah Hoe in the sum to be determined, and the proposed settlement of debt owing by Stack Builder to TCH in the sum to be determined; and
 - (ii) heads of agreement between OCR and the Wonderland Vendors for the proposed acquisition by OCR of up to such number of ordinary shares in Wonderland to be determined from the Wonderland Vendors for a purchase consideration to be negotiated and agreed upon, and the proposed settlement of debts owing by Wonderland to the Wonderland Vendors in the sum to be determined.
- (e) the Board had on 2 August 2021 announced that OCR had entered into the following agreements on 2 August 2021:
 - (i) share sale agreement between OCR, Ong Kah Hoe and TCH (Ong Kah Hoe and TCH are collectively referred to as the **"Stack Builder Vendors"**) (**"Stack Builder SSA"**) for the proposed acquisition by OCR of 50 ordinary shares in Stack Builder from Ong Kah Hoe and 30 ordinary shares in Stack Builder from TCH, representing a total of 80% equity interest in Stack Builder for a total purchase consideration of:
 - a. RM5,655,640 (if, on the date the Stack Builder SSA turns unconditional, the Development Order has been obtained by Stack Builder; or
 - b. RM3,588,441 (if, on the Stack Builder Unconditional Date, the Development Order has not been obtained or is obtained but is subject to conditions or varies from the version that was originally submitted to the Shah Alam City Council by Stack Builder),

to be satisfied entirely via issuance of new OCR Shares (**"Proposed Acquisition of Stack Builder"**);
 - (ii) shareholders' agreement between OCR and TCH (**"Stack Builder SHA"**) to regulate their relationship as shareholders of Stack Builder upon completion of the Proposed Acquisition of Stack Builder;
 - (iii) settlement agreement between OCR, the Stack Builder Vendors and Stack Builder (**"Stack Builder Settlement Agreement"**) for the proposed settlement by OCR of advances owing by Stack Builder to the Stack Builder Vendors amounting to RM41,590,181 to be satisfied entirely via issuance of new OCR Shares;
 - (iv) share sale agreement between OCR and the Wonderland Vendors (**"Wonderland SSA"**) for the Proposed Acquisition of Wonderland; and

- (v) settlement agreement between OCR, the Wonderland Vendors and Wonderland ("**Wonderland Settlement Agreement**") for Proposed Settlement of Wonderland Advances.

In addition, the Company had also announced on 2 August 2021 that it intends to undertake a proposed private placement of up to 178,559,000 new OCR Shares, representing 20% of the enlarged total number of issued OCR Shares.

- (f) The Board had on 5 October 2021 announced that OCR had entered into the following agreements:

- (i) revised share sale agreement dated 5 October 2021 between OCR, Ong Kah Hoe ("**Stack Builder Vendor**") and TCH ("**Revised Stack Builder SSA**") for the proposed acquisition by OCR of 50 ordinary shares in Stack Builder, representing 50% equity interest in Stack Builder, from the Stack Builder Vendor for a total purchase consideration of:

- a. RM3,534,775 (if the Development Order is obtained by the date the Revised Stack Builder SSA turns unconditional ("**Stack Builder Unconditional Date**"); or
- b. RM2,242,776 (if the condition precedent for Stack Builder to obtain the Development Order is mutually waived by OCR and the Stack Builder Vendor by the Stack Builder Unconditional Date),

to be satisfied entirely via issuance of new OCR Shares ("**Revised Proposed Acquisition of Stack Builder**");

- (ii) revised shareholders' agreement dated 5 October 2021 between OCR and TCH to regulate their relationship as shareholders of Stack Builder upon completion of the Revised Proposed Acquisition of Stack Builder;
- (iii) supplemental agreement dated 5 October 2021 between OCR, Wonderland and the Wonderland Vendors whereby all parties mutually agreed to extend the date to fulfil the conditions precedent pursuant to the Wonderland SSA and Wonderland Settlement Agreement to a date falling 3 months after 5 October 2021;
- (iv) deed of termination dated 5 October 2021 whereby the earlier Stack Builder SSA, Stack Builder Settlement Agreement and Stack Builder SHA have been mutually terminated by the parties to the said agreements, following which Stack Builder, the Stack Builder Vendor, TCH and OCR have agreed that there are no claims against each other under the said agreements.

In addition, the Company had announced on 5 October 2021 that the size of the proposed private placement exercise had been expanded, which now entails the issuance of up to 206,352,000 new OCR Shares, representing 30% of the enlarged total number of issued OCR Shares.

- (g) the Board had on 24 November 2021 announced that the Stack Builder SSA, the Wonderland SSA and the Wonderland Settlement Agreement have become unconditional on 22 November 2021. Following thereto, the Revised Proposed Acquisition of Stack Builder, the Proposed Acquisition of Wonderland and the Proposed Settlement of Wonderland Advances have been completed on 24 November 2021 in accordance with the terms of the Stack Builder SSA, the Wonderland SSA and the Wonderland Settlement Agreement respectively; and
- (h) the Board had on 8 December 2021 announced that the Company had on 8 December 2021 entered into a MOU with Plytec Holding Sdn Bhd ("**Plytec**") to utilise Plytec's advanced construction technologies in OCR's projects.

The monthly highest and lowest traded market prices of OCR Shares for the past twelve (12) months up to the LPD are as follows:

	High (RM)	Low (RM)
<u>2021</u>		
January	0.270	0.235
February	0.280	0.240
March	0.270	0.230
April	0.270	0.220
May	0.245	0.200
June	0.235	0.170
July	0.230	0.150
August	0.170	0.150
September	0.165	0.135
October	0.150	0.115
November	0.165	0.130
December	0.170	0.140
<u>2022</u>		
January (up to LPD)	0.190	0.135

(Source: Bloomberg)

Based on the above, we note that the highest and lowest traded market prices of OCR Shares for the past twelve (12) months up to the LPD are RM0.280 (5 February 2021 and 8 February 2021) and RM0.115 (4 October 2021 and 5 October 2021) respectively.

We note that the issue price of RM0.1345 per Consideration Share is within the highest and lowest traded market prices of OCR Shares for the past twelve (12) months up to the LPD.

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(b) VWAP analysis

The issue price of RM0.1345 per Consideration Share represents a premium/(discount) to the following closing market price/VWAP of OCR Shares:

	Closing market price/VWAP	Premium/(discount) of the issue price to closing market price/VWAP	
	(RM)	(RM)	(%)
<u>Up to the LTD:</u>			
Closing price	0.1300	0.0045	3.46
Five (5)-day VWAP	0.1345	-	-
One (1)-month VWAP	0.1328	0.0017	1.28
Three (3)-month VWAP	0.1426	(0.0081)	(5.68)
Six (6)-month VWAP	0.2003	(0.0658)	(32.85)
Twelve (12)-month VWAP	0.2332	(0.0987)	(42.32)
<u>Up to the LPD:</u>			
Closing price	0.1400	(0.0055)	(3.93)
Five (5)-day VWAP	0.1522	(0.0177)	(11.63)

(Source: Bloomberg)

Based on the above, the issue price of RM0.1345 per Consideration Share represents:

- (i) the 5-day VWAP of OCR Shares up to and including the LTD;
- (ii) a premium ranging from 1.28% to 3.46% to the closing price and 1-month VWAP of OCR Shares up to the LTD;
- (iii) a discount ranging from 5.68% to 42.32% to the 3-month VWAP, 6-month VWAP and 12-month VWAP of OCR Shares up to the LTD; and
- (iv) a discount ranging from 3.93% to 11.63% to the closing price and 5-day VWAP of OCR Shares up to the LPD.

(c) Comparable Companies analysis

In our evaluation, we have also considered using the comparable companies analysis which compares the relevant implied valuation multiple derived from the issue price against the relevant trading multiples of the Comparable Companies.

The principal activity of OCR is that of investment holding while its subsidiaries are involved in construction services, property development and others. OCR Group's segmental revenue and PBT/LBT for the past three (3) financial years up to FYE 31 December 2020 are set out in Section 7.1, Part B of this Circular.

As such, we have applied the PB method of analysis as OCR, being involved in the property development business, is asset-heavy. PB is a method used in the valuation of companies by comparing the company's market value to its book value. It can be useful to gauge the PB multiple to that of its peers to gauge the value of the company's assets relative to its peers. A higher PB multiple may indicate that investors are willing to pay more for a RM's worth of assets from the company.

Non-interested shareholders of OCR should note that there are no companies listed on Bursa Securities that are directly comparable to OCR in terms of the composition of business, scale of operations, financial strength, track record, asset base, geographical spread of activities, clients' profile, marketability, and liquidity of shares, risk profile and prospects. Considering that the Comparable Companies are listed on the Main Market of Bursa Securities and based on the selection criteria below, we are of the view that the Comparable Companies are appropriate to be used and no adjustments are necessary to be made for the differences between OCR and the Comparable Companies.

For our evaluation purposes, we have taken into consideration the following factors in selecting the Comparable Companies:

- (i) the market capitalisation of OCR is RM109.63 million as at the LPD;
- (ii) the property development segment has been one of the main contributors to the Group's revenue, contributing more than 50% of the Group's total revenue for the past 3 financial years up to FYE 31 December 2020; and
- (iii) the location of OCR Group's land banks and property development projects are in Selangor.

As such, we have selected the Comparable Companies with the following selection criteria:

- (i) market capitalisation ranging from RM90 million to RM135 million as at the LPD;
- (ii) principally engaged in property development where the revenue contribution from the property development segment is above 50%; and
- (iii) land banks and/or property development projects are predominantly in West Malaysia.

The implied PB multiple of OCR based on the issue price against the PB multiple of the Comparable Companies is as follows:

Comparable Companies	Market capitalisation ⁽¹⁾ (RM'mil)	PB multiple ⁽²⁾ (Times)
Golden Land Berhad	90.10	0.23
Sentoria Group Berhad	92.02	0.38
Global Oriental Berhad	93.21	0.35
Majuperak Holdings Berhad	95.28	0.43
Axteria Group Berhad	96.89	0.83
SBC Corporation Berhad	99.36	0.24
Country View Berhad	99.50	0.24
Ken Holdings Berhad	99.53	0.29
Eupe Corp Berhad	103.04	0.25
Gromutual Berhad	112.68	0.30
Mui Properties Berhad	125.96	0.44
Yong Tai Berhad	134.85	0.24
High		0.83
Low		0.23
Average		0.35
OCR	109.63	⁽³⁾ 0.58

(Source: Bloomberg, the latest annual reports and unaudited quarterly financial statements of the respective companies)

Notes:

- (1) *Market capitalisation as at the LPD.*
- (2) *PB multiple calculated based on the latest NA per share and closing market price per share as at the LPD of the respective companies.*
- (3) *Implied PB multiple calculated based on the issue price and the unaudited NA per OCR Share of RM0.23 as at 30 September 2021.*

Based on the table above, the implied PB multiple of OCR based on the issue price of 0.58 times is higher than the average PB multiple of the Comparable Companies of 0.35 times and within the PB multiple range of the Comparable Companies of 0.23 times to 0.83 times.

(d) NA per OCR Share analysis

We note that OCR Share has not traded above the NA per OCR Share of RM0.23 based on the latest unaudited financial statement of OCR as at 30 September 2021 since July 2021 up to the LPD.

Although the issue price of RM0.1345 per Consideration Share is at a 41.52% discount to the NA per OCR Share of RM0.23 as at 30 September 2021, we are of the view that the issue price is justifiable as there is no assurance that OCR may be able to realise the NA per OCR Share at its full value, after taking into consideration various factors, such as the nature of OCR's assets which mainly comprise right-of-use assets and inventories which are highly illiquid and cannot be readily converted into cash or cash equivalents

Premised on the above, we are of the view that the issue price of the Consideration Shares is fair to the non-interested shareholders of OCR.

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7.4 Salient terms of the SSA

The salient terms of the SSA and our comments are as follows:

No.	Salient terms of the SSA	Malacca Securities' comments
1.	<p>Basis of sale of the Sale Shares</p> <p>The Vendors have agreed to sell and OCR has agreed to purchase the Sale Shares free from all claims, liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the Completion Date.</p>	<p>This term is to clarify that the Sale Shares are sold free of any impediment with all their rights attached.</p> <p>This term is common in transactions of such nature and is reasonable.</p>
2.	<p>Condition of the Lands</p> <p>OCR agrees that in respect of the Lands held by OCR Selayang, such Lands shall be acquired and delivered subject to all restrictions in interest and conditions of title, the SPAs and on an "as is where is" basis.</p>	<p>This term specifies the state in which the Lands will be acquired or delivered, which will be on an "as is where is" basis which is reasonable and not detrimental to the non-interested shareholders of OCR.</p>
3.	<p>Purchase Consideration, payment and adjustment</p> <p>The Vendors acknowledge and agree that OCR has prior to the execution of the SSA engaged the Valuer for the purposes of verifying the current market value of the Lands held by OCR Selayang and on-going development of OCR Selayang. In the event that the open market value of the Lands held by OCR Selayang shall be mandatorily required to be varied or adjusted pursuant to any comments provided by the relevant authorities on the Valuation Report, the computation of the Purchase Consideration shall be adjusted accordingly ("Adjustment") provided always that:</p> <p>(a) the Adjustment shall amount to a sum of more than 1% of the Purchase Consideration; and</p> <p>(b) if the Adjustment amounts to more than 5% of the Purchase Consideration, either party shall be entitled to give notice to the other party immediately terminating the SSA.</p>	<p>This clause aims to ensure that the transaction is carried out in an equitable manner where the open market value of the Lands will coincide with the Purchase Consideration subject to relevant adjustments. This seeks to protect the interests of both OCR and the Vendors and provides parties of the SSA an option to terminate the SSA in the event an adjustment amounts to more than 5% of the Purchase Consideration.</p> <p>We are of the view that this clause is reasonable and not detrimental to the non-interested shareholders of OCR.</p>

No.	Salient terms of the SSA Conditions precedent	Malacca Securities' comments
4.	<p>The SSA shall be conditional upon the following conditions precedent (collectively, the "Conditions Precedent") being obtained, fulfilled and/or waived (as the case may be) within 6 months from the date of the SSA, or such later date as the parties may mutually agree upon ("Cut-Off Date"):</p> <p>(a) the completion of the process of examination and verification of the financial and other affairs of OCR Selayang by the accountants, valuers, solicitors or such other professionals (if required) appointed by OCR for the purposes of the SSA ("Due Diligence") and the results thereof being reasonably satisfactory to OCR;</p> <p>(b) OCR having obtained the approval of its shareholders at the EGM for the Proposed Acquisition of OCR Selayang for (i) the acquisition of the Sale Shares; and (ii) the allotment and issuance of the Consideration Shares in accordance with the terms and conditions of the SSA;</p> <p>(c) the Vendors having obtained at their own cost and expense the approval or consent of the financiers and/or creditors of OCR Selayang for, amongst others, the sale and transfer of the Sale Shares in favour of OCR, upon the terms and subject to the conditions of the SSA, where required;</p> <p>(d) the Vendors having obtained at their own cost and expense the approval or consent of any party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving OCR Selayang, where required, in each case to the extent that at the Completion Date the same remain to be completed or performed or remain in force;</p> <p>(e) OCR having obtained the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities;</p> <p>(f) OCR and the remaining shareholder of OCR Selayang, namely Tan Chin Hoong, having finalised and agreed upon on the terms of a shareholders' agreement in respect of OCR Selayang;</p> <p>(g) OCR being satisfied that no force majeure event (as prescribed in the SSA) has occurred; and</p> <p>(h) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties.</p> <p>Either party will be entitled to terminate the SSA by giving a notice of termination to that effect to the other parties if amongst others:</p>	<p>The Conditions Precedent sets out the prerequisite consents/approvals which are required to be met to be in compliance with the necessary rules and regulations imposed by relevant authorities/parties to give effect to the Proposed Acquisition of OCR Selayang. These conditions precedent are ordinary terms typical to a transaction of such nature.</p> <p>The Conditions Precedent are fair, reasonable and not detrimental to the non-interested shareholders of OCR.</p>

No.	Salient terms of the SSA	Malacca Securities' comments
	<p>(i) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal(s) to the persons against such refusal have not been successful or any of the Conditions Precedent have not been obtained and fulfilled or waived (as the case may be);</p> <p>(ii) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to OCR being terms and conditions which affect OCR, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and OCR is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or</p> <p>(iii) at any time prior to the expiry of the Cut-Off Date, OCR has notified the Vendors in writing that it is not satisfied in respect of any part of the results of the Due Diligence.</p>	
5.	<p>Completion</p> <p>On the Completion Date:</p> <p>(a) the Vendors shall deliver to OCR, amongst others, duly completed and signed transfer instruments (i.e. the instrument of transfer of shares pursuant to the Act) in favour of OCR, in respect of the Sale Shares, together with the duly sealed original share certificates in relation thereto and the undated resignation letter of Lee Wei Jack as the director of OCR Selayang with immediate effect together with a written acknowledgement from him that he has no claim against OCR Selayang in respect of any breach of contract, compensation for loss of office, redundancy or unfair dismissal or on any other grounds whatsoever; and</p> <p>(b) OCR shall allot and issue the Consideration Shares to the Vendors or their sole nominee.</p> <p>OCR shall immediately upon the allotment of the Consideration Shares having occurred become the beneficial owner of all the Sale Shares and the parties shall give effect to the transfer to OCR of the Sale Shares.</p>	<p>These terms set out the steps to be taken by both parties on the Completion Date and in the event there are any claim against OCR Selayang by Lee Wei Jack, who will resign as director of OCR Selayang on the Completion Date, in respect of any breach of contract, compensation for loss of office, redundancy or unfair dismissal or on any other grounds whatsoever.</p> <p>We view these terms fair, reasonable and not detrimental to the non-interested shareholders of OCR.</p>

No.	Salient terms of the SSA	Malacca Securities' comments
6.	<p>Real property gains tax</p> <p>The Vendors warrant and confirm that OCR Selayang is deemed by the relevant tax authority to be a 'real property company' under the Real Property Gains Tax Act, 1976 ("RPGT Act"). The Vendors and OCR will accordingly within 60 calendar days following from the date of disposal as prescribed under the RPGT Act comply with the RPGT Act by submitting the relevant return forms (where required) to the Director-General of Inland Revenue ("DGIR") and comply with all necessary directions that may be issued by the DGIR in respect thereto.</p> <p>The Vendors shall be responsible for paying and settling all real property gains tax (if any) payable on the disposal of the Sale Shares and the deemed disposal of the real property assets of OCR Selayang pursuant to the SSA as may be assessed by the DGIR under the provisions of the RPGT Act.</p>	<p>This clause aims to ensure that both parties comply with the RPGT Act and also specifies the responsibility of the Vendors for paying and settling all real property gains tax (if any) payable on the disposal of the Sale Shares and the deemed disposal of the real property assets of OCR Selayang pursuant to the SSA.</p> <p>We view this clause is reasonable and not detrimental to the non-interested shareholders of OCR.</p>
7.	<p>Termination</p> <p>(a) Each party shall be entitled to issue a notice of termination to the other party, if, at any time prior to the Completion Date, the other party commits any continuing or material breach of any of its obligations under the SSA which is incapable of remedy or if capable of remedy, is not remedied within 14 calendar days of it being given notice so to do, or <i>inter alia</i>, a winding up or insolvency events occurs.</p> <p>(b) If the SSA is terminated by the Vendors prior to the Completion Date, OCR shall, within 14 calendar days after its receipt of the notice of termination, return to the Vendors all documents, if any, delivered to it by or on behalf of OCR Selayang or the Vendors. In exchange with the performance by OCR of such obligation, the Vendors shall:</p> <ul style="list-style-type: none"> (i) return to OCR all documents, if any, delivered to the Vendors by or on behalf of OCR; and (ii) procure OCR Selayang to return to OCR all such documents, if any. <p>(c) If the SSA is terminated by OCR and OCR elects not to pursue the remedy of specific performance, the Vendors shall, within 14 calendar days after their receipt of the notice of termination:</p> <ul style="list-style-type: none"> (i) return to OCR all documents, if any, delivered to the Vendors by or on behalf of OCR; and (ii) procure OCR Selayang to return to OCR all such documents, if any. <p>In exchange with the performance by the Vendors of such obligations, OCR shall return to the Vendors all documents, if any, delivered to them by or on behalf of OCR Selayang or the Vendors.</p>	<p>This term spells out the basis on which an event or outcome can be considered grounds for termination.</p> <p>The termination clause is a 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 which is incapable of remedy or if capable of remedy, is not remedied within 14 calendar days of it being given notice so to do, or <i>inter alia</i>, a winding up or insolvency events occurs.</p> <p>This term also stipulates the procedures and consequences in the event that the SSA is terminated by either party prior to the Completion Date</p> <p>This term is common in transactions of such nature and is fair and reasonable.</p>

No.	Salient terms of the SSA Vendors entitled to appoint nominee for the Consideration Shares	Malacca Securities' comments
8.	<p>The parties acknowledge and agree that Ong Kah Hoe is the sole nominee appointed collectively by the Vendors to receive and accept the Consideration Shares in place of the Vendors.</p>	<p>This term stipulates that Ong Kah Hoe is the sole nominee appointed collectively by the Vendors to receive and accept the Consideration Shares in place of the Vendors.</p> <p>We are of the opinion that this term is reasonable as the parties had agreed in writing in the SSA and not detrimental to the non-interested shareholders of OCR.</p>

On an overall basis, we are of the view that the salient terms of the SSA are considered fair, reasonable and not detrimental to the interests of the non-interested shareholders of OCR.

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7.5 Effects of the Proposed Acquisition of OCR Selayang

The effects of the Proposed Acquisition of OCR Selayang on the issued share capital, earnings and EPS, NA and gearing and substantial shareholders' shareholdings of the Company are illustrated under the following scenarios:

Minimum Scenario	<p>(a) Assuming none of the outstanding Warrants D and the Share Options as at the LPD are exercised into new OCR Shares prior to the implementation of the Proposed Acquisition of OCR Selayang; and</p> <p>(b) Earlier Corporate Proposals are implemented prior to the Proposed Acquisition of OCR Selayang.</p>
Maximum Scenario	<p>(a) Assuming all the outstanding Warrants D and the Share Options as at the LPD are exercised into new OCR Shares prior to the implementation of the Proposed Acquisition of OCR Selayang; and</p> <p>(b) The Earlier Corporate Proposals are implemented prior to the Proposed Acquisition of OCR Selayang.</p>

We note the following financial effects of the Proposed Acquisition of OCR Selayang as set out in Section 7 of Part A of the Circular:

Effects of the Proposed Acquisition of OCR Selayang	Malacca Securities' comments
Issued share capital	<p>Under the Minimum Scenario, the Proposed Acquisition of OCR Selayang will result in an increase in the issued share capital of the Company from RM224,084,372 comprising 783,043,247 Shares as at the LPD to RM252,667,494 comprising 990,308,444 Shares upon the issuance of the Consideration Shares pursuant to the Proposed Acquisition of OCR Selayang.</p> <p>Under the Maximum Scenario, the Proposed Acquisition of OCR Selayang will result in an increase in the issued share capital of the Company from RM224,084,372 comprising 783,043,247 Shares as at the LPD to RM275,291,368 comprising 1,089,458,166 Shares upon the issuance of the Consideration Shares pursuant to the Proposed Acquisition of OCR Selayang.</p> <p>For further information, please refer to Section 7.1 of Part A of the Circular.</p>
NA per Share and gearing	<p>Under the Minimum Scenario, the proforma NA per OCR Share as at 31 December 2020 will decrease from RM0.33 to RM0.23 whereas there will be no changes to the pro forma gearing of OCR Group upon completion of the Proposed Acquisition of OCR Selayang.</p> <p>Under the Maximum Scenario, the pro forma NA per OCR Share as at 31 December 2020 will decrease from RM0.33 to RM0.23 whereas the pro forma gearing of OCR Group will decrease from 0.58 times to 0.53 times upon completion of the Proposed Acquisition of OCR Selayang,</p>

Effects of the Proposed Acquisition of OCR Selayang	Malacca Securities' comments
NA per Share and gearing (Cont'd)	<p>We note that the decrease in the NA per OCR Share under the Minimum Scenario and Maximum Scenario is due to the dilutive impact arising from the Consideration Shares being issued at an issue price of RM0.1345 per Consideration Share as well as the following subsequent events whereby the issue prices were below the NA per OCR Share of RM0.33 as at 31 December 2020:</p> <ul style="list-style-type: none"> (a) the placement of 50,000,000 new OCR Shares at an issue price of RM0.2187 per Share on 1 April 2021 and 51,850,000 new OCR Shares at an issue price of RM0.2111 per Share on 18 May 2021 pursuant to a private placement exercise of OCR which was completed on 18 May 2021; (b) the issuance of 11,804,084 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Stack Builder which were listed on the Main Market of Bursa Securities on 26 November 2021; (c) the issuance of 27,990,911 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Acquisition of Wonderland which were listed on the Main Market of Bursa Securities on 26 November 2021; (d) the issuance of 51,861,647 new OCR Shares at the issue price of RM0.19 per Share pursuant to the Settlement of Wonderland Advances which were listed on the Main Market of Bursa Securities on 26 November 2021; and (e) the first tranche of the Private Placement comprising the placement of a total of 102,000,000 new OCR Shares at an issue price of RM0.1273 per Share which was completed on 20 January 2022. <p>In addition to the above, we also note that the decrease in the NA per OCR Share under the Maximum Scenario is due to the following:</p> <ul style="list-style-type: none"> (a) outstanding Warrants D exercised into new OCR Shares at the exercise price of RM0.22 per Warrant D constituted by a deed poll dated 12 February 2019 as at the LPD; and (b) the Share Options to subscribe for 1 new OCR Share during the tenure of the scheme at the exercise price of RM0.249 per Share Option as at the LPD. <p>The decrease in the gearing level of the Group upon completion of the Proposed Acquisition of OCR Selayang under the Maximum Scenario is mainly due to the increase of the Group's NA arising from the issuance of the Consideration Shares notwithstanding the increase in the number of OCR Shares in issue and consolidation of the unaudited total borrowings of OCR Selayang as at 31 August 2021 of approximately RM11.62 million.</p> <p>For further information, please refer to Section 7.2 of Part A of the Circular.</p>

Effects of the Proposed Acquisition of OCR Selayang	Malacca Securities' comments
Substantial shareholders' shareholdings	<p>Upon the issuance of the Consideration Shares, the Proposed Acquisition of OCR Selayang will result in a dilution in the shareholdings of the existing shareholders of OCR, save for the Ong Kah Hoe, who is the sole nominee collectively appointed by the Vendors, to receive the Consideration Shares which represents up to approximately 13.40% of OCR's issued share capital as at the LPD.</p> <p>Under the Minimum Scenario, the direct shareholding of Ong Kah Hoe will increase from 10.39% as at the LPD to 18.81% upon completion of the Proposed Acquisition of OCR Selayang and the indirect shareholding of Ong Kah Hoe will decrease from 5.32% as at the LPD to 4.21% upon completion of the Proposed Acquisition of OCR Selayang. Ong Kah Hoe's aggregate direct and indirect shareholding will increase from 15.71% to 23.02%</p> <p>Under the Maximum Scenario, the direct shareholding of Ong Kah Hoe will increase from 10.39% as at the LPD to 17.87% upon completion of the Proposed Acquisition of OCR Selayang and the indirect shareholding of Ong Kah Hoe will decrease from 5.32% as at the LPD to 5.00% upon completion of the Proposed Acquisition of OCR Selayang. Ong Kah Hoe's aggregate direct and indirect shareholding will increase from 15.71% to 23.87%</p> <p>Notwithstanding the dilutive impact to the shareholdings of the non-interested shareholders of OCR arising from the issuance of Consideration Shares to the major shareholder, Ong Kah Hoe, we are of the opinion that the issuance of the Consideration Shares to satisfy the Purchase Consideration will enable OCR Group to conserve its cash and channel it towards financing its day-to-day operations and/or pursue other business opportunities. In addition, the Proposed Acquisition of OCR Selayang is earnings accretive and is expected to improve the Group's financial performance in the short term, thus enhancing OCR Group's shareholders' value in the medium to long term.</p> <p>For further information, please refer to Section 7.3 of Part A of the Circular.</p>
Earnings and EPS	<p>Under the Minimum Scenario, the basic EPS of the Company will increase from 0.22 sen to 0.32 sen after the Proposed Acquisition of OCR Selayang.</p> <p>Under the Maximum Scenario, the basic EPS of the Company will increase from 0.22 sen to 0.28 sen after the Proposed Acquisition of OCR Selayang.</p> <p>Moving forward, the impact of the Proposed Acquisition of OCR Selayang on the consolidated earnings and EPS of the Company is dependent on the performance of OCR Selayang. Nevertheless, the Proposed Acquisition of OCR Selayang is expected to contribute positively to the future earnings of the Group, premised on the prospects of OCR Selayang as set out in Section 5.5 of Part A of this Circular.</p> <p>For further information, please refer to Section 7.4 of Part A of the Circular.</p>

Effects of the Proposed Acquisition of OCR Selayang	Malacca Securities' comments
Convertible securities	<p>Save for the Warrants D and the Share Options, OCR does not have any other convertible securities in issue as at LPD. The issuance of the Consideration Shares arising from the Proposed Acquisition of OCR Selayang will not result in any adjustment to the number and/or exercise price of the Warrants D and the Share Options pursuant to the terms of the deed poll dated 12 February 2019 constituting the Warrants D and the by-laws governing the Share Options.</p> <p>For further information, please refer to Section 7.5 of Part A of the Circular.</p>

Based on the above, we are of the view that the financial effects of the Proposed Acquisition of OCR Selayang are not detrimental to the interest of the non-interested shareholders of OCR.

7.6 Prospects of the Proposed Acquisition of OCR Selayang

In evaluating the prospects of the Proposed Acquisition of OCR Selayang, we have considered the overview and outlook of the Malaysian economy, the overview of the property market in Malaysia, overview and outlook of the property market in Selangor, prospects of OCR Group and the prospects of OCR Selayang.

Malacca Securities' comments

We observe that the Malaysian economy experienced renewed demand and supply shocks arising from strict containment measures under the National Recovery Plan ("**NRP**") during the third quarter of 2021 ("**3Q 2021**"). As a result, the economy contracted by 4.5%. On a quarter-on-quarter seasonally adjusted basis, the economy registered a decline of 3.6% in 3Q 2021.

The construction sector declined by 20.6% in 3Q 2021 as activities were constrained by operating capacity limits. Growth in the residential, non-residential and civil engineering subsectors were particularly affected, but the situation improved from August 2021 following the easing of the containment measures, allowing more construction activities to resume.

We also note that the Malaysian economy remains on track to achieve the projected growth range of 3.0% - 4.0% for the year 2021. The successful rollout of the vaccination programme, which has resulted in improved health outcomes, has enabled a phased and safe reopening of economic sectors and allowed the economy to continue its recovered path.

Malaysia's gross domestic product is expected to grow between 3% – 4% in 2021 and further expand in the range of 5.5% – 6.5% in 2022. The growth is projected to be driven by normalisation in economic activities arising from a high nationwide vaccination rate, resumption of projects with high multiplier effects, strong external demand and targeted travel activities, particularly for business, health and education purposes.

We note that the Malaysian property market performance recorded a significant increase in the first half of 2021 ("**H1 2021**") as compared to the same period last year in the first half of 2020 ("**H1 2020**"). A total of 139,754 transactions worth RM62.01 billion were recorded, showing an increase of 21.0% in volume and 32.1% in value compared to H1 2020. The volume of transactions across the sub-sectors showed upward movements. Residential, commercial, industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.2%, 28.5%, 29.4%, 13.9% and 21.3% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded growths of 34.7%, 28.4%, 19.8%, 33.1% and 40.6%.

We note that there were 92,017 residential property transactions worth RM34.51 billion recorded in H1 2021, increased by 22.2% in volume and 34.7% in value compared to H1 2020. Selangor recorded the highest number of new launches in the country, capturing nearly 24.7% (4,114 units) of the national total with sales performance at 26.2%. Sales performance for new launches recorded at 24.7%, better compared to H1 2020 (12.9%) and H2 2020 (17.0%).

We also note that there were 10,433 commercial property transactions worth RM10.93 billion recorded in H1 2021, up by 28.5% in volume and 28.4% in value compared to H1 2020. Selangor contributed the highest volume and value to the national market share, with 26.3% in volume (2,741 transactions) and 30.8% in value (RM3.37 billion).

We observe that the property market performance in the states of Kuala Lumpur, Selangor and Putrajaya (collectively referred to as “**Central Region**”) improved in H1 2021, indicated by the increase in market activities. The region registered 36,089 transactions worth RM28.56 billion, increased by 33.9% and 37.0% in volume and value respectively as compared to H1 2020. Combined, these three states formed 25.8% and 46.1% of the national volume and value of transactions. In terms of transaction value, all states showed an upward trend. Kuala Lumpur increased by 40.7%, followed by Selangor (35.9%), and Putrajaya (2.4%). By state, Selangor dominated the region’s overall property transactions with 82.0% in volume (29,610 transactions) and 72.7% in value (RM20.76 billion) of the total transactions.

We note that Kuala Lumpur and Selangor recorded an increase of 19.8% and 38.0% in volume of residential property transactions respectively, whereas Putrajaya decreased by 12.9%. In terms of transaction value, all states showed an upward trend. Selangor increased by 47.1%, followed by Putrajaya (32.2%) and Kuala Lumpur (25.5%). The Central Region primary market saw more new launches in Kuala Lumpur and Selangor. Kuala Lumpur recorded 3,651 new launches, increased by 8.8% compared to H1 2020 (3,356 units), meanwhile Selangor increased by 28.1% to 4,114 units (H1 2020: 3,212 units).

We note that the commercial property transaction volume in Kuala Lumpur and Selangor increased by 12.1% and 46.6% respectively. However, Putrajaya recorded a decline of 47.1%. In terms of transaction value, Kuala Lumpur and Selangor increased by 47.6% and 40.3% respectively, whereas Putrajaya declined by 67.0%.

We note that the Group's existing development projects as at the LPD include Isola KLCC at Kuala Lumpur, The Mate at Damansara Jaya, Selangor and PRIYA Kuantan at Kuantan, Pahang. The Group is involved as the main contractor for the YOLO Signature Suites development in Bandar Sunway, Selangor.

We observe that the Malaysian economic sentiment has improved, supported by progressive relaxation of containment measures and continued policy support, and is expected to continue its positive growth trajectory in 2022.

Although construction work has gradually resumed since end-August 2021, the shortage and its corresponding rise in raw material as well as manpower costs have further affected the industry. Despite that, we note that the Group has implemented a more robust approach in terms of procurement and contractor management to contain these costs whilst ensuring smooth delivery of its projects.

We note that sales have been encouraging thus far as homeowners continue to take advantage of the Home Ownership Campaign policy. The Group believes that the momentum shall continue in 2022 as uncertainties ease and the economy picks-up.

We note that the Group's key focus is to deliver the vacant possession of both PRIYA Kuantan and Isola KLCC development projects in 2022. In terms of new pipelines, the Group is currently closely monitoring the market and targets to launch projects in both Klang Valley and Kuantan in the 2nd half of 2022.

In addition, OCR is expected to record a bargain purchase on acquisition of approximately RM4.27 million upon the completion of the Proposed Acquisition of OCR Selayang. The Proposed Acquisition of OCR Selayang is earnings accretive to OCR and the Proposed Acquisition of OCR Selayang is expected to improve the Group's financial performance in the short term.

After taking into consideration the industry overview and outlook as well as the prospects of the Lands held by OCR Selayang, we are of the view that the Proposed Acquisition of OCR Selayang is favourable to the Group and the Proposed Acquisition of OCR Selayang is expected to contribute positively to the earnings and profitability of the enlarged OCR Group.

Nonetheless, we wish to highlight that the construction and property development industries are subject to uncertainties which are not within the Board's control, such as, amongst others, changes in policies of the Government of Malaysia and changes in financing conditions. 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.

7.7 Risk factors in relation to the Proposed Acquisition of OCR Selayang

In considering the Proposed Acquisition of OCR Selayang, the non-interested shareholders of the Company are advised to give careful consideration to the risk factors as set out in Section 6 of Part A of this Circular.

Malacca Securities' comments

We take note of the risk factors as set out in Section 6 of Part A of this Circular. However, the non-interested shareholders should also take note of these additional risk factors in relation to the Proposed Acquisition of OCR Selayang as follows:

(a) Increase in prices of raw material and labour costs

Considering the current circumstances with the COVID-19 pandemic, the Group may face increased prices of raw materials and labour costs, given the logistical, travel and immigration restrictions. The risks of increased raw material prices and labour costs may have a big impact on the profit margins of property development projects. There can be no assurance that the anticipated benefits of the Proposed Acquisition of OCR Selayang will be realised or that the Group will be able to generate the desired returns from the development of the Lands to mitigate the rising costs of raw materials and labour.

(b) Inherent risk in the property development industry

The Proposed Acquisition of OCR Selayang is subject to the risk inherent in the property development sector, of which OCR Group is already involved and will be addressed as part of the Group's ordinary course of business.

Some of these risks may include, amongst others, adverse changes in real estate market prices, changes in economic, social and political condition (including the ongoing COVID-19 pandemic), and performance of third-party sub-contractors. Any adverse changes in these conditions may have an adverse material effect on the property sector in Malaysia and the Group.

The business and industry risks relating to the property development business of the Proposed Acquisition of OCR Selayang are not new to OCR. As such, risk factors associated with the Proposed Acquisition of OCR Selayang are already known to OCR and mitigating measures would have already been implemented and will continuously be implemented given OCR Group's experience in the property development sector. However, there is no assurance that there will be no fallout in the property market as a result of a prolonged economic slowdown or that such fallout would not have an adverse impact on the Group's operations or financials.

(c) Investment risk

Although the Proposed Acquisition of OCR Selayang is expected to contribute positively to the future earnings of the Group as mentioned in Section 7.4 of Part A of this Circular, there is no guarantee that the expected benefits from the Proposed Acquisition of OCR Selayang will materialise or that OCR Selayang will be able to generate sufficient revenue and earnings therefrom to offset the associated costs incurred for the Proposed Acquisition of OCR Selayang.

8. CONCLUSION AND RECOMMENDATION

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

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

- (a) the rationale for the Proposed Acquisition of OCR Selayang;
- (b) evaluation on the basis and justification of arriving at the Purchase Consideration;
- (c) evaluation on the basis and justification of arriving at the issue price of the Consideration Shares;
- (d) salient terms of the SSA;
- (e) effects of the Proposed Acquisition of OCR Selayang;
- (f) prospects of the Proposed Acquisition of OCR Selayang; and
- (g) risk factors in relation to the Proposed Acquisition of OCR Selayang.

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

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

Yours faithfully,
For and on behalf of
MALACCA SECURITIES SDN BHD

TAN KOK TIAM
Head
Corporate Finance

YAP SIEW THEE
Vice President
Corporate Finance

INFORMATION ON OCR SELAYANG

1. HISTORY AND BUSINESS

OCR Selayang was incorporated in Malaysia on 26 January 2011 under the Companies Act, 1965 as a private limited company under the name of Suong Sdn Bhd and is deemed registered under the Act. It assumed its present name on 7 October 2021. As at the LPD, the principal activities of OCR Selayang are investment holding, receiving rental and property development. It has commenced its business operations since the date of its incorporation whereby it has been deriving its revenue from rental income from a detached factory (which has been demolished as at the LPD) on Land 1 and Land 2 and the lease of Land 3 to TNB for its transmission line. OCR Selayang currently owns the Lands as its sole major assets. Please refer to Section 3 of Part A of this Circular for the information on the Lands.

2. SHARE CAPITAL

As at the LPD, the issued share capital of OCR Selayang is RM1,000,000 comprising 1,000,000 OCR Selayang Shares.

3. SHAREHOLDERS

As at the LPD, the shareholders of OCR Selayang and their respective shareholdings in OCR Selayang are set out below:

Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No of OCR Selayang Shares	%	No of OCR Selayang Shares	%
Tan Chin Hoong	Malaysian	500,000	50.00	-	-
Ong Kah Hoe	Malaysian	300,000	30.00	-	-
Lee Wei Jack	Malaysian	200,000	20.00	-	-

4. DIRECTORS

As at the LPD, the directors of OCR Selayang and their respective shareholdings in OCR Selayang are set out below:

Directors	Nationality	<-----Direct----->		<-----Indirect----->	
		No of OCR Selayang Shares	%	No of OCR Selayang Shares	%
Ong Kah Hoe	Malaysian	300,000	30.00	-	-
Lee Wei Jack	Malaysian	200,000	20.00	-	-

5. SUBSIDIARY AND ASSOCIATED COMPANY

As at the LPD, OCR Selayang does not have any subsidiary or associated company.

INFORMATION ON OCR SELAYANG (CONT'D)

6. HISTORICAL FINANCIAL INFORMATION

A summary of the audited financial information of OCR Selayang for the past 3 financial years up to the FYE31 December 2020 and the unaudited financial information of OCR Selayang for the 8-month FPE 31 August 2021 are set out below:

	<-----Audited----->			Unaudited
	<-----FYE 31 December----->			8-month FPE
	2018	2019	2020	31 August
	RM'000	RM'000	RM'000	2021
				RM'000
Revenue	2,339	-	-	13,502
Profit before tax/ (Loss before tax)	302	(1,804)	797	(1,597)
Profit after tax ("PAT")/ (Loss after tax) ("LAT")	275	(1,804)	1,293	(4,652)
Share capital	1,000	1,000	1,000	1,000
Shareholders' fund/ NA	9,773	7,968	9,262	1,184
Total borrowings	27,299	24,108	23,786	11,621
No. of issued shares ('000)	1,000	1,000	1,000	1,000
Earnings per share/ (Loss per share) (RM)	0.28	(1.80)	1.29	(4.65)
NA per share (RM)	9.77	7.97	9.26	1.18
Current ratio (times)	0.12	0.11	0.31	1.02
Gearing ratio (times)	2.79	3.03	2.57	9.82

For the past 3 financial years up to the FYE 31 December 2020:

- i. there were no exceptional or extraordinary item;
- ii. there were no accounting policies adopted by OCR Selayang that are peculiar to OCR Selayang due to the nature of its business of the industry it operates in; and
- iii. there was no audit qualification for the financial statements of OCR Selayang.

Commentaries of past financial performance:**i. FYE 31 December 2018**

For the FYE 31 December 2018, OCR Selayang recorded a revenue of approximately RM2.34 million which represents a decrease of approximately RM2.82 million or 55% as compared to the preceding financial year of approximately RM5.16 million mainly attributable to the reduction of rental income from the tenant of the factory building.

In addition, OCR Selayang recorded a PAT of approximately RM0.28 million for the FYE 31 December 2018 which represents a decrease of approximately RM1.61 million or 85% as compared to the preceding financial year mainly attributable to the reduction of rental income from the tenant of the factory building.

INFORMATION ON OCR SELAYANG (CONT'D)

ii. FYE 31 December 2019

For the FYE 31 December 2019, OCR Selayang did not generate any revenue as they did not receive any rental income as the tenant of the factory building terminated the tenancy agreement. In addition, OCR Selayang incurred a LAT during the FYE 31 December 2019 of approximately RM1.80 million as compared to a PAT of approximately RM0.28 million in the preceding financial year mainly attributable to finance cost, depreciation expenses, quit rent and assessment as well as OCR Selayang did not receive any rental income as the tenant of the factory building terminated the tenancy agreement.

iii. FYE 31 December 2020

For the FYE 31 December 2020, OCR Selayang did not generate any revenue as they did not receive any rental income due to no tenancy for the factory building during the year. However, OCR Selayang recorded a PAT of approximately RM1.29 million during the FYE 31 December 2020 as compared to a LAT of approximately RM1.80 million in the preceding financial year mainly attributable to the gain from the sale of Lot 3 (previously known as Lot 8) of the Sub-Divided Lands measuring approximately 48,079.55 sq ft during the year.

iv. 8-month FPE 31 August 2021

For the 8-month FPE 31 August 2021, OCR Selayang recorded a revenue of approximately RM13.50 million mainly attributable to the progress billing recognised from the sale of all the 5 Sub-Divided Lands. However, OCR Selayang incurred a LAT of approximately RM4.65 million during the 8-month FPE 31 August 2021 as compared to a PAT of approximately RM1.29 million in the preceding financial year mainly attributable to finance cost, depreciation expenses, quit rent and assessment and taxation charges.

7. MATERIAL COMMITMENTS

As at the LPD, there is no material commitment incurred or known to be incurred by OCR Selayang which may have a material impact on the financial results/position of OCR Selayang.

8. CONTINGENT LIABILITIES

As at the LPD, there is no contingent liability incurred or known to be incurred by OCR Selayang which, upon becoming enforceable, may have a material impact on the financial results/position of OCR Selayang.

9. MATERIAL LITIGATIONS, CLAIMS AND ARBITRATION

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

INFORMATION ON OCR SELAYANG (CONT'D)

10. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, the board of directors of OCR Selayang confirmed that there are not other material contracts (not being contracts entered in the ordinary course of business) which have been entered into by OCR Selayang during the 2 years preceding the date of this Circular:

- i. Sale and purchase agreement dated 13 May 2020 entered into between OCR Selayang (as vendor) and Functional Ingredient Technologies Sdn Bhd (as purchaser) for the disposal of a parcel of freehold land held under title no. Geran 41065, Lot 46918, Bandar Selayang, Daerah Gombak, Negeri Selangor, measuring approximately 3,345 square metres in area, for consideration of RM10,438,000. As at the LPD, the sale and purchase agreement has been completed in accordance with its terms.

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SALIENT TERMS OF THE SSA

The salient terms of the SSA are set out below:

1. Basis of sale of the Sale Shares

The Vendors have agreed to sell and OCR has agreed to purchase the Sale Shares free from all claims, liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the Completion Date.

2. Condition of the Lands

OCR agrees that in respect of the Lands held by OCR Selayang, such Lands shall be acquired and delivered subject to all restrictions in interest and conditions of title, the SPAs and on an "as is where is" basis.

3. Indicative Purchase Consideration, payment and adjustment

Details of the indicative Purchase Consideration and payment are set out in Section 2.1 of Part A of this Circular.

The Vendors acknowledge and agree that OCR has prior to the execution of the SSA engaged the Valuer for the purposes of verifying the current market value of the Lands held by OCR Selayang and on-going development of OCR Selayang. In the event that the open market value of the Lands held by OCR Selayang shall be mandatorily required to be varied or adjusted pursuant to any comments provided by the relevant authorities on the Valuation Report, the computation of the indicative Purchase Consideration shall be adjusted accordingly ("**Adjustment**") provided always that:

- (a) the Adjustment shall amount to a sum of more than 1% of the indicative Purchase Consideration; and
- (b) if the Adjustment amounts to more than 5% of the indicative Purchase Consideration, either party shall be entitled to give notice to the other party immediately terminating the SSA.

4. Conditions precedent

The SSA shall be conditional upon the following conditions precedent (collectively, the "**Conditions Precedent**") being obtained, fulfilled and/or waived (as the case may be) within 6 months from the date of the SSA, or such later date as the parties may mutually agree upon ("**Cut-Off Date**"):

- (a) the completion of the process of examination and verification of the financial and other affairs of OCR Selayang by the accountants, valuers, solicitors or such other professionals (if required) appointed by OCR for the purposes of the SSA ("**Due Diligence**") and the results thereof being reasonably satisfactory to OCR;
- (b) OCR having obtained the approval of its shareholders at the EGM for the Proposed Acquisition of OCR Selayang for (i) the acquisition of the Sale Shares; and (ii) the allotment and issuance of the Consideration Shares in accordance with the terms and conditions of the SSA;

SALIENT TERMS OF THE SSA (CONT'D)

- (c) the Vendors having obtained at their own cost and expense the approval or consent of the financiers and/or creditors of OCR Selayang for, amongst others, the sale and transfer of the Sale Shares in favour of OCR, upon the terms and subject to the conditions of the SSA, where required;
- (d) the Vendors having obtained at their own cost and expense the approval or consent of any party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving OCR Selayang, where required, in each case to the extent that at the Completion Date the same remain to be completed or performed or remain in force;
- (e) OCR having obtained the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities;
- (f) OCR and the remaining shareholder of OCR Selayang, namely Tan Chin Hoong, having finalised and agreed upon on the terms of a shareholders' agreement in respect of OCR Selayang;
- (g) OCR being satisfied that no force majeure event (as prescribed in the SSA) has occurred; and
- (h) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties.

Either party will be entitled to terminate the SSA by giving a notice of termination to that effect to the other parties if amongst others:

- (i) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal(s) to the persons against such refusal have not been successful or any of the Conditions Precedent have not been obtained and fulfilled or waived (as the case may be);
- (ii) on or at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to OCR being terms and conditions which affect OCR, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and OCR is not willing to accept such terms and conditions then imposed by the relevant authorities or persons; or
- (iii) at any time prior to the expiry of the Cut-Off Date, OCR has notified the Vendors in writing that it is not satisfied in respect of any part of the results of the Due Diligence.

5. Completion

On the Completion Date:

- (a) the Vendors shall deliver to OCR, amongst others, duly completed and signed transfer instruments (i.e. the instrument of transfer of shares pursuant to the Act) in favour of OCR, in respect of the Sale Shares, together with the duly sealed original share certificates in relation thereto and the undated resignation letter of Lee Wei Jack as the director of OCR Selayang with immediate effect together with a written acknowledgement from him that he has no claim against OCR Selayang in respect of any breach of contract, compensation for loss of office, redundancy or unfair dismissal or on any other grounds whatsoever; and

SALIENT TERMS OF THE SSA (CONT'D)

- (b) OCR shall allot and issue the Consideration Shares to the Vendors or their sole nominee.

OCR shall immediately upon the allotment of the Consideration Shares having occurred become the beneficial owner of all the Sale Shares and the parties shall give effect to the transfer to OCR of the Sale Shares.

6. Real property gains tax

The Vendors warrant and confirm that OCR Selayang is deemed by the relevant tax authority to be a 'real property company' under the Real Property Gains Tax Act, 1976 ("**RPGT Act**"). The Vendors and OCR will accordingly within 60 calendar days following from the date of disposal as prescribed under the RPGT Act comply with the RPGT Act by submitting the relevant return forms (where required) to the Director-General of Inland Revenue ("**DGIR**") and comply with all necessary directions that may be issued by the DGIR in respect thereto.

The Vendors shall be responsible for paying and settling all real property gains tax (if any) payable on the disposal of the Sale Shares and the deemed disposal of the real property assets of OCR Selayang pursuant to the SSA as may be assessed by the DGIR under the provisions of the RPGT Act.

7. Termination

- (a) Each party shall be entitled to issue a notice of termination to the other party, if, at any time prior to the Completion Date, the other party commits any continuing or material breach of any of its obligations under the SSA which is incapable of remedy or if capable of remedy, is not remedied within 14 calendar days of it being given notice so to do, or *inter alia*, a winding up or insolvency events occurs.
- (b) If the SSA is terminated by the Vendors prior to the Completion Date, OCR shall, within 14 calendar days after its receipt of the notice of termination, return to the Vendors all documents, if any, delivered to it by or on behalf of OCR Selayang or the Vendors. In exchange with the performance by OCR of such obligation, the Vendors shall:
- (i) return to OCR all documents, if any, delivered to the Vendors by or on behalf of OCR; and
 - (ii) procure OCR Selayang to return to OCR all such documents, if any.
- (c) If the SSA is terminated by OCR and OCR elects not to pursue the remedy of specific performance, the Vendors shall, within 14 calendar days after their receipt of the notice of termination:
- (i) return to OCR all documents, if any, delivered to the Vendors by or on behalf of OCR; and
 - (ii) procure OCR Selayang to return to OCR all such documents, if any.

In exchange with the performance by the Vendors of such obligations, OCR shall return to the Vendors all documents, if any, delivered to them by or on behalf of OCR Selayang or the Vendors.

SALIENT TERMS OF THE SSA (CONT'D)

8. Vendors entitled to appoint nominee for the Consideration Shares

The parties acknowledge and agree that Ong Kah Hoe is the sole nominee appointed collectively by the Vendors to receive and accept the Consideration Shares in place of the Vendors.

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SUONG SDN BHD
Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

31 DECEMBER 2020

YH TAN & ASSOCIATES PLT
201806003996 (LLP0018378-LCA)
FIRM NO.: AF 002108
(CHARTERED ACCOUNTANTS)
B-5-2, IOI BOULEVARD, JALAN KENARI 5, BANDAR PUCHONG JAYA,
47170 PUCHONG, SELANGOR.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

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AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)**SUONG SDN BHD**

Company No. 201101002849(930987-K)
(Incorporated In Malaysia)

CORPORATE INFORMATION

BOARD OF DIRECTORS : LEE WEI JACK
ONG KAH HOE

COMPANY SECRETARY : LAW KARL CHEONG
(LS 0008611)

REGISTERED OFFICE : 15, 2ND FLOOR, JALAN PUTERI 1/7,
BANDAR PUTERI,
47100 PUCHONG, SELANGOR.

PRINCIPAL PLACE OF BUSINESS : A-3A-01, BLOCK ALLAMANDA,
10 BOULEVARD,
LEBUHRAYA SPRINT, PJU 6A,
47400 PETALING JAYA, SELANGOR.

AUDITORS : YH TAN & ASSOCIATES PLT
201806003996 (LLP0018378-LCA)
FIRM NO.: AF 002108
CHARTERED ACCOUNTANTS

PRINCIPAL BANKER : MAYBANK ISLAMIC BERHAD

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)**SUONG SDN BHD**

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with audited financial statements of the Company for the financial year ended **31 DECEMBER 2020**.

PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment holding and receiving rental as its income. There have been no significant changes in the nature of these activities during the financial year.

RESULTS**RM**

Net Profit For The Year

1,293,154

In the opinion of the directors, the results of the operations 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, declared or recommended by the Company since the end of the previous financial year.

RESERVE AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the share capital remains unchanged.

OPTIONS

No option has been granted during the financial year covered by the income statement to take up unissued shares of the Company.

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)**SUONG SDN BHD**

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

DIRECTORS OF THE COMPANY

The directors who held office during the financial year until the date of last report are: -

- | | |
|-----------------|-------------------------|
| 1) LEE WEI JACK | |
| 2) ONG KAH HOE | Appointed On 09.06.2020 |
| 3) SU MING KEAT | Resigned On 16.12.2020 |

DIRECTORS' INTEREST IN SHARES

According to the Register of Directors' Shareholdings, the shareholdings in the Company during the financial year of those who were Directors at year end are as follows: -

	Number Of Ordinary Shares		
	<u>As At 01-01-2020</u>	<u>Bought</u>	<u>Sold</u>
LEE WEI JACK	200,000	0	0
ONG KAH HOE	300,000	0	0
			<u>As At 31-12-2020</u>
			200,000
			300,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or related corporation with the director or with a firm of which the directors is a member, or with a Company in which the director has a substantial financial interest.

During and at end of the financial year, no arrangements subsisted to which the Company or a related corporation is 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.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were prepared, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) 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.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and
 - (ii) that would render the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amounts stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

OTHER STATUTORY INFORMATION - (CON'T)

(f) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due; and
- (ii) 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 the operations of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. **YH TAN & ASSOCIATES PLT**, have indicated their willingness to accept re-appointment.

Auditors' remuneration are disclosed in Note 16 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, **YH TAN & ASSOCIATES PLT**, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify **YH TAN & ASSOCIATES PLT** during or since the financial year.

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



ONG KAH HOE
Director



LEE WEI JACK
Director

Kuala Lumpur
Date: 15 SEP 2021

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251 (2) of the Companies Act, 2016

We, the undersigned, being two of the directors of **SUONG SDN BHD**, do hereby state that, in the opinion of the directors, the financial statements as set out on pages 9 to 27 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at **31 DECEMBER 2020** and of the results, the changes in equity and the cash flows of the Company for the year ended on that date.

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


ONG KAH HOE

Director


LEE WEI JACK

Director

Kuala Lumpur

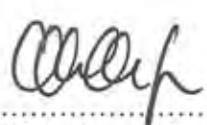
Date: 15 SEP 2021

STATUTORY DECLARATION

Pursuant to Section 251 (1) (b) of the Companies Act, 2016

I, **ONG KAH HOE** being the director primarily responsible for the accounting records and financial management of **SUONG SDN BHD** do solemnly and sincerely declare that the financial statements as set out on pages 9 to 27 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
ONG KAH HOE,
at Kuala Lumpur in the state of Wilayah Persekutuan,
on 15 SEP 2021


ONG KAH HOE

Before me,





Company No. 201101002849 (930987-K)

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUONG SDN BHD**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SUONG SDN BHD**, which comprise the statement of financial position as at **31 DECEMBER 2020**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at **31 DECEMBER 2020**, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 20 in the financial statements, which indicates that as of **31 DECEMBER 2020**, the Company's total current liabilities exceeded its total current assets by RM35,291,942. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 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 Private Entities Reporting Standard 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.



Company No. 201101002849 (930987-K)

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUONG SDN BHD**
(Incorporated in Malaysia)

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.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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

YH TAN & Associates.

MESSRS. YH TAN & ASSOCIATES PLT
201806003996 (LLP0018378-LCA)
Firm No.: AF 002108
Chartered Accountants, Malaysia
Puchong, Selangor.
Date: 15 SEPTEMBER 2021

TAN YOON HUAT
TAN YOON HUAT
No. 3110/06/2022 (J)
Chartered Accountant, Malaysia

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	2020 RM	2019 RM
NON-CURRENT ASSET			
Property, Plant And Equipment	4	57,857,354	61,500,351
Total Non-Current Asset		<u>57,857,354</u>	<u>61,500,351</u>
CURRENT ASSETS			
Trade Receivables	5	13,245,370	3,971,000
Other Receivables, Deposits And Prepayments	6	2,124,446	0
Cash And Cash Equivalents	7	230,344	15
Total Current Assets		<u>15,600,160</u>	<u>3,971,015</u>
TOTAL ASSETS		<u>73,457,514</u>	<u>65,471,366</u>
EQUITY			
Share Capital	8	1,000,000	1,000,000
Retained Earnings	9	8,261,546	6,968,392
TOTAL EQUITY		<u>9,261,546</u>	<u>7,968,392</u>
NON-CURRENT LIABILITIES			
Bank Borrowings	10	12,843,118	19,253,632
Deferred Taxation	11	460,748	460,748
Total Non-Current Liabilities		<u>13,303,866</u>	<u>19,714,380</u>
CURRENT LIABILITIES			
Bank Borrowings	10	10,942,706	4,854,453
Trade Payables	12	320,560	7,420
Other Payables And Accruals	13	33,842,363	15,390,260
Amount Owing To Directors	14	4,785,163	16,760,420
Current Tax Liabilities		1,001,310	776,041
Total Current Liabilities		<u>50,892,102</u>	<u>37,788,594</u>
TOTAL LIABILITIES		<u>64,195,968</u>	<u>57,502,974</u>
TOTAL EQUITY AND LIABILITIES		<u>73,457,514</u>	<u>65,471,366</u>

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

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 RM	2019 RM
Other Operating Income		6,362,053	0
Administrative Expenses		(4,243,557)	(523,107)
Profit / (Loss) From Operations		2,118,496	(523,107)
Finance Expenses	15	(1,321,568)	(1,281,337)
Profit / (Loss) Before Taxation	16	796,928	(1,804,444)
Taxation	17	496,226	0
Net Profit / (Loss) For The Year		1,293,154	(1,804,444)
Total Comprehensive Income / (Expenses) Attributable To:			
Owners Of The Company		1,293,154	(1,804,444)

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

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Non- Distributable Share Capital	Distributable Retained Earnings	Total
	RM	RM	RM
As At 31 DECEMBER 2018	1,000,000	8,772,836	9,772,836
Net (Loss) For The Year	0	(1,804,444)	(1,804,444)
As At 31 DECEMBER 2019	1,000,000	6,968,392	7,968,392
Net Profit For The Year	0	1,293,154	1,293,154
As At 31 DECEMBER 2020	1,000,000	8,261,546	9,261,546

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

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 RM	2019 RM
<u>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</u>		
Profit / (Loss) Before Taxation	796,928	(1,804,444)
Adjustments For :-		
Bad Debts Written Off	1,553,500	0
Depreciation	288,545	301,143
(Gain) On Disposal Of Property, Plant And Equipment	(6,362,053)	0
Interest Expenses	1,321,568	1,281,337
OPERATING (LOSS) BEFORE WORKING CAPITAL CHANGES	(2,401,512)	(221,964)
Changes In Working Capital:		
Trade And Other Receivables	(12,952,317)	12,102
Trade And Other Payables	6,789,986	4,681,952
CASH (USED IN) / GENERATED FROM OPERATIONS REPRESENT NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(8,563,843)	4,472,090
<u>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITY</u>		
Proceeds From Disposal Of Property, Plant And Equipment	9,716,505	0
NET CASH FLOW GENERATED FROM INVESTING ACTIVITY	9,716,505	0
<u>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</u>		
Drawdown Of Term Loan	23,585,504	0
Interest Paid	(1,321,568)	(1,281,337)
Net Change In Bank Borrowings	(599,304)	(234,626)
Repayment Of Term Loans	(22,586,965)	(2,956,127)
NET CASH FLOW (USED IN) FINANCING ACTIVITIES	(922,333)	(4,472,090)
NET INCREASE IN CASH AND CASH EQUIVALENTS	230,329	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15	15
CASH AND CASH EQUIVALENTS AT END OF YEAR	230,344	15
CASH AND CASH EQUIVALENTS		
Cash And Bank Balances	230,344	15

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

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
1. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT, 2016
1.1 General Information

The Company, **SUONG SDN BHD**, is a private company incorporated and domiciled in Malaysia. The principal activity of the Company is in property investment holding and receiving rental as its income.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

1.2 Basis Of Preparation

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Companies Act, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES
2.1 Basis Of Accounting

The financial statements of the Company have been prepared using cost bases (which include historical cost, amortised cost, and lower of cost and net realisable value) and fair value bases (which include fair value basis and fair value less costs to sell basis).

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting year and the reported amounts of revenue and expenses during the reporting year. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 3.

2.2 Property, Plant And Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised. Depreciation is computed by the straight-line basis over the estimated useful life of the assets concerned.

The cost of an item of property, plant and equipment comprises (i) purchase price; (ii) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and (iii) the initial estimate of the costs of dismantling and removing the item and restoring the site on which the asset is located.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES – (CON'T)**2.2 Property, Plant And Equipment – (Con't)**

The principal year / annual rates of depreciation are as follows:-

Buildings	2%
Freehold Land	0%

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

At the end of each reporting year, the residual values and depreciation of the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current year.

2.3 Cash And Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. They are held to meet short-term cash commitments instead of for investment or other purposes. If bank overdrafts are repayable on demand and form an integral part of cash management, bank overdrafts are a component of cash and cash equivalents.

2.4 Equity Instruments And Distribution

Equity instruments (other than those issued as part of a business combination or as settlement of an existing financial liability) are measured at the fair value of the cash or other resources received or receivable. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of any income tax effect.

Equity is reduced for the amount of distributions to the holders of equity instruments. Dividends declared are recognised as a liability only after they have been appropriately authorised. For a distribution of non-cash assets to owners, dividend payable is measured at the fair value of the assets to be distributed.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
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2. SIGNIFICANT ACCOUNTING POLICIES – (CON'T)**2.5 Provision**

A provision is recognised only when (i) the entity has an obligation at the reporting date as a result of a past event; (ii) it is probable that the entity will be required to transfer economic benefits in settlement; and (iii) the amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the amount required to settle the obligation at the reporting date. When the effect of the time value of money is material, the amount of a provision shall be the present value of the amount expected to be required to settle the obligation. Thereafter, the provisions is reviewed at each reporting date and adjust it to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognised are recognised in profit or loss. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as finance cost in profit or loss in the year it arises.

2.6 Borrowing Costs

Borrowing costs of the Company include interest on loans and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

2.7 Impairment Of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES – (CON'T)**2.7 Impairment Of Assets – (Con't)**

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that is expected to benefit from the synergies of the business combination.

An impairment loss recognised for goodwill shall not be reversed in a subsequent year. For other assets, any reversal of impairment loss for an asset is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised in prior years.

2.8 Income Tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates and interests in joint ventures, only to the extent that it is probable that: (a) the temporary difference will reverse in the foreseeable future; and (b) taxable profit will be available against which the temporary difference can be utilised.

A deferred tax liability or asset is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which, at the reporting date, the carrying amount of the related assets and liabilities is expected to be recovered or settled.

Current or deferred tax assets and liabilities are not discounted.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES – (CON'T)**2.9 Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Initial Recognition And Measurement

A financial asset or a financial liability (including derivative instruments) is recognised only when the entity becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset or a financial liability is measured at the transaction price, including transaction costs. For a financial asset or a financial liability that is subsequently measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

An arrangement constitutes a financing transaction, if payment is deferred beyond normal business terms. Under a financing transaction, a financial asset or a financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

b) Subsequent Measurement

Debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, unless the arrangement constitutes, in effect, a financing transaction.

Investments in non-convertible preference shares and non-puttable ordinary or preference shares, that are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort, are measured at fair value with changes in fair value recognised in profit or loss. All other such investments are measured at cost less impairment.

Derivative financial instruments (other than derivatives designated as a hedging instrument) are measured at fair value and changes in fair value recognised in profit or loss.

All financial assets are subject to review for impairment, except for financial assets measured at fair value through profit or loss.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

2. SIGNIFICANT ACCOUNTING POLICIES – (CON'T)**2.9 Financial Instruments – (Con't)****c) Impairment**

At the end of each reporting year, financial assets that are measured at cost or amortised cost are assessed as to whether there is objective evidence of impairment. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For a financial asset measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For a financial asset measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

If, in a subsequent year, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss.

d) Derecognition

A financial asset is derecognised only when (i) the contractual rights to receive the cash flows from the financial asset expire or are settled; or (ii) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, including circumstances when the entity acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, is cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY**3.1 Judgements And Assumption Applied**

The following are judgements and assumptions made by the Management of the Company in applying the accounting policies of the Company that have the most significant effect on the amounts recognised in the financial statements:

a) Classification Of Non-current Borrowings

Term loan agreements entered into by the Company include repayment on demand clauses as the discretion of financial institutions. The Company believe that in the absence of a default being committed by the Company, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the loans have been classified between current and non-current liabilities based on their repayment year.

b) Coronavirus 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporary closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in a reduced demand for Company's services. The Company exercises judgement, in light of all facts and circumstances, to assess the extent in which these series of events provide additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Company's assets and liabilities as at **31 DECEMBER 2020**.

3.2 Estimation Uncertainty

The measurement of some assets and liabilities requires Management to use estimates based on various observable inputs and other assumptions. The following are assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) Measurement Of Provision

The Company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances.

A probability-weighted estimate of the outflows required to settle the obligation is used and the expected outflows are discounted over time at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates. The actual outcome may differ from the estimate made and this may have a significant effect on the Company's financial position.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
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3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY – (CON'T)**3.2 Estimation Uncertainty – (Con't)****b) Depreciation of Property, Plant And Equipment**

The cost of an item of property, plant and equipment is depreciated on the straight-line basis that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the asset may differ from the estimates applied and lead to a gain or loss on an eventual disposal of asset.

c) Impairment Of Financial Assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's future financial position and results.

d) Measurement Of Deferred Tax

The Company recognises deferred tax assets for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant judgement is required from the Management to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future taxable profits together with future tax planning strategies.

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

4. PROPERTY, PLANT AND EQUIPMENT**AS AT 31 DECEMBER 2020**

	<u>Buildings</u> RM	Freehold <u>Land</u> RM	<u>Total</u> RM
<u>At Cost</u>			
As At 01 JANUARY	15,057,143	48,852,351	63,909,494
Disposal	(944,867)	(2,567,063)	(3,511,930)
As At 31 DECEMBER	<u>14,112,276</u>	<u>46,285,288</u>	<u>60,397,564</u>
<u>Accumulated Depreciation And Impairment</u>			
As At 01 JANUARY	2,409,143	0	2,409,143
Charge For The Year	288,545	0	288,545
Disposal	(157,478)	0	(157,478)
As At 31 DECEMBER	<u>2,540,210</u>	<u>0</u>	<u>2,540,210</u>
<u>Net Book Value</u>			
As At 01 JANUARY	<u>12,648,000</u>	<u>48,852,351</u>	<u>61,500,351</u>
As At 31 DECEMBER	<u>11,572,066</u>	<u>46,285,288</u>	<u>57,857,354</u>

- (a) As at the end of the reporting year, buildings and freehold land of the Company with a total carrying amount of RM57,857,354 (2019 : RM61,500,351) has been charged to a bank for credit facilities granted to the Company (Note 10).

5. TRADE RECEIVABLES

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Company ranges from one (1) month to three (3) months. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

6. OTHER RECEIVABLES AND PREPAYMENTS

	2020 RM	2019 RM
Prepayments	1,811,306	0
Other Receivables	<u>313,140</u>	<u>0</u>
	<u>2,124,446</u>	<u>0</u>

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

7. CASH AND CASH EQUIVALENTS

	2020 RM	2019 RM
Cash And Bank Balances	230,344	15
As Per Statement Of Financial Position And Statement Of Cash Flows	<u>230,344</u>	<u>15</u>

8. SHARE CAPITAL

	2020 RM	2019 RM
Ordinary Share		
Issued And Paid-Up Capital	<u>1,000,000</u>	<u>1,000,000</u>

9. RETAINED EARNINGS

Retained earnings are available for distributions by way of dividends. Under the single tier tax system, tax on the Company's profit is a final tax in Malaysia, and any dividends distributed are not taxable in the hands of the shareholders.

10. BANK BORROWINGS

	2020 RM	2019 RM
The Term Of Repayment Of Borrowings Are As Follow:		
<u>Current Liabilities</u>		
Bank Overdraft	5	1,521,120
Term Loans	<u>10,942,701</u>	<u>3,333,333</u>
	<u>10,942,706</u>	<u>4,854,453</u>
<u>Non-Current Liabilities</u>		
Term Loans		
Not Later Than 2 Years	<u>12,843,118</u>	<u>19,253,632</u>
	<u>12,843,118</u>	<u>19,253,632</u>
	<u>23,785,824</u>	<u>24,108,085</u>

The bank borrowings are secured by the way of :

- (a) Joint and several guarantee by the directors of the Company;
- (b) First charge over the Company's property (Note 4), and
- (c) Corporate guarantee by OCR Land Holdings Sdn Bhd and Pasti Berjaya Enterprise Sdn Bhd

Bank overdraft interest is at 7.85% (2019 : 7.85%) per annum.

Term loan interest is at 10.0% (2019 : 5.15%) per annum.

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

11. DEFERRED TAXATION

	2020	2019
	RM	RM
As At 01 JANUARY	460,748	460,748
As At 31 DECEMBER	<u>460,748</u>	<u>460,748</u>
Presented After Appropriate Offsetting As Follows : -		
Deferred Tax Liabilities	<u>460,748</u>	<u>460,748</u>

The deferred tax liabilities are provided in respect of timing differences arising from the excess of capital allowances over book depreciation.

12. TRADE PAYABLES

	2020	2019
	RM	RM
Company Related To Directors	313,140	0
Third Parties	<u>7,420</u>	<u>7,420</u>
	<u>320,560</u>	<u>7,420</u>

Trade payables are non-interest bearing and the normal trade credit terms granted to the Company ranges from one (1) month to three (3) months. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

13. OTHER PAYABLES AND ACCRUALS

	2020	2019
	RM	RM
Accruals	7,200	682,780
Company Related To Directors	10,745,208	0
Customers' Deposits	8,101,480	0
Sundry Payables	<u>14,988,475</u>	<u>14,707,480</u>
	<u>33,842,363</u>	<u>15,390,260</u>

Amount owing to company related to director is unsecured, interest free and repayable upon demand in cash and cash equivalents.

14. AMOUNT OWING TO DIRECTORS

Amount owing to directors are unsecured, interest free and repayable upon demand in cash and cash equivalents.

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020(CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

15. FINANCE EXPENSES

	2020	2019
	RM	RM
Bank Overdraft Interest	86,699	134,364
Term Loan Interest	1,234,869	1,146,973
	<u>1,321,568</u>	<u>1,281,337</u>

16. PROFIT / (LOSS) BEFORE TAXATION

Profit / (Loss) before taxation has been arrived : -

	2020	2019
	RM	RM
<u>After Charging : -</u>		
Audit Fees	5,000	3,000
Bad Debts Written Off	1,553,500	0
Depreciation	288,545	301,143
<u>After (Crediting) : -</u>		
Gain On Disposal Of Property, Plant And Equipment	(6,362,053)	0

17. TAXATION

	2020	2019
	RM	RM
Component Of The Tax Expenses		
(Over) Provision Of Taxation In Prior Years	(496,226)	0
	<u>(496,226)</u>	<u>0</u>
Reconciliation Of The Effective Tax Rate : -		
Profit / (Loss) Before Taxation	<u>796,928</u>	<u>(1,804,444)</u>
Taxation At Statutory Tax Rate 24% (2019 : 17%)	191,263	(306,755)
Income Subjected To Real Property Gain Tax	(721,495)	0
Effect Of Non-Deductible Expenses	530,232	306,755
(Over) Provision Of Taxation In Prior Years	(496,226)	0
	<u>(496,226)</u>	<u>0</u>

SUONG SDN BHD

Company No. 201101002849 (930987-K)
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18. RELATED PARTY DISCLOSURES

In addition to related party disclosure mentioned elsewhere in the financial statements, the other disclosure on related party relationships and significant transactions are as follow:

18.1 Control Relationship

Related parties are parties in which one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company has related party relationships with the following:

(a) Key Management Personnels:

- LEE WEI JACK
- ONG KAH HOE

(b) Companies Related To Director:

- OCR LAND HOLDINGS SDN BHD
- OCR PROPERTIES (YOLO) SDN BHD
- UNILINK SDN BHD

18.2 Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the significant related party transactions are disclosed below:

	2020 RM	2019 RM
Loan Obtained From / (Repayment To) :		
- Companies Related To Director	10,745,208	0
- Directors	(11,975,257)	582,820
Commission Paid To:		
- Company Related To Director	313,140	0

Loan obtained from / (repayment to) companies related to director and directors are unsecured, interest free, cash term and payable upon demand in cash and cash equivalent.

The directors are of the opinion that all the transactions above has been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)
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19. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The Company's financial instruments which are recognised in the statement of financial position comprise receivables, cash and bank balances, borrowings and payables.

Receivables, cash and bank balances are categorised as loans and receivables. Borrowings and payables are categorised as financial liabilities at amortised cost.

The carrying amount of the financial assets and liabilities of the Company at the reporting date approximate or are at their fair values.

The carrying amounts of borrowings are reasonable approximation of fair value because they are floating rate instruments which are repriced to market interest rates.

20. FUNDAMENTAL ACCOUNTING CONCEPT

The financial statements of the Company have been prepared on a going concern basis and that necessary financial support from the Directors will be available and the realisation of the assets and settlement of the liabilities will occur in the ordinary course of business. As at **31 DECEMBER 2020**, the net current liabilities are as follow: -

	2020	2019
	RM	RM
Net Current Liabilities	<u>35,291,942</u>	<u>33,817,579</u>

21. SIGNIFICANT EVENT

On **11 MARCH 2020**, the World Health Organisation assessed the COVID-19 outbreak as a pandemic due to rapid escalation of COVID-19 cases across the globe. On **16 MARCH 2020**, the Government of Malaysia announced the implementation of a Movement Control Order ("MCO") nationwide from **18 MARCH** to **31 MARCH 2020** and was subsequently further extended on several occasions to **9 JUNE 2020**, with the implementation of Conditional Movement Control Order ("CMCO").

On **7 JUNE 2020**, the Government of Malaysia announced that the CMCO which expires on **9 JUNE 2020** will be replaced by the Recovery Movement Control Order ("RMCO") from **10 JUNE 2020** to **31 AUGUST 2020**.

On **28 AUGUST 2020**, the Government of Malaysia announced that the RMCO which expires on **31 AUGUST 2020** will extended until **31 DECEMBER 2020**.

SUONG SDN BHD

Company No. 201101002849 (930987-K)
(Incorporated In Malaysia)

21. SIGNIFICANT EVENT - (CON'T)

Subsequently the government announced that the MCO 2.0 that was in place since **13 JANUARY 2021** will be replaced with the CMCO until the date of this report.

The outbreak of COVID-19 in early 2020 has affected the business and economic environment of the Company. Both the government and private sector have taken measures to contain the spread of the virus such as travel bans, quarantines, closures of non-essential services and physical distancing, all of which have impact the Company's operation directly and indirectly. Although the Company has applied some critical judgements in its accounting policies as disclosed in Note 3, the full impact of the COVID-19 pandemic on the Company's financial statements cannot be reasonably quantified at this juncture.

22. SUBSEQUENT EVENTS

Subsequent to the financial year, the land and building (Note 4) of the Company amounting to RM57,857,354 had been transferred to properties held for development.

23. CHANGE OF AUDITORS

The financial statements of the previous year were audited by a firm other than YH TAN & ASSOCIATES PLT.

24. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board Of Directors in accordance with a resolution of the directors on same day as the directors' report.

AUDITED FINANCIAL STATEMENTS OF OCR SELAYANG FOR THE FYE 31 DECEMBER 2020 (CONT'D)

SUONG SDN BHD

Company No. 201101002849 (930987-K)

(Incorporated In Malaysia)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	RM	RM	RM	RM
<u>Other Operating Income</u>				
Gain On Disposal Of Property, Plant And Equipment		6,362,053		0
Less : <u>Administrative Expenses</u>				
Agent Commission	626,280		0	
Audit Fees	5,000		3,000	
Bad Debts Written Off	1,553,500		0	
Bank Charges	220		31	
Compensation Fees	873		3,994	
Depreciation	288,545		301,143	
Filing Fees	600		0	
Handling Charges	10		0	
Insurance	0		11,840	
Legal Fees	1,120,029		0	
Penalty	127,245		0	
Printing And Stationery	2,633		0	
Professional Fees	95,315		0	
Quit Rent	208,035		201,579	
Secreterial Fees	2,100		720	
Service Tax	792		0	
Stamp Duty	210,180		0	
Tax Consultation Fees	2,200		800	
	<u>4,243,557</u>		<u>523,107</u>	
Less : <u>Finance Expenses</u>				
Bank Overdraft Interest	86,699		134,364	
Term Loans Interest	<u>1,234,869</u>		<u>1,146,973</u>	
	<u>1,321,568</u>		<u>1,281,337</u>	
		(5,565,125)		(1,804,444)
Profit / (Loss) Before Taxation		<u><u>796,928</u></u>		<u><u>(1,804,444)</u></u>

VALUATION CERTIFICATE FOR THE LANDS

**PRIVATE & CONFIDENTIAL****OCR Group Berhad**

A-3A-01, Block Allamanda
 10 Boulevard, Lebuhraya Sprint
 Jalan PJU 6A/3A, 47400 Petaling Jaya
 Selangor Darul Ehsan

Date: 8th November 2021

Reference: V/COR/21/0078/hhw

Dear Sir / Madam,

VALUATION CERTIFICATE OF LOT NO(S). 46915, 46917 AND 46916 HELD UNDER TITLE NO(S). GERAN 41063, GERAN 41064 AND GERAN 41076, ALL LOCATED WITHIN BANDAR SELAYANG, DISTRICT OF GOMBAK, SELANGOR DARUL EHSAN (HEREINAFTER REFERRED TO AS THE "SUBJECT PROPERTY")

We were instructed by OCR Group Berhad (hereinafter referred to as the Client) to ascertain the Market Value of the interests in perpetuity of two (2) parcels of industrial land with planning approval for redevelopment into saleable industrial detached plots identified as Lot No(s). 46915 and 46917 and a parcel of industrial land reserved for Tenaga Nasional Berhad ("TNB") transmission line identified as Lot No. 46916; all located within Bandar Selayang, District of Gombak, Selangor Darul Ehsan (hereinafter referred to as the Subject Property).

This Valuation Certificate is prepared for inclusion in the Circular to shareholders and submission to Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the proposed acquisition by OCR Group Berhad of 50% equity interest in Suong Sdn Bhd (now known as OCR Selayang Industrial Park Sdn Bhd) from Ong Kah Hoe and Lee Wei Jack for an indicative purchase consideration of approximately RM14.12 million to be satisfied entirely via issuance and allotment of new ordinary shares in OCR Group Berhad ("Proposed Acquisition of OCR Selayang").

The Valuation was prepared in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

This Valuation Certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal Valuation Reports. For all intents and purposes, this Valuation Certificate should be read in conjunction with our formal Valuation Reports.

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

Accordingly, we have conducted the site inspection of the Subject Property on various occasions; being latest on **30th September 2021**. As such, we have adopted the aforesaid date of inspection as the material date of valuation.

Brief description of the Subject Property is attached overleaf.

Knight Frank Malaysia Sdn Bhd Co. Reg. No. 200201017816 (585479-A) (VE (1) 0141)

Suite 10.01, Level 10, Centrepont South, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia
 T + 603 228 99 688 F + 603 228 99 788 www.knightfrank.com

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.1 IDENTIFICATION OF PROPERTY

Legal Description	Lot No(s). 46915, 46917 and 46916 held under Title No(s). Geran 41063, Geran 41064 and Geran 41076 respectively, all located within Bandar Selayang, District of Gombak, Selangor Darul Ehsan.
Locality	Located within Kawasan Perindustrian Taman Selayang Baru; which is sited of the northern (right) side of Jalan Kuching, travelling from Jinjang towards Selayang. Geographically, the Subject Property is located approximately 12 kilometres due north-west of the Kuala Lumpur city centre.
Type of Property	Two (2) parcels of industrial land with planning approval for redevelopment into saleable industrial detached plots identified as Lot No(s). 46915 and 46917 and a parcel of industrial land reserved for TNB transmission line identified as Lot No. 46916.
Title Particulars	The following table outlines the title particulars of the Subject Property: -

Summary of Title Particulars			
Lot No.	Title No.	Land Area (square metres)	Out Rent (Land Tax) (per annum)
46915	Geran 41063	49,960	RM136,441.00
46917	Geran 41064	477	RM1,174.00
46916	Geran 41076	5,271	RM12,967.00

The following particulars are common to the above titles unless otherwise stated:-

Mukim / District / State	: Bandar Selayang, District of Gombak, Selangor Darul Ehsan.
Tenure	: Interest in perpetuity.
Registered Proprietor	: Suong Sdn Bhd*.
Category of Land Use	: "Perusahaan".
Express Condition	: <u>Lot 46915</u> ➤ "Perusahaan"
	: <u>Lot 46917</u> ➤ "Pencawang elektrik"
	: <u>Lot 46916</u> ➤ "Simpanan Kabel elektrik". ➤ "Pembinaan bangunan-bangunan mengikut MPPJ".
Restriction-In-Interest	: Nil.
Encumbrances	: <u>Lot No(s). 46915 and 46917</u> ➤ Charged to OSK Capital Sdn Bhd vide Presentation No. 86155/2020 registered on 10 th December 2020; in respect of Lot 46915 and Lot 46917.
	: <u>Lot No. 46916</u> ➤ NIL.

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.1 IDENTIFICATION OF PROPERTY (CONT'D)

Title Particulars (Cont'd)	Endorsements
	<p><u>Lot No. 46915</u></p> <ul style="list-style-type: none"> ➤ A private caveat has been lodged in favour of OSK Capital Sdn Bhd vide Presentation No. 28076/2020 registered on 24th August 2020. ➤ Leased part of the land measuring 375/549,699 square feet to Tenaga Nasional Berhad for a period of 30 years commencing from 15th November 1986 and ending on 14th November 2016 vide Presentation No. 6173/1987 registered on 18th May 1987. ➤ "Perletakhakan Berkanun – Borang 30A melibatkan Pajakan No. Pers 6173/1987" from Lembaga Letrik Negara Tanah Melayu to Tenaga Nasional Berhad vide Presentation No. 39438/2008 registered on 22nd August 2008. <p><u>Lot No. 46917</u></p> <ul style="list-style-type: none"> ➤ A private caveat has been lodged in favour of OSK Capital Sdn Bhd vide Presentation No. 28076/2020 registered on 24th August 2020. <p><u>Lot No. 46916</u></p> <ul style="list-style-type: none"> ➤ Nil.

* Note: We note that Suong Sdn Bhd is now known as OCR Selayang Industrial Park Sdn Bhd.

Site Description

The Subject Property comprise three (3) parcels of industrial land; when combined form an irregular shape with a total surveyed land area of about 55,708 square metres (599,636 square feet | 13.766 acres). The Subject Property face north-east onto Jalan 4 and the site boundaries generally abut onto neighbouring lots.

Collectively, the Subject Property are generally flat and on platform level save and except Lot No. 46916 (currently accommodating the TNB transmission line). Presently, we note the site is cleared and undergoing site preparation for Lot No(s) 46915 and 46917 whilst Lot No. 46916 has a TNB transmission line traversing across the south-eastern boundary.

The site boundaries are generally demarcated by a combination of plastered brickwalls surmounted with metal grilles, chain-link fencing, fair-faced brickwalls as well as corrugated metal hoarding sheets.

The Subject Property (Lot No(s). 46915 and 46917) measuring 50,437 square metres (542,899 square feet | 12.463 acres) will be jointly redeveloped into saleable industrial detached plots as per the approved planning permission (approval letter issued by Majlis Perbandaran Selayang bearing Reference No. MPS 3/2-1371/2745(KM/PIN)) dated 24th September 2021 and site layout plan bearing Plan No. IP/018/46915 & 46917/21-06 (01) dated March 2021. Therefore, we have valued the Subject Property as a vacant redevelopment industrial land.

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.1 IDENTIFICATION OF PROPERTY (CONT'D)

Site Description (Cont'd)	We have not conducted any boundary checks, however, we assume the dimensions correspond with those shown in the title document and relevant plans. As our inspection was done specifically for the purpose of this valuation, it is advised that any parties interested in the Subject Property for any other reasons whatsoever conduct their own inspection to confirm the relevant site details and engage the services of a qualified land surveyor to determine the boundaries if so required.
Planning	Lot No. 46915 is located within an area designated for industrial use with a permissible plot ratio of 1 : 3 save and except Lot No(s). 46917 and 46916 are designated for supply of electricity in accordance to the Rancangan Tempatan Majlis Perbandaran Selayang 2020.
Planning Permission	<p>In accordance to the initial planning permission approval letter bearing Reference No(s). MPS3/2-1371/2745(OSC 3.0)KM/505 dated 19th April 2021 issued by Selayang Municipal Council, we note that the Lot No(s). 46915 and 46917 have been granted planning approval to demolish existing detached factory (currently have been cleared) and subdivide the aforesaid lands into ten (10) industrial detached plots.</p> <p>However, we further note that Lot No(s). 46915 and 46917 has been granted with a subsequent approval letter bearing MPS 3/2-1371/2745(KM/PIN) dated 24th September 2021 to reduce / reconfigure from the ten (10) saleable industrial detached plots into five (5) saleable industrial detached plots whilst Lot No. 46916 is reserved for TNB transmission line.</p> <p>Details of the proposed development of the five (5) saleable industrial detached plots are extracted from the Site Layout Plan bearing Plan No. IP/018/46915 & 46917/21-06 (01) dated March 2021 as shown below:-</p>

Land Area					
Previous Approval			Approved Amendment		
Developer Lot No.	Square Feet	Acres	Developer Lot No.	Square Metre	Acres
1	50,000.85	1.148	1		
2	25,622.66	0.588	(Previously Lot No(s). 1, 2, 3 and 10 and presently combined as one large industrial detached plot)	226,391.38	5.143 ⁽¹⁾ (5.141)
3	27,066.90	0.621			
4	29,802.77	0.684	2 (Previously identified as Lot 9)	51,157.65	1.174
5	31,000.44	0.712	3 (Previously identified as Lot 8)	48,043.75	1.103
6	30,990.47	0.711	4 (Previously identified as Lot 7)	45,372.60	1.042
7	45,372.60	1.042			
8	48,043.75	1.103	5 (Previously identified as Lot No(s). 4, 5 and 6 and presently combined as one large industrial detached plot)	92,605.83	2.127 ⁽¹⁾ (2.126)
9	51,157.65	1.174			
10	88,095.50	2.022			
TOTAL⁽¹⁾⁽²⁾	427,153.58	9.805	TOTAL⁽³⁾⁽⁴⁾	461,138.93	10.586

Source: Site Layout Plan bearing Plan No. IP/018/46915 & 46917/21-09/06 (01) prepared by Iplan Planners Sdn Bhd on March 2021

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.1 IDENTIFICATION OF PROPERTY (CONT'D)

Notes:

- (1) Discrepancies due to rounding effect on acres and square metres conversion calculation.
- (2) The total of land area of the subdivided industrial detached plots for Previous Approval and Approved Amendment does not tally because the subdivided industrial detached plots in the Previous Approval have been reconfigured when compared to the Approved Amendment whereby some of the saleable industrial detached plots will include some internal inner roads / reconfiguration of the planting perimeter that were proposed in the Previous Approval.
- (3) The summations may not tally due to revised size and / or rounding effect.

As such, we have adopted the latest approval letter for the amendment (which is based on five (5) saleable industrial detached plots as per the Plan No. IP/018/46915 & 46917/21-06 (01) prepared by Iplan Planners Sdn Bhd dated March 2021) in our Report and Valuation.

1.2 MARKET VALUE

Valuation Methodology In arriving at our opinion of the Market Value of the Subject Property, we have adopted the **Income Approach by Residual Method** supported by the **Comparison Approach**.

COVID-19 Disclosure The outbreak of the COVID-19 pandemic and the subsequent government policies and rulings to curb and contain the spread of the disease and initiatives to revive the economy in the forms of fiscal & monetary policies, Movement Control Order (MCO), Conditional Movement Control Order (CMCO), Recovery Movement Control Order (RMCO) and Full Movement Control Order (FMCO) together with the current Phase Four of the National Recovery Plan (NRP) which has started from 18th October 2021 have directly impacted the main key parameters that drive property values such as demand, take up rates, occupancy rates, rental rates, holding periods, development periods and yields / expected rate of returns.

Therefore, we have accounted for the potential impact of the COVID-19 outbreak on those key parameters in our valuation analysis, methodologies and workings. The adjustments used to account for the impact on the main key drivers will depend on the type of valuation approaches being adopted and the type of property and property sub-sector (i.e. industrial) that are being valued. Some of these adjustments are used independently and some are used together.

A brief explanation on how we accounted for the impact on the main key drivers are: -

Income Approach by Residual Method

- Longer development period and holding period
- Higher discount rates

Comparison Approach

- Adjustments are made on time factor (if the sale evidences used in the Comparison Approach were transacted before the outbreak, we have adopted downward adjustment)

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.2 MARKET VALUE (CONT'D)

Income Approach by
Residual Method

This approach is based on the premise that the price which a purchaser can pay for a property is the present value of the surplus amount or residual value after deducting out the full cost of development (Gross Development Cost) and profit from the sales proceeds (Gross Development Value) of the completed development, which is then discounted at an appropriate rate to reflect the inherent risk and holding cost for the period of development to arrive at the current Market Value.

Summary of Parameters – Residual Method	
Gross Development Value (GDV)	
Saleable Industrial Detached Plots	RM139,082,103
Total GDV	RM139,082,103
Gross Development Cost (GDC)	
Building Construction Cost	-
Other Related Cost + Expenses (Land related charges and statutory contribution, preliminaries and common infrastructure cost, professional / consultant fees, contingencies, marketing, agency and legal fees, finance charges, and developer's profit)	RM34,540,158
Total GDC	RM34,540,158
Development Period	1.50 years.
Present Value (Discount Rate)	8.00%.

Notes: Numbers may not add up precisely to the totals reported hereafter due to rounding.

Gross Development Value
(GDV)

In arriving at the Gross Development Value (GDV), we have adopted the Sale and Purchase Agreement selling prices as the final GDV to be fair representation after taken into consideration the take-up rates and sales performance whereby as at the date of inspection, the five (5) saleable industrial detached plots are 100% sold.

Detailed breakdown of GDV is tabulated as below.

Summary of the GDV Adopted in Income Approach by Residual Method				
Developer Parcel No.	Date of Sale and Purchase Agreement	Land Size (Square Feet)	Total Selling Price	
Lot 1	16 th March 2021	226,391 *	RM67,917,414	RM300 psf
Lot 2	21 st April 2021	51,158	RM15,347,295	RM300 psf
Lot 3	26 th October 2020	48,080 *	RM14,423,865	RM300 psf
Lot 4	27 th April 2021	45,373	RM13,611,780	RM300 psf
Lot 5	31 st August 2021	92,606	RM27,781,749	RM300psf
Total GDV		463,607	RM139,082,103	RM300psf

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.2 MARKET VALUE (CONT'D)

* Note: We note that the land area as disclosed in the Sale and Purchase Agreement ("SPA") for Developer Parcel No. Lot 1 and Lot 3 are slightly different from the Site Layout Plan bearing Plan No. IP/018/46915 & 46917/21-09/06 (01) prepared by Iplan Planners Sdn Bhd due to the aforesaid parcels were sold before the Approved Amendment was granted on the 24th September 2021. As such, we have adopted the land areas of 223,959 square feet and 48,044 square feet for Lot 1 and 3 respectively as extracted from the Site Layout Plan in our assessment to derive the GDV in the Income Approach by Residual Method.

GDV – Saleable Industrial Detached Plots

We have made reference to the secondary transactions using the **Comparison Approach** to determine if the selling price are deemed a fair representation. This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued (Subject Property) is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

Using the Comparison Approach, we have identified and analysed the selected land sales transactions in the immediate and surrounding vicinity of the Subject Property and summarised the details in the table as below.

Developer Parcel No. Lot 3 – Base Plot Analysis

We have selected Developer Parcel No. 3 as our base plot analysis as the aforesaid parcel is a typical intermediate plot, regular in shape and a typical standard industrial size; collectively is an ideal parcel to be compared with the selected comparables ("GDV Comparables").

Sales Comparison and Analysis of Saleable Industrial Detached Plots			
	GDV Comparable 1	GDV Comparable 2	GDV Comparable 3
Legal Description	Lot No. 70210 held under Title No. Geran 283720, Bandar Selayang, District of Gombak, Selangor Darul Ehsan	Lot No. 16989 held under Title No. Geran 24232, Mukim Batu, District of Gombak, Selangor Darul Ehsan	Lot No(s). 32 & 33 held under Title No(s). GRN 222596 & GRN 222597 respectively, both located within Bandar Selayang, District of Gombak, Selangor Darul Ehsan
Location	Located along Jalan DBP, Taman Industri Dolomite, Selangor Darul Ehsan	Located along Jalan 2, Kawasan Industri Taman Selayang Baru, Selangor Darul Ehsan	Located along Jalan SBC 9, Kawasan Industri Batu Caves, Selangor Darul Ehsan
Property Type	A parcel of industrial land	A parcel of industrial land	Two (2) parcels of industrial land
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Title Land Area	19,795 square feet	22,301 square feet	78,846 square feet
Zoning / Planning	Zoned for industrial use with permissible plot ratio of 1:3		
Consideration	RM7,819,025	RM6,244,560	RM22,867,370
Date	22 nd January 2020	18 th June 2019	19 th July 2017
Vendor	Mega Palette Sdn Bhd	Lim Goh Eng Holdings Sdn Bhd	Dolomite Industrial Park Sdn Bhd
Purchaser	PLS Property Sdn Bhd	HSB Frozen Foods Sdn Bhd	B-Canyon (M) Sdn Bhd and Dynasun Sdn Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Analysis	RM395 per square foot	RM280 per square foot	RM290 per square foot
Adjustments	General adjustments are made for prevailing market condition, location / establishment, accessibility, exposure / frontages, terrain / level and land size		
Adjusted Value	RM336 per square foot	RM293 per square foot	RM334 per square foot

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.2 MARKET VALUE (CONT'D)

**Valuation Rationale –
Saleable Industrial
Detached Plots (Cont'd)**

From the above adjusted values from GDV Comparables, we note that the derived values ranged between **RM293 per square foot to RM338 per square foot**. In view of limited recorded transactions of identical land sales transactions within the immediate and surrounding vicinity, we have resorted to adopt the selected Comparable(s) in our valuation assessment using the Comparison Approach; as it is not possible to identify exactly alike properties to make reference to. Hence, appropriate adjustments are applied to reflect for the differences between the selected Comparable(s) and the property being valued (Subject Property).

Although total adjustments of up to 20% on selected Comparable(s) were considered and made in our assessment, we are of the view that the selected Comparable(s) adopted are still relevant by virtue of the fact that they are located within arguably similar localities and have relatively similar attributes to the Subject Property.

With total effective adjustments made for all Comparable(s), we have placed greater emphasis and reliance on GDV Comparable 3 (being the largest in land size) after having considered and made diligent adjustments for prevailing market condition, location / establishment, accessibility, exposure / frontages, terrain / level and land size.

Based on the foregoing, we have thus adopted the effective adjusted value of **RM334 per square foot** in our valuation after having made the necessary adjustments for the base plot (Developer Parcel No. Lot 3).

Summary of Adjustment of the Saleable Industrial Detached Plots

Base Plot Analysis

Developer Parcel No. Lot 3 : 48,044 square feet @ RM334 psf

Developer Parcel No.	Land Size (Square Feet)	General Adjustments	Adjusted Value (RM psf)
Lot 1	223,959	General adjustments for land size, exposure / frontage, shape, lot configuration and adverse feature	RM267 psf
Lot 2	51,158		RM350 psf
Lot 4	45,373		RM317 psf
Lot 5	92,606		RM300 psf
Total Average Value of Five (5) Saleable Industrial Detached Plots (461,140 square feet)			RM295 psf

Using the base plot of Developer Parcel No. Lot 3, general adjustments were made to the other industrial detached plots (Developer Parcel No(s). Lot 1, 2, 4 and 5) on land size, exposure, shape, lot configuration and adverse feature respectively.

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.2 MARKET VALUE (CONT'D)

**Valuation Rationale –
Saleable Industrial
Detached Plots (Cont'd)**

For Developer Parcel No(s). Lot 1 and 5 are generally larger in land size as compared to base plot (Developer Parcel No. Lot 3), thus, downward adjustments were made to reflect the larger land size of the respective of the other industrial detached plots. In addition, further downward adjustments were made for Developer Parcel No. Lot 1 for shape as it is irregular in shape, Developer Parcel No. Lot 4 for adverse feature as it is located next to the TNB transmission line and Lot 5 for exposure because Developer Parcel No. Lot 5 does not have exposure onto Jalan 4 as compared to the base plot (Developer Parcel No. Lot 3) whilst an upward adjustment was made for Lot 2 as it is a corner lot.

Therefore, we consider a lower rate per square foot is applicable to the Developer Parcel No(s). Lot 1, 4 and 5 whilst Developer Parcel No. Lot 2 will have a higher rate per square foot as the base plot (Developer Parcel No. Lot 3).

Thus, we are in the opinion that the total selling price by the Client of **RM139,082,103** (analysed as **RM302 per square foot** over the total land area of 461,140 square feet of the five (5) saleable industrial detached plots) is deemed fair after making reference to the GDV comparison analysis which is RM295 per square foot.

**Gross Development Cost
(GDC)**

In arriving at the Gross Development Cost (GDC), we have made reference to the industry average costing as derived from analysis of other awarded contracts of similar projects and average building costs of similar type of properties.

Summary of Gross Development Cost (GDC)			
Description	Analysis	Total Cost Adopted	Remarks
Statutory Charges / Contribution / Land Related Charges	1.85% of total GDV	RM2,570,517	We have made reference to the industry average costings.
Preliminaries and Infrastructure Costs	Site Preparation and Mobilisation Cost: RM10.00 psf over gross land area	RM5,428,993	We have made reference to the industry average costing and awarded contracts for similar projects.
	Preliminaries and Common / External Infrastructure Costs: RM5.00 psf over gross land area	RM2,714,497	
Professional Fees / Consultant Fees	6.00% of total preliminaries, infrastructure costs and building construction cost	RM488,609	The professional fees to be incurred are for various professionals engaged in different stages of development construction. We have adopted a rate of 6.00% of total preliminaries, infrastructure costs and building construction costs as fair representation which is reflective of market industry for the intended development.
Contingencies	3.00% of total preliminaries, infrastructure costs, building construction cost and professional fees	RM258,963	We have adopted a rate of 3.00% of total preliminaries, infrastructure costs, building construction costs and professional fees as contingencies to be fair representation and reflective of market industry for the intended development.
Marketing, Agency and Legal Fees	1.50% of total GDV	RM2,086,232	We have adopted 1.50% of the total GDV as marketing, agency and legal fees to be fair and reflective of industry practice.

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.2 MARKET VALUE (CONT'D)

Summary of Gross Development Cost (GDC) (Cont'd)			
Description	Analysis	Total Cost Adopted	Remarks
Financial Charges	30.00% of total preliminaries, infrastructure costs, building construction cost, professional fees and contingencies capitalized at 6.50% per annum for a period of 0.75 years.	RM130,032	Bridging finance is based on 30.00% of total preliminaries, infrastructure costs, building construction cost, professional fees and contingencies, capitalised at 6.50% per annum (borrowing cost) for a period of 0.75 years after taking into consideration of the development progress and development phasing. In arriving at the borrowing cost of 6.50%, we have generally benchmarked against the average base rate offered by banks at 2.50% + a spread in the region of 4.00% for any typical project financing.
Developer's Profit	15.00% of total GDV	RM20,862,315	Typically, a rate of return of about 10.00% to 15% of the GDV is required for a developer to commit to a project development. We have thus adopted 15.00% for the industrial detached plots as developer's profit as fair representation and reflective of industry average.
Total GDC		RM34,540,150	

Development Period We have adopted a remaining development period of **1.50 years** as reasonable after having considered the current sales performance of the development, demand, take-up rates and sales performance of other similar developments, the type and intensity of the development, the product features being offered as well as the potential impact of the COVID-19 pandemic.

Present Value (Discount Rate) Present value is the value on a given date of a future payment or series of future payments, discounted to adequately reflect and adjust for both risk and time value of money. In accordance to the Malaysian Valuation Standards, the discount rate used in the valuation should be market derived.

As such, a discount rate of **8.00%** is adopted for the Subject Property in our valuation (6.00% to 6.50% being the range of expected returns for industrial properties + 2.00% for inflation and there will be minimal impact caused by COVID-19 pandemic on industrial properties).

Based on the foregoing, we have thus adopted **RM93,000,000** (analysed to about **RM171.30 per square foot** over net land area of 12.463 acres (Lot No(s). 46915 and 46917)) in our valuation as a fair representation using Income Approach by Residual Method.

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.2 MARKET VALUE (CONT'D)

Comparison Approach As checked method, we have adopted the **Comparison Approach** as defined hereinbefore. We have identified and analysed the selected land sales transactions in the immediate and surrounding vicinity of the Subject Property and summarised the details in the table as below.

Sales Comparison and Analysis of Industrial Lands			
	Comparable 1	Comparable 2	Comparable 3
Legal Description	Lot No. 70210 held under Title No. Geran 283720, Bandar Selayang, District of Gombak, Selangor Darul Ehsan	Lot No. 16989 held under Title No. Geran 24232, Mukim Batu, District of Gombak, Selangor Darul Ehsan	Lot No(s). 32 & 33 held under Title No(s). GRN 222596 & GRN 222597 respectively, both located within Bandar Selayang, District of Gombak, Selangor Darul Ehsan
Location	Located along Jalan DBP, Taman Industri Dolomite, Selangor Darul Ehsan	Located along Jalan 2, Kawasan Industri Taman Selayang Baru, Selangor Darul Ehsan	Located along Jalan SBC 9, Kawasan Industri Batu Caves, Selangor Darul Ehsan
Property Type	A parcel of industrial land	A parcel of industrial land	Two (2) parcels of industrial land
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Title Land Area	19,795 square feet	22,301 square feet	78,846 square feet
Zoning / Planning	Zoned for industrial use with permissible plot ratio of 1:3		
Consideration	RM7,819,025	RM6,244,560	RM22,867,370
Date	22 nd January 2020	18 th June 2019	19 th July 2017
Vendor	Mega Palette Sdn Bhd	Lim Goh Eng Holdings Sdn Bhd	Dolomite Industrial Park Sdn Bhd
Purchaser	PLS Property Sdn Bhd	HSH Frozen Foods Sdn Bhd	B-Canyon (M) Sdn Bhd and Dynasun Sdn Bhd
Source	Jabatan Penilaian dan Perkhidmatan Harta (JPPH)		
Analysis	RM395.00 per square foot	RM280.01 per square foot	RM290.03 per square foot
Adjustments	General adjustments are made for prevailing market condition, location / establishment, accessibility, exposure / frontages, shape, terrain / level, land size, planning approval and adverse feature		
Adjusted Value	RM187.63 per square foot	RM154.01 per square foot	RM183.44 per square foot

Valuation Rationale Due to the dearth transactions of larger industrial lands within the immediate locality and larger vicinity, we have resorted to adopt similar comparables (smaller industrial plots) that were used in the GDV Comparison Analysis to derive at our opinion of Market Value of the Subject Property. Nevertheless, we have made appropriate adjustments for differences especially the land size factor (where up to -40% adjustments were made). Other difference accounted for in our analysis including location / establishment, accessibility, exposure / frontages, shape, terrain / level, planning approval and adverse feature (TNB transmission line).

Since Lot No. 46916 (measuring about 1.303 acres) is reserved for TNB transmission line as expressly stipulated in the title document, we have only considered Lot No(s). 46915 and 46917 measuring about 12.463 acres to be able to be developed and planning approval have been obtained for the aforesaid two (2) industrial lands to be subdivided into saleable industrial detached plots. For the purpose of this Report and Valuation, we have adopted the net land area of 12.463 acres (Lot No(s). 46915 and 46917) in our analysis to derive at the Market Value of the Subject Property using the Comparison Approach.

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.2 MARKET VALUE (CONT'D)

From the above adjusted values, we note that the derived values ranged between **RM154.01 per square foot to RM187.63 per square foot** over net land area of 12.463 acres (Lot No(s). 46915 and 46917). In view of limited recorded transactions of identical properties within the immediate and surrounding vicinity, we have resorted to adopt the selected Comparable(s) in our valuation assessment using the Comparison Approach; as there is scarcity in similar industrial land transactions within the larger vicinity and it is not possible to identify exactly alike properties to make reference to. Hence, appropriate adjustments are applied to reflect for the differences between the selected Comparable(s) and the property being valued (Subject Property).

Although total adjustments of up to 65% on selected Comparable(s) were considered and made in our assessment, we are of the view that the selected Comparable(s) adopted are still relevant by virtue of the fact that they are located within arguably similar localities and have relatively similar attributes to the Subject Property.

With total effective adjustments made for all Comparable(s), we have placed greater emphasis and reliance on Comparable 3 (being the largest in land size) after having considered and made diligent adjustments for location / establishment, accessibility, exposure / frontages, shape, terrain / level, land size and planning approval.

Based on the foregoing, we have thus adopted **RM99,600,000** (analysed to about **RM183.46 per square foot** over net land area of 12.463 acres (Lot No(s). 46915 and 46917)) in our valuation as a fair representation using Comparison Approach.

Reconciliation of Values

Method of Valuation	Derivation of Values
Income Approach by Residual Method	RM93,000,000
Comparison Approach	RM99,600,000

We have adopted the Income Approach by Residual Method as the most appropriate valuation methodology in assessing the Market Value of the Subject Property. The Residual Method of valuation derives the land value by estimating values of hypothetically improved properties representing the highest and best use of the site or in the case of a site with master planning approval, the proposed development and thereafter deducting estimated construction costs. In our assessment for lands intended for future development (which has yet to be launched), as long as the subject development is granted with master development approval and pre-computation plan approvals coupled with an upcoming development plan, it would be more appropriate to adopt the Income Approach by Residual Method as our valuation would rely on the proposed development plan as opposed to those lands intended for future development (without definite plan).

VALUATION CERTIFICATE FOR THE LANDS (CONT'D)



1.2 MARKET VALUE (CONT'D)

We are of the opinion that the **Market Value** of the interests-in-perpetuity in the Subject Property, subject to the titles being free from all encumbrances [including the existing charges to OSK Capital Sdn Bhd in respect of Lot No(s). 46915 and 46917], good, marketable and registrable, as at 30th September 2021 is RM93,000,000 (Ringgit Malaysia Ninety Three Million Only).

For and on behalf of
KNIGHT FRANK MALAYSIA SDN BHD
(signed and sealed by)


JUSTIN CHEE TING HWANG
Registered Valuer, V-774
MRICS, MRISM, MPEPS



Date: 08 NOV 2021

Notes:-

- i) Please note that this certificate shall only be valid provided always that a signature of our authorised signatory and an official seal have been affixed hereto.
- ii) The above valuation is peer reviewed by Knight Frank Malaysia Sdn Bhd (Head Office), Mr. Chong Teck Seng (Registered Valuer, V-331).

DIRECTORS' REPORT

OCR SELAYANG INDUSTRIAL PARK SDN.BHD. 201101002849 (930987-K)

(Formerly known as Suong Sdn. Bhd.)

A-3A-01, Block Allamanda, 10 Boulevard,

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Date: **09 FEB 2022**

**The Board of Directors of
OCR GROUP BERHAD**

Dear Sir/Madam,

On behalf of the Board of Directors of OCR Selayang Industrial Park Sdn Bhd (formerly known as Suong Sdn Bhd) ("**OCR Selayang**") ("**Board of OCR Selayang**"), I wish to report that after due inquiries in relation to OCR Selayang during the period from 31 December 2020 (being the date to which the last audited financial statements of OCR Selayang had been made up) and up to the date of this letter, being a date not earlier than 14 days before the issuance of this Circular, in the opinion of the Board of OCR Selayang:

- i. the business of OCR Selayang has been satisfactorily maintained;
- ii. since the last audited financial statements of OCR Selayang, there have been no circumstances which have adversely affected the trading or the value of the assets of OCR Selayang;
- iii. the current assets of OCR Selayang appear in the books at values which are believed to be realisable in the ordinary course of business;
- iv. there are no contingent liabilities by reason of any guarantees or indemnities given by OCR Selayang;
- v. since the last audited financial statements of OCR Selayang, the Board of OCR Selayang is not aware of any default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- vi. since the last audited financial statements of OCR Selayang, there have been no material changes in the published reserves or any unusual factors affecting the profits of OCR Selayang.

Yours faithfully,

For and on behalf of the Board of Directors of

OCR SELAYANG INDUSTRIAL PARK SDN BHD (FORMERLY KNOWN AS SUONG SDN BHD)


ONG KAH HOE
Director

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

Information relating to OCR Selayang and the Vendors in this Circular was obtained from publicly available sources and/or provided by the Vendors, directors and/or management of OCR Selayang. The responsibility of the Board is therefore limited to ensuring that such information has been accurately reproduced in this Circular and the Board accepts no further or other responsibility in respect of such information.

2. CONSENT AND CONFLICT OF INTEREST**2.1 RHBIB**

RHBIB, being the Principal Adviser to OCR for the Proposed Acquisition of OCR Selayang, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHBIB, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Company and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of the Company and/or its affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Company and/or affiliates and/or any other entity or person, hold long or short positions in the securities offered by the Company and/or its affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of the Company and/or its affiliates.

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said 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.

ADDITIONAL INFORMATION (CONT'D)

As at the LPD, RHB Banking Group had extended credit facilities amounting to RM88.00 million ("**Credit Facilities**") (with an amount of RM34.00 million outstanding) to OCR Group. The Credit Facilities represent approximately 0.33% of the audited consolidated NA of RHB Bank of approximately RM27.02 billion as at 31 December 2020.

Notwithstanding the above, RHBIB is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to OCR for the Proposed Acquisition of OCR Selayang is mitigated by the following:

- (a) RHBIB is a licensed investment bank and its appointment as the Principal Adviser to OCR for the Proposed Acquisition of OCR Selayang is in the ordinary course of its business and RHBIB does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to OCR for the Proposed Acquisition of OCR Selayang;
- (b) the Credit Facilities were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM27.02 billion as at 31 December 2020;
- (c) the Corporate Finance division of RHBIB is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHBIB confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to OCR for the Proposed Acquisition of OCR Selayang.

2.2 Malacca Securities

Malacca Securities, being the Independent Adviser to OCR for the Proposed Acquisition of OCR Selayang, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the IAL and all references thereto in the form and context in which they appear in this Circular.

Malacca Securities confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Independent Adviser to OCR for the Proposed Acquisition of OCR Selayang.

ADDITIONAL INFORMATION (CONT'D)

2.3 Knight Frank

Knight Frank, being the Valuer to OCR for the Lands in respect of the Proposed Acquisition of OCR Selayang, has given and has not subsequently withdrawn its written consent to the inclusion of its name as well as the Valuation Certificate and the extract of the Valuation Report and all references thereto in the form and context in which they appear in this Circular.

Knight Frank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Valuer to OCR for the Lands in respect of the Proposed Acquisition of OCR Selayang.

3. MATERIAL COMMITMENTS

As at the LPD, there is no material commitment incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group.

4. CONTINGENT LIABILITIES

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

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:

i. Ismail bin Othman v Duta Skyline Sdn Bhd ("DSSB") and Amazing Symphony Sdn Bhd ("ASSB")

ASSB, a wholly-owned subsidiary of the Company, had entered into a joint venture agreement dated 22 April 2019 with DSSB ("**JVA**") for the purpose of the development of a parcel of freehold land held under GRN 23940, Lot 613, Mukim Ulu Semenyih, Daerah Ulu Langat, Selangor Darul Ehsan, measuring approximately 501.5 acres owned by DSSB ("**Lot 613 Land**"). Pursuant thereto, DSSB had also executed an irrevocable limited power of attorney in favour of ASSB ("**Power of Attorney**").

On 28 August 2019, Ismail Bin Othman, one of the Directors of DSSB ("**Plaintiff**"), filed an originating summons ("**OS**") against DSSB (being the first defendant) and ASSB (being the second defendant) at the Shah Alam High Court, where the Plaintiff sought, amongst others:

- (a) a declaration that the JVA is null and void ab initio and of no effect whatsoever; and
- (b) an order that the Power of Attorney be revoked and/or cancelled.

ADDITIONAL INFORMATION (CONT'D)

The Plaintiff had also filed an application for injunction dated 28 August 2019 to, amongst others, restrain both DSSB and ASSB from acting upon and/or giving effect in any manner to the JVA and the Power of Attorney and dealing with the Lot 613 Land ("**Injunction Application**").

Pending the hearing of the Injunction Application, on 11 September 2019, the Court granted the Plaintiff an ad interim injunction until 30 September 2019, subject to undertaking as to damages from the Plaintiff ("**Ad Interim Injunction**").

AASB and DSSB filed an application to strike out the OS on 20 September 2019 and 24 September 2019 respectively ("**Striking-out Applications**").

On 30 September 2019, the Plaintiff was granted an extension of the Ad Interim Injunction until 14 October 2019, subject to undertaking as to damages.

On 14 October 2019, the Plaintiff was subsequently granted with another extension of the Ad Interim Injunction until the disposal of the Injunction Application and Striking-out Applications, subject to undertaking as to damages.

On 4 October 2021, the Plaintiff has put in an application to stay of all the proceedings. During the case management on 11 January 2022, the Court has fixed the next hearing in respect of the Plaintiff's application for stay of proceedings on 8 March 2022.

The solicitors in charge of the matter are of the view that AASB has a reasonably good chance in resisting the OS.

ii. Arbitration proceedings between OCRCSB and Kencana Amanjaya Sdn Bhd ("KASB") ("YOLO Arbitration Proceedings**")**

OCRCSB, a wholly-owned subsidiary of the Company, had awarded the contract for the construction of the main building works ("**YOLO Works**") in respect of the development of a block of 41-stories commercial building on Lot 62142 (PT. 853), Jalan PJS 8/9, PJS 8, Bandar Sunway, Petaling Jaya, Selangor ("**YOLO Project**") to KASB by a letter of award dated 15 May 2019 ("**YOLO Contract**").

KASB has delayed the YOLO Works and committed various breaches of its obligations under the YOLO Contract, including, amongst others, the following:

- (a) KASB had wholly or substantially suspended the carrying out of the YOLO Works before completion without reasonable cause;
- (b) KASB had failed to proceed regularly and/or diligently with the YOLO Works; and/or
- (c) KASB had persistently failed, refused and/or neglected to comply with the Architect's instructions.

As a result of KASB's continued defaults and breaches of the YOLO Contract, and subsequent determination of KASB's employment by OCRCSB by reason of these continued defaults and breaches of the YOLO Contract, OCRCSB has suffered and continues to suffer loss, expenses and damages.

ADDITIONAL INFORMATION (CONT'D)

On 17 June 2021, OCRCSB had commenced the YOLO Arbitration Proceedings at the Asian International Arbitration Centre ("**AIAC**") against KASB whereby OCRCSB is seeking to claim against KASB for an estimated sum of approximately RM24,000,000.00 and/or such other damages and reliefs as the arbitrator deems fit for, amongst others, the following:

- (a) damages for KASB's delays and breaches of the YOLO Contract and the determination of the KASB's employment as a result of KASB's defaults including, amongst others, additional sum to appoint a third party contractor to complete the works, additional payments to subcontractors and consultants and additional financing and/or reimbursement of financing and other costs claimable from KASB;
- (b) damages for KASB's removal of material from the site in breach of the YOLO Contract;
- (c) damages for the rectification of KASB's defective works;
- (d) reimbursement and back charges;
- (e) reimbursement of all sums paid by OCRCSB for KASB's debts to its subcontractors and back charges;
- (f) interest on the above amounts until the date of full payment;
- (g) cost and expenses of the arbitration, including OCRCSB's legal costs and expenses; and
- (h) such further and/or other relief as the arbitrator deems fit to award.

In addition, OCRCSB has sought for the return of any payments made or to be made by OCRCSB to KASB pursuant to any adjudication proceedings initiated by KASB against OCRCSB in relation to the YOLO Project pursuant to the Construction Industry Payment and Adjudication Act 2012 ("**CIPAA**").

Separately, on 27 August 2021, OCRCSB received an adjudication claim from KASB for, amongst others, the sum of RM19,076,966.00 for amount payable for work allegedly completed under the YOLO Contract ("**YOLO Adjudication**") by KASB.

The parties had on 27 January 2022 entered into a settlement agreement ("**Settlement Agreement**") in relation to the YOLO Arbitration Proceedings and the YOLO Adjudication. Save for the obligations set out in the Settlement Agreement, the parties unconditionally and irrevocably release and discharge each other from the identified released matters stated in the Settlement Agreement, including the YOLO Arbitration Proceedings and the YOLO Adjudication.

ADDITIONAL INFORMATION (CONT'D)

iii. Arbitration proceedings between OCRPKSB and KASB ("PRIYA Arbitration Proceedings")

OCRPKSB, a 90%-owned subsidiary of the Company, had awarded the contract for the construction of a main building works of 979 units of terrace houses and 130 units of semi-detached houses ("**PRIYA Works**") on Lot 8094, Mukim Penor, Daerah Kuantan, Pahang ("**PRIYA Project**") to KASB by a letter of award dated 12 January 2018 (as varied by supplemental agreements dated 7 January 2020, 16 March 2020 and 26 August 2020 respectively) ("**PRIYA Contract**").

OCRPKSB contends that KASB has delayed the PRIYA Works and committed various breaches of its obligations under the PRIYA Contract, including, amongst others, the following:

- (a) KASB had failed to proceed regularly and/or diligently with the PRIYA Works; and/or
- (b) KASB had persistently failed, refused and/or neglected to comply with the architect's instructions.

As a result of KASB's continued defaults and breaches of the PRIYA Contract, and subsequent determination of KASB's employment by OCRPKSB by reason of these continued defaults and breaches of the PRIYA Contract, OCRPKSB has suffered and continues to suffer loss, expenses and damages.

On 6 August 2021, OCRPKSB had commenced the PRIYA Arbitration Proceedings at the AIAC against KASB whereby OCRPKSB is seeking to claim against KASB for an estimated sum of approximately RM29,000,000.00 for, amongst others, the following:

- (a) damages for KASB's delays and breaches of PRIYA Contract and the determination of the KASB's employment as a result of KASB's defaults including, amongst others, additional sum to appoint a third party contractor to complete the PRIYA Works, additional payments to subcontractors and consultants and additional financing and/or reimbursement of financing and other costs claimable from KASB;
- (b) damages for the rectification of KASB's defective PRIYA Works;
- (c) damages for KASB's failure to achieve the progress completion milestone in accordance with the PRIYA Contract;
- (d) damages for KASB's failure to renew and/or extend the performance bond;
- (e) payment of all OCRPKSB's costs, losses and liabilities incurred arising from KASB's breaches of the PRIYA Contract;
- (f) an order that OCRPKSB is entitled to withhold, deduct and/or set-off payment of any sums payable by OCRPKSB to KASB pursuant to the PRIYA Contract;
- (g) interest on the above amounts until the date of full payment;
- (h) cost and expenses of the arbitration, including OCRPKSB's legal costs and expenses; and
- (i) such further and/or other relief as the arbitrator deems fit to award.

ADDITIONAL INFORMATION (CONT'D)

In addition, OCRPKSB has sought for the return of any payments made or to be made by OCRPKSB to KASB pursuant any adjudication proceedings initiated by KASB against OCRPKSB in relation to the PRIYA Project.

Separately, on 24 September 2021, OCRPKSB received an adjudication claim from KASB for, amongst others, the sum of RM14,442,525.49 for amount payable for work allegedly completed by KASB under the PRIYA Contract ("**PRIYA Adjudication**") pursuant to the CIPAA.

The parties had on 27 January 2022 entered into the Settlement Agreement in relation to the PRIYA Arbitration Proceedings and the PRIYA Adjudication. Save for the obligations set out in the Settlement Agreement, the parties unconditionally and irrevocably release and discharge each other from the identified released matters stated in the Settlement Agreement, including the PRIYA Arbitration Proceedings and the PRIYA Adjudication.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at Level 5 Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- i. Constitution of OCR;
- ii. Constitution of OCR Selayang;
- iii. audited consolidated financial statements of OCR Group for the past 2 financial years up to the FYE 31 December 2020 and the latest unaudited consolidated financial statements of OCR Group for the 9-month FPE 31 September 2021;
- iv. audited financial statements of OCR Selayang for the past 2 financial years up to the FYE 31 December 2020 and the latest unaudited financial statements of OCR Selayang for the 8-month FPE 31 August 2021;
- v. Valuation Certificate and Valuation Report;
- vi. SSA;
- vii. letter of consent and declaration of conflict of interest referred to in Section 2 above;
- viii. cause papers in respect of the material litigations of OCR Group referred to in Section 5 above; and
- ix. material contract of OCR Selayang referred to in Section 10 of Appendix I.



OCR GROUP BERHAD

(Registration No. 199701025005 (440503-K))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of OCR Group Berhad ("**OCR**" or the "**Company**") will be held on a fully virtual basis and entirely via remote participation and voting through an online meeting platform at www.swsb.com.my provided by ShareWorks Sdn. Bhd. on Thursday, 24 February 2022 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following resolution by way of poll:

ORDINARY RESOLUTION

PROPOSED ACQUISITION BY OCR OF 50% EQUITY INTEREST IN OCR SELAYANG INDUSTRIAL PARK SDN BHD (FORMERLY KNOWN AS SUONG SDN BHD) ("OCR SELAYANG") FROM ONG KAH HOE AND LEE WEI JACK FOR AN INDICATIVE PURCHASE CONSIDERATION OF APPROXIMATELY RM14.12 MILLION TO BE SATISFIED ENTIRELY VIA ISSUANCE AND ALLOTMENT OF NEW ORDINARY SHARES IN OCR ("OCR SHARES") ("PROPOSED ACQUISITION OF OCR SELAYANG")

"THAT subject to the approvals of all relevant authorities and/or parties being obtained (if required) and the conditions precedent in the conditional share sale agreement dated 8 November 2021 entered into between OCR as the purchaser and Ong Kah Hoe and Lee Wei Jack as the vendors (collectively, the "**Vendors**") for the Proposed Acquisition of OCR Selayang ("**SSA**") being fulfilled and waived (as the case may be), approval be and is hereby given to the Company to acquire 500,000 ordinary shares in OCR Selayang, representing 50% equity interest in OCR Selayang from the Vendors for an indicative purchase consideration of RM14,116,205 ("**Purchase Consideration**") to be satisfied entirely via the issuance and allotment of 104,953,197 new OCR Shares ("**Consideration Shares**") at the issue price of RM0.1345 per Consideration Share upon the terms and conditions contained in the SSA.

THAT approval be and is hereby given to the Company to issue and allot the Consideration Shares to the Vendors or their sole nominee for the purpose of satisfaction of the indicative Purchase Consideration in accordance with the terms and conditions of the SSA;

THAT the Consideration Shares, shall upon issuance and allotment to the Vendors or their sole nominee, rank equally in all respects with the existing OCR Shares, save and except that the holder of the Consideration Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions where the entitlement of such dividends, rights, allotments and/or any other forms of distribution precedes the date of issuance and allotment of the Consideration Shares;

AND THAT the Board of Directors of the Company ("**Board**") (save for Ong Kah Hoe) be and is hereby empowered and authorised to do all acts, deeds and things (including all applications and submissions to the relevant regulatory authorities and bodies) and take all such decisions as they may in their absolute discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company and to take all such steps and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Acquisition of OCR Selayang under the terms and conditions of the SSA with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities including to enter into any supplemental agreement(s), if any, in connection with the Proposed Acquisition of OCR Selayang, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner or as the Board (save for Ong Kah Hoe) may deem necessary or expedient in the best interest of the Company."

By Order of the Board

Tan Tong Lang (MAICSA 7045482) (SSM PC No. 201908002253)
Company Secretary

Selangor
9 February 2022

Notes:

1. *As part of the initiatives to curb the spread of COVID-19 and Government of Malaysia's official guidance on social distancing, the EGM of the Company will be conducted on a fully virtual basis where shareholders are only allowed to participate remotely through live streaming and online remote participation and voting using Remote Participation and Electronic Voting ("RPEV") facility via online meeting platform available at www.swsb.com.my (Domain Registration No. with MYNIC: D1A403841). Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate, speak and vote remotely via RPEV facility.*
2. *The conduct of a fully virtual EGM is in line with the Guidance Note and Frequently Asked Questions ("**the Revised Guidance Note and FAQ**") by the Securities Commission of Malaysia on 16 July 2021.*
3. *Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), and exempt authorised nominees which holds ordinary shares in the Company for multiple owners in one securities account ("**omnibus account**"), is entitled to appoint another person as his proxy to exercise all or any of his rights to participate, speak and vote instead of him at the EGM, and that such proxy need not be a member.*
4. *Where a member appoints more than 1 proxy (subject always to a maximum of 2 proxies at each meeting), the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in an omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.*
7. *The instrument appointing the proxy may be made in a hard copy form or by electronic means, not less than 48 hours before the time appointed for holding the EGM, as follows:*
 - (a) **In hard copy form**
*The original instrument appointing a proxy ("**Form of Proxy**") must be deposited at the Company's Share Registrar, ShareWorks Sdn. Bhd. situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia.*
 - (b) **By email means**
The Form of Proxy can also be email to ir@shareworks.com.my. Please follow the procedures provided in the Administrative Guide for the EGM in order to deposit the Form of Proxy electronically.
8. *If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the electronic EGM by yourself, please write in to ir@shareworks.com.my to revoke the earlier appointed proxy(ies) at least 48 hours before this meeting.*
9. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to vote on a poll.*
10. *Only a depositor whose name appears in the Record of Depositors as at 17 February 2022 shall be entitled to participate, speak and vote at this meeting or appoints up to 2 proxies to participate, speak and vote on his behalf.*



OCR GROUP BERHAD
(Registration No. 199701025005 (440503-K))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

I/We.....
[Full name in block, NRIC/Passport/Company No.]

Tel:of
[Address]

being a member/members of OCR GROUP BERHAD hereby appoint:

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address:			
Mobile Number:			

or failing whom, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held on a fully virtual basis through live streaming and entirely via remote participation and voting through online meeting platform at www.swsb.com.my provided by ShareWorks Sdn. Bhd. on Thursday, 24 February 2022 at 3.00 p.m.

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED ACQUISITION OF OCR SELAYANG		

Please indicate an "X" in the space provided below on how you wish your votes to be casted. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed on thisday of 2022.

Signature of Member(s)/Common Seal

Notes:

1. As part of the initiatives to curb the spread of COVID-19 and Government of Malaysia's official guidance on social distancing, the EGM of the Company will be conducted on a fully virtual basis where shareholders are only allowed to participate remotely through live streaming and online remote participation and voting using Remote Participation and Electronic Voting ("**RPEV**") facility via online meeting platform available at www.swsb.com.my (Domain Registration No. with MYNIC: D1A403841). Please follow the procedures provided in the Administrative Guide for the EGM in order to register, participate, speak and vote remotely via RPEV facility.
2. The conduct of a fully virtual EGM is in line with the Guidance Note and Frequently Asked Questions ("**the Revised Guidance Note and FAQ**") by the Securities Commission of Malaysia on 16 July 2021.
3. Every member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), and exempt authorised nominees which holds ordinary shares in the Company for multiple owners in one securities account ("**omnibus account**"), is entitled to appoint another person as his proxy to exercise all or any of his rights to participate, speak and vote instead of him at the EGM, and that such proxy need not be a member.
4. Where a member appoints more than 1 proxy (subject always to a maximum of 2 proxies at each meeting), the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in an omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
7. The instrument appointing the proxy may be made in a hard copy form or by electronic means, not less than 48 hours before the time appointed for holding the EGM, as follows:
 - (a) **In hard copy form**

The original instrument appointing a proxy ("**Form of Proxy**") must be deposited at the Company's Share Registrar, ShareWorks Sdn. Bhd. situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (b) **By email means**

The Form of Proxy can also be email to ir@shareworks.com.my. Please follow the procedures provided in the Administrative Guide for the EGM in order to deposit the Form of Proxy electronically.
8. If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the electronic EGM by yourself, please write in to ir@shareworks.com.my to revoke the earlier appointed proxy(ies) at least 48 hours before this meeting.
9. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to vote on a poll.
10. Only a depositor whose name appears in the Record of Depositors as at 17 February 2022 shall be entitled to participate, speak and vote at this meeting or appoints up to 2 proxies to participate, speak and vote on his behalf.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
OCR GROUP BERHAD
[Registration No. 199701025005 (440503-K)]
ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas
50480 Kuala Lumpur Wilayah Persekutuan
Tel No.: +603-6201 1120
Email : ir@shareworks.com.my

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Administrative Details for the Extraordinary General Meeting (“EGM”) of OCR Group Berhad

Meeting Day & Date	:	Thursday, 24 February 2022
Time	:	3.00 p.m.
Online Meeting Platform	:	www.swsb.com.my hosted by ShareWorks Sdn. Bhd. (“ShareWorks”) in Malaysia (Domain registration number with MYNIC: D1A403841)
Platform for Communication	:	Shareholders may submit questions to the Board of Directors (“Board”) prior to the EGM to ir@shareworks.com.my no later than 22 February 2022 on 3.00 p.m. or to use the Question and Answer (“Q&A”) Platform to transmit questions to the Board via Remote Participation and Electronic Voting (“RPEV”) Facility during live streaming.

VIRTUAL MEETING

In view of the COVID-19 pandemic and as part of the safety measures of and control for the well-being of the shareholders of the Company, the EGM will be held via a fully virtual basis through live streaming and online remote voting using the RPEV Facility.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the EGM as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

All Shareholders of the Company, whether Individual Shareholders, Corporate Shareholders, Proxy Holders, Authorised Nominees or Exempt Authorised Nominees who wish to attend the EGM will have to register to attend remotely by using the RPEV Facility, the details of which is set out below.

RPEV Facility

1. The EGM will be conducted on a fully virtual basis through live streaming and online remote participation and voting. Should you wish to attend the EGM, you are required to register yourself using the RPEV Facility in accordance with the instructions as set out under paragraph 3 below.

With the RPEV Facility, you may exercise your rights as a Shareholder to participate including to pose questions (in the form of real-time submission of typed texts) to the Board and vote remotely at the EGM.

2. Individual Members are strongly encouraged to take advantage of the RPEV Facility to participate and vote remotely at the EGM. Please refer to the details as set out under the RPEV Facility for information. If an Individual Shareholder is unable to participate in the online EGM, he/she is encouraged to appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Corporate Shareholders (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the EGM using the RPEV Facility. Corporate Members who wish to participate and vote remotely at the EGM must contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company no later than 22 February 2022 at 3.00 p.m.:

- a. Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
- b. Copy of the Corporate Representative’s or proxy’s identity card (MyKad) (front and back)/Passport; and
- c. Corporate Representative’s or proxy’s email address and mobile phone number.

Upon receipt of such documents, ShareWorks will respond to the Corporate Shareholders' remote participation and voting request.

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

In respect of Nominee Company Members, the beneficiaries of the shares under a Nominee Company's CDS account are also strongly advised to participate, speak and vote remotely at the EGM using the RPEV Facility. Nominee Company Members who wish to participate, speak and vote remotely at the EGM can request its Nominee Company to appoint him/her as a proxy to participate, speak and vote remotely at the EGM. Nominee Company must contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company no later than 22 February 2022 at 3.00 p.m.:

- a. Form of Proxy under the seal of the Nominee Company;
- b. Copy of the proxy's identity card (MyKad) (front and back)/Passport; and
- c. Proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks will respond to the Nominee Company Members' remote participation request.

If a Nominee Company Member is unable to participate, speak and vote remotely at the EGM, he/she is encouraged to request its Nominee Company to appoint the Chairperson of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

3. The procedures for the RPEV Facility in respect of the live streaming and online remote participation and voting at the EGM are as follows:

Procedures		Action
BEFORE THE EGM		
(i)	Register as a user	<ul style="list-style-type: none"> • If you have already registered an account at the website, you are not required to register again. • Access website www.swsb.com.my • Click "Login" and click "Register" to sign up as a user. The registration will be open from 3.00 p.m. on 10 February 2022 and close at 3.00 p.m. on 23 February 2022. • Complete the registration process and upload softcopy of MyKAD (front and back) or Passport for foreign shareholders. • Read and agree to the terms & condition and thereafter submit your request. • Upon submission, kindly login to the valid email address and verify your user ID within one (1) hour. • Upon verification of the user ID, ShareWorks will send an email notification to approve you as a user. • After verification of your registration against the General Meeting Record of Depositors of the Company as at 17 February 2022, the system will send you an email to notify you if your registration is approved or rejected after 18 February 2022. • If your registration is rejected, you can contact ShareWorks or the Company for clarifications or to appeal.

ON THE EGM DAY		
(ii)	Login to www.swsb. com.my	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the EGM at any time from 2.30 p.m. i.e. 30 minutes before the commencement of the EGM on 24 February 2022 at 3.00 p.m.
(iii)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the “Virtual Meeting” from main menu. Click the “Join Meeting” located next to the event. You are required to provide your full name as per CDS records and your user registered email address. Kindly click the video link and insert the password given to you in your email notification in order to join the live video streaming. If you have any question for the Chairperson/ Board, you may use the Q&A platform to transmit your question. The Chairperson/Board will try to respond to all questions submitted by remote participants during the EGM. If time is a constraint, the responses will be emailed to you at the earliest possible time after the meeting ended. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
(iv)	Online remote voting	<ul style="list-style-type: none"> Select “Voting” located next to the “Join Meeting” and indicate your votes for the resolutions that are tabled for voting. Voting session will commence once the Chairperson of the Meeting declare that the voting platform is activated and will announce the completion of the voting session of the EGM. Cast your vote on the resolution as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.
(v)	End of RPEV Facilities	<ul style="list-style-type: none"> The RPEV Facility will end and the Messaging window will be disabled the moment the Chairperson of the Meeting announces the closure of the EGM.

Proxy

If a member is unable to participate, speak and vote remotely at the EGM, he/she may appoint a proxy or the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please note that if an individual member has submitted his/her Form of Proxy prior to 22 February 2022 at 3.00 p.m. and subsequently decides to personally participate in the EGM via the RPEV Facility, the individual member shall proceed to contact ShareWorks or the Company with the details set out below to revoke the appointment of his/her proxy no later than 22 February 2022 at 3.00 p.m.

Poll Voting

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

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

Pre-Meeting submission of question to the Board

To administer the proceedings of the EGM in orderly manner, shareholders may before the EGM, submit questions to the Board to ir@shareworks.com.my **no later than Tuesday, 22 February 2022 at 3.00 p.m.** The Board will endeavour to address the questions received at the EGM.

No Recording or Photography

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

No Door Gifts or e-Vouchers

There will be NO DISTRIBUTION of door gifts or e-vouchers.

Digital Copies of EGM Documents

We further inform that the following items are now available at <https://www.ocrbhd.com/investor-relations/>:

1. Circular to Shareholders in relation to Proposed Acquisition of OCR Selayang (“**Circular to Shareholders**”) including the Notice of EGM and Form of Proxy
2. Administrative Guide

Enquiry

If you have any enquiry prior to the virtual meeting, please contact **Mr. W.L. Fong/Mr. W.K. Chan** during office hours from 9.00 a.m. to 5.00 p.m. on Mondays to Fridays:

ShareWorks Sdn. Bhd.

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