THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

The Securities Commission Malaysia ("**SC**") has approved the application sought in relation to the Proposed Acquisition (as defined) contained in this Circular. The approval should not be taken to indicate that the SC recommends the Proposed Acquisition or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Circular. The SC has not, in any way, considered the merits of the Proposed Acquisition being tabled for shareholders' approval.

The SC and Bursa Malaysia Securities Berhad are not liable for any non-disclosure on the part of Puncak Niaga Holdings Berhad ("**Puncak Niaga**") and take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness, and expressly disclaim any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Circular.

PUNCAK NIAGA HOLDINGS BERHAD

(Company No. 416087-U)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A

PROPOSED ACQUISITION BY PUNCAK NIAGA OF THE ENTIRE ISSUED SHARE CAPITAL OF TRIPLC BERHAD FROM PIMPINAN EHSAN BERHAD FOR A CASH CONSIDERATION OF RM210,000,000 ("PROPOSED ACQUISITION")

PART B

INDEPENDENT ADVICE LETTER FROM PUBLIC INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS OF PUNCAK NIAGA IN RELATION TO THE PROPOSED ACQUISITION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

HongLeong Investment Bank

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Independent Adviser

PUBLIC INVESTMENT BANK BERHAD (20027-W)

A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") and the Proxy Form are enclosed in this Circular.

As a shareholder, you can appoint a proxy or proxies to attend and vote on your behalf. The Proxy Form(s) must be completed and returned, either by hand or post, so as to reach the office of Puncak Niaga's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the EGM or any adjournment or in case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid. The lodging of the Proxy Form(s) will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

The details of the EGM are as follows:

Date and time of EGM	:	Tuesday, 13 February 2018 at 9.30 a.m.
Venue of EGM	:	Concorde I, Level 2 Concorde Hotel Shah Alam No. 3, Jalan Tengku Ampuan Zabedah C9/C 40100 Shah Alam Selangor Darul Ehsan
Last date and time for lodging the Proxy Form for the EGM	:	Sunday, 11 February 2018 at 9.30 a.m.

This Circular is dated 18 January 2018

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions will apply:

Act	:	The Companies Act, 2016, as amended from time to time
BDO Tax Report	:	Tax report on unutilised tax losses and impairment loss on development expenditures incurred by Zuriat Watan up to the year of assessment 2012 prepared by BDO Tax Services Sdn Bhd dated 16 January 2017
Board	:	Board of Directors
CA 1965	:	The Companies Act, 1965
Circular	:	Circular to our shareholders dated 18 January 2018
CMSA	:	The Capital Markets and Services Act, 2007, as amended from time to time
Directors	:	Directors of our Company
EGM	:	Extraordinary General Meeting
Encik Azlan Shah	:	Encik Azlan Shah Bin Rozali
ESOS	:	Employee share option scheme
FCFE	:	Free cash flows to equity
FPE	:	Financial period ended or ending, as the case may be
FYE	:	Financial year ended or ending, as the case may be
Government	:	Government of Malaysia
HOA	:	Heads of Agreement dated 18 April 2016 entered by our Company and TRIplc (as extended by the letters dated 17 August 2016 and 17 November 2016) to facilitate discussions and negotiations for the Proposed Transaction
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	18 December 2017, being the latest practicable date prior to the printing of this Circular
MASB	:	Malaysian Accounting Standards Board
MFRS	:	Malaysian Financial Reporting Standards
MPERS	:	Malaysian Private Entities Reporting Standard
NA	:	Net assets

NDA	:	Non-Disclosure Agreement dated 18 April 2016 entered by our Company and TRIplc (as extended by the letters dated 17 August 2016 and 17 November 2016) for TRIplc to provide information concerning the TRIplc Group to our Company to evaluate the Proposed Transaction
PAT	:	Profit after tax
PBT	:	Profit before tax
PFI	:	Private Finance Initiative
Pimpinan Ehsan Shares	:	Ordinary shares in Pimpinan Ehsan
Proposed Acquisition	:	Proposed acquisition by Puncak Niaga of TRIplc's entire issued share capital from Pimpinan Ehsan for the Purchase Consideration on the terms and conditions under the SSA. As at the LPD, there are 68,944,785 TRIplc Shares in issue
Proposed Share Exchange	:	Proposed share exchange of the total number of issued TRIplc Shares with new Pimpinan Ehsan Shares on the basis of one new Pimpinan Ehsan Share for every one existing TRIplc Share held as at the entitlement date to be determined and announced by TRIplc
Proposed Transaction	:	Our Company's potential acquisition of TRIplc's businesses
Proposed Transfer of Listing Status to Pimpinan Ehsan	:	Proposed transfer of TRIplc's listing status to Pimpinan Ehsan and the admission of the Pimpinan Ehsan Shares to the Official List of the Main Market of Bursa Securities, with the listing of and quotation for the entire issued share capital of Pimpinan Ehsan on the Main Market of Bursa Securities
Proposed TRIplc Internal Reorganisation	:	Proposed internal reorganisation by way of a members' scheme of arrangement between TRIplc and its shareholders under Section 366 of the Act to give effect to the Proposed Share Exchange and the Proposed Transfer of Listing Status to Pimpinan Ehsan
Puncak Niaga Group or Group	:	Puncak Niaga and its subsidiaries, collectively
Puncak Niaga Shares	:	Ordinary shares in our Company
Purchase Consideration	:	RM210,000,000, being the cash purchase consideration for the Proposed Acquisition and which is subject to adjustments as provided in Section 2 of Appendix IV of this Circular
RNAV	:	Revalued net assets valuation
SOPV	:	Sum of parts valuation
SSA	:	Conditional Share Sale Agreement dated 16 December 2016 entered by Pimpinan Ehsan and our Company for the Proposed Acquisition (as supplemented by the supplemental agreement dated 15 September 2017)
Tan Sri Rozali	:	YBhg Tan Sri Rozali Bin Ismail
TRIplc Group	:	TRIplc and its subsidiaries, collectively
TRIplc Shares	:	Ordinary shares in TRIplc

YBhg	:	Yang Berbahagia
Z1P1	:	Zone 1 Phase 1
Z1P2	:	Zone 1 Phase 2
Z1P2 Concession Agreement	:	Concession Agreement dated 4 May 2010 entered by the Government as represented by the Ministry of Higher Education, UiTM and TRIplc Ventures for Z1P2 of UiTM Puncak Alam Campus
Z1P3	:	Zone 1 Phase 3
Z1P3 Concession Agreement	:	Concession Agreement dated 18 February 2016 entered by the Government as represented by the Ministry of Higher Education, UiTM and TRIplc Medical for Z1P3 of UiTM Puncak Alam Campus

COMPANIES

Bursa Securities	:	Bursa Malaysia Securities Berhad
Central Challenger	:	Central Challenger (M) Sdn Bhd
Central Plus	:	Central Plus (M) Sdn Bhd
Corporate Line	:	Corporate Line (M) Sdn Bhd
Danau Semesta	:	Danau Semesta Sdn Bhd
Danum Sinar	:	Danum Sinar Sdn Bhd
FHCA	:	FHMH Corporate Advisory Sdn Bhd
HLIB or Principal Adviser	:	Hong Leong Investment Bank Berhad, the principal adviser for the Proposed Acquisition
IRB	:	Inland Revenue Board of Malaysia
Khong & Jaafar	:	Khong & Jaafar Sdn Bhd
Pimpinan Ehsan or Vendor	:	Pimpinan Ehsan Berhad
PIVB or Independent Adviser	:	Public Investment Bank Berhad, the independent adviser for the Proposed Acquisition
Puncak Niaga or Company	:	Puncak Niaga Holdings Berhad
SC	:	Securities Commission Malaysia
TRIplc	:	TRIplc Berhad
TRIplc FMS	:	TRIplc FMS Sdn Bhd
TRIplc Medical	:	TRIplc Medical Sdn Bhd
TRIplc Resources	:	TRIplc Resources Sdn Bhd
TRIplc Ventures	:	TRIplc Ventures Sdn Bhd
UiTM	:	Universiti Teknologi MARA

Zuriat Watan	:	Zuriat Watan Sdn Bhd

Currency, Unit and Others:

%	:	Per centum
RM	:	Ringgit Malaysia

Words importing the singular will, where applicable, include the plural and vice versa and words importing the masculine gender will, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons will include corporations, unless otherwise specified.

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

Reference to "our Company" in this Circular is to Puncak Niaga. References to "our Group" are to our Company and its subsidiaries. References to "we", "us", "our" and "ourselves" are to our Company and where the context requires, will include our subsidiaries.

References to "you" or "your" are to the shareholders of Puncak Niaga.

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

This Circular contains forward-looking statements. All statements, other than statements of historical facts included in this Circular, including those regarding our financial information, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view of future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies, including, but not limited to the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts.

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This is an executive summary highlighting the salient information relating to the Proposed Acquisition. The information is derived from and should be read in conjunction with the full text of this Circular. You are advised to read and consider carefully the contents of this Circular (including the independent advice letter set out in Part B of this Circular) before voting on the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.

1. PROPOSED ACQUISITION

The Proposed Acquisition entails our Company acquiring TRIplc's entire issued share capital from Pimpinan Ehsan, free from encumbrances together with all rights, benefits, title to, interest and entitlements, for the Purchase Consideration.

TRIplc will become a wholly-owned subsidiary of our Company upon completion of the Proposed Acquisition.

In conjunction with the Proposed Acquisition, TRIplc will be undertaking the Proposed TRIplc Internal Reorganisation comprising the following:

(i) the Proposed Share Exchange; and

(ii) the Proposed Transfer of Listing Status to Pimpinan Ehsan.

Upon completion of the Proposed TRIplc Internal Reorganisation, TRIplc will be a wholly-owned subsidiary of Pimpinan Ehsan and Pimpinan Ehsan will assume the listing status of TRIplc.

The Purchase Consideration of RM210.00 million was negotiated between our Company and TRIplc on a "willing-buyer willing-seller" basis and was arrived at after taking into consideration the following:

(i) the range of value for TRIplc's entire equity interest of between RM203.68 million and RM224.96 million, as appraised by FHCA, using the SOPV approach, as set out below:

Operating segments of the TRIplc Group	Valuation methods	Lower range (RM 'million)	Higher range (RM'million)
Service concession [(1)]:			
- Z1P2 of UiTM Puncak Alam Campus	Discounted FCFE	117.12	134.36
- Z1P3 of UiTM Puncak Alam Campus	Discounted FCFE	40.50	44.54
Property development, property investment, construction, investment holding and others [(2)]:	RNAV		
- Total NA of the segments		25.95	25.95
- Revaluation of land and buildings held		149.36	149.36
- Remaining equity funding for Z1P3 of UiTM Puncak Alam Campus		(129.90)	(129.90)
Add: Cash inflows from full exercise of ESOS [(3)]		0.65	0.65
Estimated fair market value of the entire equity interest in the TRIplc Group	**SOPV**	**203.68**	**224.96**

Notes:

(1) Based on the discounted FCFE method in arriving at the range of fair market value of Z1P2 and Z1P3 of UiTM Puncak Alam Campus projects.

(2) Based on the RNAV of the property development, property investment, construction, investment holding and other segments, and takes into account the additional debts to be assumed for Z1P3 of UiTM Puncak Alam Campus and the revaluation of the properties held by the TRIplc Group, as appraised by Khong & Jaafar, an independent firm of registered valuers.

(3) Assuming all the ESOS options are fully exercised.

However, we wish to highlight that the range of value of the TRIplc Group's operating segments other than its service concession segment was arrived at after taking into consideration, amongst others, the BDO Tax Report and assuming that Zuriat Watan is able to:

(a) claim tax deduction of the development expenditures previously impaired amounting to RM52.88 million which arose from the temporary suspension of a property development project on a piece of land held by Zuriat Watan ("**Deferred Tax Asset I**"). The impairment losses were not deductible for tax purposes in the year it was recognised; and

(b) prove that there is no cessation of business to utilise the tax losses of RM52.61 million ("**Deferred Tax Asset II**") brought forward to set off against its future taxable profits.

The realisability of the said deferred tax assets above is subject to Zuriat Watan being able to comply with the requirements, as may be required by the IRB. In the event that any of the said deferred tax assets is not realisable, the range of value could potentially be reduced by up to RM25.32 million, as detailed below:

	Lower range (RM'million)	**Higher range (RM'million)**
Estimated fair market value of the entire equity interest in the TRIplc Group	**203.68**	**224.96**
<u>Potential impact on valuation in the event any of the following is not realisable:</u>		
Deferred Tax Asset I	(12.69)	(12.69)
Deferred Tax Asset II	(12.63)	(12.63)
Total potential impact	(25.32)	(25.32)

For information, neither the Deferred Tax Asset I nor the Deferred Tax Asset II has been recognised in the audited financial statements of TRIplc Group for FYE 31 May 2017.

Please refer to Section 5.2.2, Part A of this Circular for further details on the valuation risk arising from the tax matters.

(ii) the TRIplc Group's future prospects in the project management and construction related businesses as well as property development and its future earnings potential from its existing two concessions with approximately 16 years and 24 years of the remaining concession period, respectively.

Please refer to Section 2, Part A of this Circular for detailed information on the Proposed Acquisition.

2. INFORMATION ON THE TRIplc GROUP

The TRIplc Group is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services. TRIplc is the holder of two concessions, namely the Z1P2 Concession Agreement and Z1P3 Concession Agreement. Please refer to Appendix I(C) of this Circular for the salient terms of the said concession agreements.

We wish to highlight that based on the audited consolidated financial statements of TRIplc for FYE 31 May 2016, the TRIplc Group recorded total revenue of RM50.50 million, gross profit of RM60.71 million and PBT of RM27.88 million.

The majority of the TRIplc Group's revenue and gross profit were derived from its Z1P2 of UiTM Puncak Alam Campus project while a portion of the revenue amounting to RM6.29 million was attributed to its construction segment arising from finalisation of the contract sums of its Z1P1 of UiTM Puncak Alam Campus project for which the construction works were completed in 2009. In addition, TRIplc Group had also recognised a negative cost of sales of RM16.92 million in relation to its Z1P1 of UiTM Puncak Alam Campus project as a result from reversal of cost of sales which was over-recognised in the previous financial years.

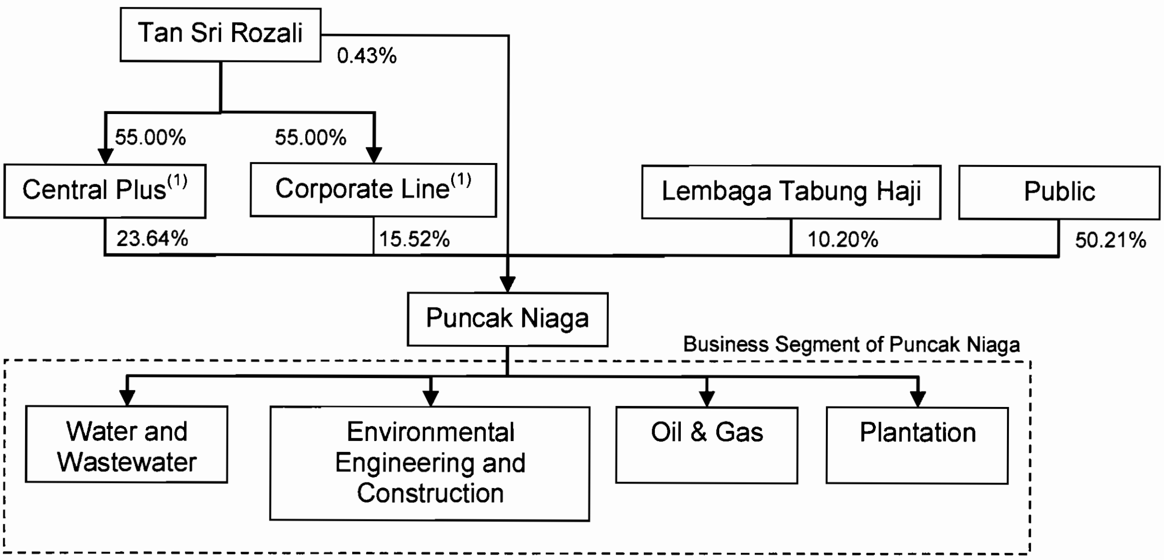
For illustrative purpose, if the said revenue and negative cost of sales relating to Z1P1 of UiTM Puncak Alam Campus project were not recognised during FYE 31 May 2016, the gross profit of the TRIplc Group will be reduced accordingly.

Nonetheless, based on the audited consolidated financial statements of TRIplc for FYE 31 May 2017, TRIplc Group recorded a total revenue of RM70.91 million, gross profit of RM41.57 million and PBT of RM14.88 million, which were mainly generated from its service concession segment.

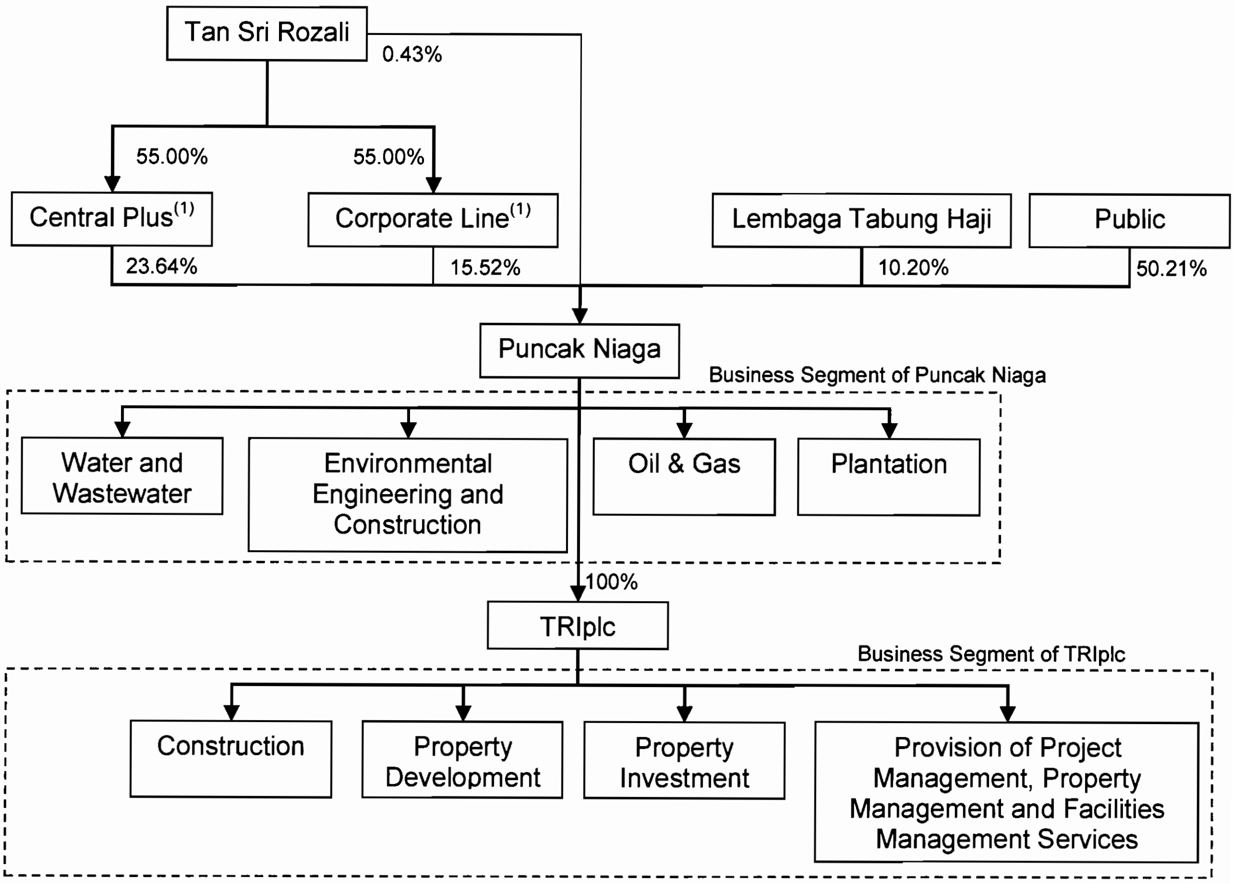
Please refer to Appendix I(D) of this Circular for the Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects of TRIplc Group.

3. PROPOSED CORPORATE STRUCTURE

The corporate structure of our Group before the Proposed Acquisition is set out below:



The corporate structure of our Group after the Proposed Acquisition is set out below:



Note:

(1) Please refer to Section 3.1 and Section 3.2, Part A of this Circular for further information on Tan Sri Rozali's interest in Central Plus and Corporate Line.

Please refer to Appendix I of this Circular for detailed information on the TRIplc Group.

4. RATIONALE FOR THE PROPOSED ACQUISITION

4.1 Enhance our Group's revenue streams and long term growth prospects

Based on our Company's restated consolidated financial statements for FYE 31 December 2016, our Group recorded:

(i) total revenue of RM74.39 million (based on continuing and discontinued operations) and RM73.78 million (based on continuing operations only); and

(ii) LBT of RM219.94 million (based on continuing and discontinued operations) and RM200.52 million (based on continuing operations only).

The LBT of RM219.94 million (based on continuing and discontinued operations) was mainly attributed to the recognition of the material non-recurring expenses as follows:

(i) allowance for foreseeable losses in respect of a sewerage project amounting to RM66.23 million; and

(ii) impairment losses on the Derrick pipe-lay barge of RM41.62 million and the service concession assets in China amounting to RM6.89 million.

After excluding the aforesaid expenses, our Group's LBT for FYE 31 December 2016 was reduced to RM105.20 million, which was mainly attributed to fixed operating expenses incurred as follows:

(i) employee benefits expenses amounting to RM73.48 million; and

(ii) head office expenses, mainly consisting of operating leases on building, upkeep of office, motor vehicles and equipment, legal and professional fees, travelling expenses and contributions to local community activities totaling to RM70.16 million.

Further, based on our Company's unaudited consolidated financial statements for 9-months FPE 30 September 2017, our Group recorded a LBT of RM96.03 million (based on continuing and discontinued operations) where our Group had incurred a total fixed operating expenses of RM108.15 million, mainly consisted of employee benefits expenses of RM49.98 million and head office expenses of RM59.17 million. The nature of the fixed operating expenses is similar to those incurred during FYE 31 December 2016 as explained above.

The Proposed Acquisition provides a platform for our Company to enhance our revenue streams and gain immediate access into a profitable group, i.e. TRIplc Group which currently holds two concessions awarded by the Government and UiTM.

Based on TRIplc's latest audited consolidated financial statements for FYE 31 May 2017, the TRIplc Group's revenue and PAT are RM70.91 million and RM10.45 million respectively. Our Company believes that upon completion of the Proposed Acquisition, our Group's losses will be reduced, particularly with the earnings contribution from the Z1P3 of UiTM Puncak Alam Campus project, which the construction works had commenced since April 2017. However, we expect our enlarged Group will remain loss making even after the completion of the Proposed Acquisition.

Please refer to Section 5.2, Executive Summary of this Circular for further details of the impact on our Group's financial performance resulting from the Proposed Acquisition and Section 5.3, Executive Summary of this Circular for the future financial performance of Puncak Niaga.

4.2 Expand our Group's existing land banks for future property development in the long term

As at the LPD, our Group does not have any ongoing property development activities. The Proposed Acquisition will expand our Group's existing land banks for future property development from approximately 311 acres to approximately 696 acres. Although both companies are not currently launching any property development projects, our Company will be able to reap the benefits by developing these land banks in the long term, particularly when the property sector improves.

5. FUTURE PROSPECTS OF PUNCAK NIAGA

Following the disposal of our former subsidiary companies, i.e. PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) and Syarikat Bekalan Air Selangor Sdn Bhd to Pengurusan Air Selangor Sdn Bhd in October 2015, our Board has been actively identifying new business opportunities with the aim to creating long-term sustainable value for our Group.

During FYE 31 December 2016, our Board has identified and shortlisted two viable businesses which will spur the future growth of our Group's revenue in a sustainable manner. The details of the said ventures are set out in the ensuing sub-sections.

5.1 Acquisition of Danum Sinar

Our Group has recently completed the acquisition of a 90.00% equity interest in Danum Sinar on 3 July 2017. Danum Sinar was previously involved in the development of oil palm plantation and reforestation activities. However, prior to the completion of our acquisition, Danum Sinar had ceased its reforestation activity pursuant to the agreement between the vendor and our Company. Following this, Danum Sinar will be principally involved in the development of oil palm plantation only.

The completion of this acquisition marked our Group's venture into the oil palm plantation business consisting of a total area of approximately 46,674 hectares in Sarawak, as detailed below:

	As at November 2017	
Land condition	**Area (Hectare)**	**Area (%)**
Planted	10,615	22.74
Not cleared and unplanted	36,059	77.26
Total	**46,674**	**100.00**

The planted portion of the land as at November 2017 can be analysed as follows:

Age of oil palm tree	Area (Hectare)	Area (%)
Mature	3,318	31.26
Immature	5,584	52.60
Area ready to plant	1,713	16.14
	10,615	**100.00**

The average monthly production of fresh fruit bunches between July 2017 and November 2017 is approximately 2,600 metric tonnes per month.

Based on the latest audited financial statements of Danum Sinar for FYE 30 June 2017, the company recorded revenue of RM16.42 million and LAT of RM20.02 million. In the same financial year, Danum Sinar had written off its property, plant and equipment (including its biological assets) amounting to RM7.07 million, which was mainly due to the cessation of its reforestation activity.

We wish to highlight that the financial results mentioned above may not be a good representation of Danum Sinar's future business operations and financial performance in view of the following:

(i) prior to the acquisition of Danum Sinar by our Group, it was a private entity. As permitted by the MASB, the former management of Danum Sinar prepared its audited financial statements for FYE 30 June 2017 in accordance with the MPERS. However, subsequent to the acquisition, Danum Sinar is required to adopt the MFRS which will result in the company reporting certain incomes and/or expenses differently; and

(ii) Danum Sinar has ceased its reforestation activity.

The newly ventured plantation business is not expected to contribute to our Group's earnings at this juncture as most of the oil palm trees are still immature while the matured oil palm trees have yet to reach the prime production age. However, our Group envisages that the plantation segment will breakeven in the next five years and contribute to our Group's earnings in the long term.

5.2 Proposed Acquisition of TRIplc

Based on our Company's audited financial statements for FYE 31 December 2016, taking into consideration the prior year adjustments as announced by our Company in its third quarter interim financial statements for 9-months FPE 30 September 2017, and assuming the Proposed Acquisition had completed at the beginning of the FYE 31 December 2016, our Group's earnings and earnings per share will have the following pro forma effect upon completion of the Proposed Acquisition:

	Audited as at 31 December 2016	Restated as at 31 December 2016 (1)	After Proposed Acquisition (2)(3)(4)
	RM'000	RM'000	RM'000
Loss attributable to ordinary shareholders:			
- Continuing operations	(240,970)	(227,775)	(226,035)
- Discontinued operations	(17,972)	(17,972)	(17,972)
Total	(258,942)	(245,747)	(244,007)
Weighted average number of ordinary shares in issue ('000)	447,247	447,247	447,247
Basic loss per ordinary share (sen):			
- Continuing operations	(53.88)	(50.93)	(50.54)
- Discontinued operations	(4.02)	(4.02)	(4.02)
Total	(57.90)	(54.95)	(54.56)

Notes:

(1) As announced in our Company's third quarter interim financial statements for 9-months FPE 30 September 2017, prior year adjustments were made due to a correction of the fair values of certain investment properties held by our Group to better reflect their fair values as at 1 January 2016 and 31 December 2016.

(2) For illustrative purpose, the TRIplc Group's PAT is based on its audited consolidated financial statements for FYE 31 May 2017.

(3) After taking into consideration the remaining estimated expenses in relation to the Proposed Acquisition.

(4) As highlighted in Section 5.1, Executive Summary of this Circular, the inclusion of the acquisition of Danum Sinar as a subsequent transaction may not provide a fair representation of Danum Sinar's business operation and financial performance moving forward. Therefore, the said transaction has not been adjusted for in the preparation of the pro forma effects on our Group's earnings and earnings per share.

As illustrated above, our Group's losses for FYE 31 December 2016 will be reduced upon completion of the Proposed Acquisition. However, our enlarged Group still remains loss making.

Please refer to Section 4.1, Executive Summary of this Circular for the analysis on our Group's financial performance for FYE 31 December 2016 and 9-months FPE 30 September 2017.

5.3 Future Financial Performance of Puncak Niaga

Upon completion of the Proposed Acquisition, the earnings contribution from TRIplc Group is envisaged to improve our enlarged Group's financial performance for the subsequent financial years by reducing our enlarged Group's losses, particularly with the earnings contribution from the Z1P3 of UiTM Puncak Alam Campus project, which the construction works had commenced since April 2017. Notwithstanding that the steady stream of revenue from the two concessions of TRIplc Group will improve our Group's future earnings, the losses of our Group are larger than the earnings contribution from the TRIplc Group. Hence, our enlarged Group is not expected to be profitable immediately.

In addition, our Group had acquired Danum Sinar on 3 July 2017 which marked our venture into the oil palm plantation business. Although our newly ventured oil palm plantation business is not profitable at this juncture, our Group envisages that, together with the service concession assets from TRIplc Group, they are expected to spur the future growth of our Group in a sustainable manner and thereby improve our enlarged Group's financial performance in the long term. Also, our enlarged Group will have access to approximately 696 acres of land banks for future development, which is expected to contribute to our financial performance when the development activities are carried out in future.

In a shorter term, our Group endeavours to seek for new business ventures to turnaround our Group's financial performance. However, there is no certainty as to when our Group will be able to secure the potential business ventures.

Please refer to Section 6.2, Part A of the Circular for further details on the pro forma earnings and earnings per share of our Group.

For further details of the enlarged Puncak Niaga Group's long term growth prospects, please refer to Section 13(iv), Appendix I(B) of this Circular.

6. APPROVALS REQUIRED AND INTER-CONDITIONALITY

The Proposed Acquisition is subject to, amongst others, the following:

(i) approval of the SC for the following:

  (a) the Proposed Acquisition under Section 212 of the CMSA as a result of a significant change in business direction or policy of our Company;

  (b) clearance for the issuance of the Circular prepared in accordance with Chapter 10 of the Listing Requirements; and

  (c) the resultant equity structure of Puncak Niaga pursuant to the Proposed Acquisition under the equity requirements for public listed companies;

  SC's approvals for the items (a) and (c) above have been obtained vide its letter dated 12 September 2017 while the SC's approval for the item (b) above has been obtained vide its letter dated 17 January 2018.

(ii) approval of our shareholders for the Proposed Acquisition at our forthcoming EGM;

(iii) approvals from government authority(ies) as may be required for the Proposed Acquisition. TRIplc has procured the approval of Unit Kerjasama Awam Swasta for the Proposed Acquisition vide its letter dated 31 May 2017;

(iv) approval of TRIplc's shareholders for the following:

(a) the Proposed TRIplc Internal Reorganisation and the Proposed Acquisition at its forthcoming EGM; and

(b) the Proposed TRIplc Internal Reorganisation at its forthcoming court convened meeting;

(v) order of the High Court of Malaya sanctioning the Proposed TRIplc Internal Reorganisation via a scheme of arrangement under Section 366 of the Act;

(vi) approval and/or consent of the TRIplc Group's financiers for the Proposed Acquisition, if required; and

(vii) approval and/or consent of any other relevant authorities and/or parties for the Proposed Acquisition, if required.

The Proposed Acquisition is not conditional upon any other corporate proposal carried out or to be carried out by our Company.

However, the approvals for the Proposed Acquisition and the Proposed TRIplc Internal Reorganisation (which will be undertaken by TRIplc) are inter-conditional upon one another.

The completion of the Proposed Acquisition is subject to the Proposed TRIplc Internal Reorganisation (which will be undertaken by TRIplc) having been completed but not vice versa.

PART A

LETTER TO THE SHAREHOLDERS OF PUNCAK NIAGA IN RELATION TO THE PROPOSED ACQUISITION

PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)
(Incorporated in Malaysia)

Registered Office

10th Floor, Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan

18 January 2018

Board of Directors

YBhg Tan Sri Rozali Bin Ismail *(Executive Chairman)*
Encik Azlan Shah Bin Rozali *(Acting Managing Director)*
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh *(Independent Non-Executive Director)*
YAM Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud *(Non-Independent Non-Executive Director)*
YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak *(Independent Non-Executive Director)*
YBhg Dato' Sri Adenan Bin Ab. Rahman *(Independent Non-Executive Director)*
Mr Ng Wah Tar *(Executive Director, Corporate Finance Division)*

To: Shareholders of Puncak Niaga Holdings Berhad

Dear Sir/Madam,

PROPOSED ACQUISITION

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1. INTRODUCTION

On 18 April 2016, our Company and TRIplc had separately announced that both companies had entered into:

(i) the HOA to facilitate discussions and negotiations for the Proposed Transaction; and

(ii) the NDA for TRIplc to provide information concerning the TRIplc Group to our Company to evaluate the Proposed Transaction for a period of four months from the date of the NDA ("**Due Diligence Period**").

On 17 August 2016, both companies had announced that they had mutually agreed to extend the HOA and the Due Diligence Period under the NDA for a further three months until 17 November 2016 to facilitate the on-going discussions and negotiations for the Proposed Transaction.

On 17 November 2016, both companies had announced that they had mutually agreed to further extend the HOA and the Due Diligence Period under the NDA for a further three months until 17 February 2017 to facilitate the on-going discussions and negotiations for the Proposed Transaction.

On behalf of our Board, HLIB announced that our Company had on 16 December 2016 entered into the SSA with Pimpinan Ehsan to acquire TRIplc's entire issued share capital for the Purchase Consideration.

The Proposed Acquisition, upon completion, will result in a significant change in the business direction or policy of our Company under Section 212 of the CMSA.

On 13 September 2017, we announced that the SC had, vide its letter dated 12 September 2017, approved the Proposed Acquisition subject to the conditions set out in Section 7.1, Part A of this Circular.

On 15 September 2017, HLIB announced, on behalf of our Board, that our Company and Pimpinan Ehsan had, via a supplemental agreement dated 15 September 2017, mutually agreed to:

(i) extend the time under the SSA to fulfill conditions precedent from 15 September 2017 to 15 June 2018;

(ii) include that the completion of the Proposed Acquisition is conditional upon the completion of the Proposed TRIplc Internal Reorganisation as an additional conditions precedent to be satisfied by Pimpinan Ehsan but not vice versa; and

(iii) arising from the consequential amendments to the SSA as highlighted in (ii) above, to remove from the relevant clauses in the SSA, all references to the completion of the Proposed Acquisition being subject to the Proposed Share Exchange having been completed.

The purpose of this Circular is to provide you with the relevant information pertaining to the Proposed Acquisition and to seek your approval for the Proposed Acquisition as set out in the resolution to be tabled at our forthcoming EGM. The Notice of EGM and the Proxy Form are enclosed together with this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR (INCLUDING THE INDEPENDENT ADVICE LETTER SET OUT IN PART B OF THIS CIRCULAR) BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Proposed Acquisition

The Proposed Acquisition entails our Company acquiring TRIplc's entire issued share capital from Pimpinan Ehsan, free from encumbrances together with all rights, benefits, title to, interest and entitlements, for the Purchase Consideration.

TRIplc will become a wholly-owned subsidiary of our Company upon completion of the Proposed Acquisition.

In conjunction with the Proposed Acquisition, TRIplc will be undertaking the Proposed TRIplc Internal Reorganisation comprising the following:

(i) the Proposed Share Exchange; and

(ii) the Proposed Transfer of Listing Status to Pimpinan Ehsan.

Upon completion of the Proposed TRIplc Internal Reorganisation, TRIplc will be a wholly-owned subsidiary of Pimpinan Ehsan and Pimpinan Ehsan will assume the listing status of TRIplc.

Please refer to Appendix IV of this Circular for the salient terms of the SSA.

2.2 Basis and justification in arriving at the Purchase Consideration

The Purchase Consideration of RM210.00 million was negotiated between our Company and TRIplc on a "willing-buyer willing-seller" basis and was arrived at after taking into consideration the following:

(i) the range of value for TRIplc's entire equity interest of between RM203.68 million and RM224.96 million, as appraised by FHCA, using the SOPV approach, as set out below:

Operating segments of the TRIplc Group	Valuation methods	Lower range (RM 'million)	Higher range (RM'million)
Service concession [(1)]:			
- Z1P2 of UiTM Puncak Alam Campus	Discounted FCFE	117.12	134.36
- Z1P3 of UiTM Puncak Alam Campus	Discounted FCFE	40.50	44.54
Property development, property investment, construction, investment holding and others [(2)]:	RNAV		
- Total NA of the segments		25.95	25.95
- Revaluation of land and buildings held		149.36	149.36
- Remaining equity funding for Z1P3 of UiTM Puncak Alam Campus		(129.90)	(129.90)
Add: Cash inflows from full exercise of ESOS [(3)]		0.65	0.65
Estimated fair market value of the entire equity interest in the TRIplc Group	**SOPV**	**203.68**	**224.96**

Notes:

(1) Based on the discounted FCFE method in arriving at the range of fair market value of Z1P2 and Z1P3 of UiTM Puncak Alam Campus projects.

(2) Based on the RNAV of the property development, property investment, construction, investment holding and other segments, and takes into account the additional debts to be assumed for Z1P3 of UiTM Puncak Alam Campus and the revaluation of the properties held by the TRIplc Group, as appraised by Khong & Jaafar, an independent firm of registered valuers.

(3) Assuming all the ESOS options are fully exercised.

However, we wish to highlight that the range of value of the TRIplc Group's operating segments other than its service concession segment was arrived at after taking into consideration, amongst others, the BDO Tax Report and assuming that Zuriat Watan is able to:

(a) claim tax deduction of the development expenditures previously impaired amounting to RM52.88 million which arose from the temporary suspension of a property development project on a piece of land held by Zuriat Watan ("**Deferred Tax Asset I**"). The impairment losses were not deductible for tax purposes in the year it was recognised; and

(b) prove that there is no cessation of business to utilise the tax losses of RM52.61 million ("**Deferred Tax Asset II**") brought forward to set off against its future taxable profits.

The realisability of the said deferred tax assets above is subject to Zuriat Watan being able to comply with the requirements, as may be required by the IRB. In the event that any of the said deferred tax assets is not realisable, the range of value could potentially be reduced by up to RM25.32 million, as detailed below:

	Lower range (RM'million)	Higher range (RM'million)
Estimated fair market value of the entire equity interest in the TRIplc Group	**203.68**	**224.96**
Potential impact on valuation in the event any of the following is not realisable:		
Deferred Tax Asset I	(12.69)	(12.69)
Deferred Tax Asset II	(12.63)	(12.63)
Total potential impact	(25.32)	(25.32)

For information, neither the Deferred Tax Asset I nor the Deferred Tax Asset II has been recognised in the audited financial statements of TRIplc Group for FYE 31 May 2017.

Please refer to Section 5.2.2, Part A of this Circular for further details on the valuation risk arising from the tax matters.

(ii) the TRIplc Group's future prospects in the project management and construction related businesses as well as property development and its future earnings potential from its existing two concessions with approximately 16 years and 24 years of the remaining concession period, respectively.

Our Board (excluding the interested Directors) is of the view that the Purchase Consideration is justified as it represents a 3.10% premium to the lower range value of RM203.68 million and a 6.65% discount to the higher range value of RM224.96 million.

The representative of Puncak Niaga involved in the negotiation was our Executive Director, Mr Ng Wah Tar, while the representatives of TRIplc involved in the negotiation were Dato' Yusof Bin Badawi and Pn Shamshiah Binti Hashim @ Abu Bakar.

2.3 Source of funding

The Purchase Consideration will be funded using our Company's internal funds. As at 30 September 2017, our Company maintains a total cash and cash equivalents of RM625.80 million, including short-term investments of RM387.73 million. The short-term investments represent fund placement with financial institutions which can be redeemed/withdrawn in the next business day. All the short-term investments are free from encumbrances.

2.4 Additional financial commitment required

After the completion of the Proposed Acquisition, our Company does not expect to incur any additional financial commitment, other than future project financing requirement for construction projects, to put the TRIplc Group's businesses on-stream as TRIplc is an on-going business entity with positive operating cash flows.

2.5 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, other than the liabilities in TRIplc Group such as borrowings, trade and other payables, to be assumed by our Company under the Proposed Acquisition. The existing liabilities of TRIplc Group, as and when due, will be settled in its ordinary course of business.

2.6 Original cost and date of investment

The original cost and date of investment of Pimpinan Ehsan in the TRIplc Shares can only be determined upon completion of the Proposed Share Exchange. For illustration purposes, based on an issue price of RM1.00 per Pimpinan Ehsan Share for every one TRIplc Share held, Pimpinan Ehsan's pro forma cost of investment in the TRIplc Shares upon completion of the Proposed Share Exchange would be approximately RM69.13 million assuming all the outstanding share options under the ESOS of TRIplc are fully exercised.

2.7 Change in the controlling shareholder

The Proposed Acquisition will not give rise to a change in the controlling shareholders of our Company.

2.8 Information on TRIplc

Please refer to Appendix I of this Circular for detailed information on the TRIplc Group.

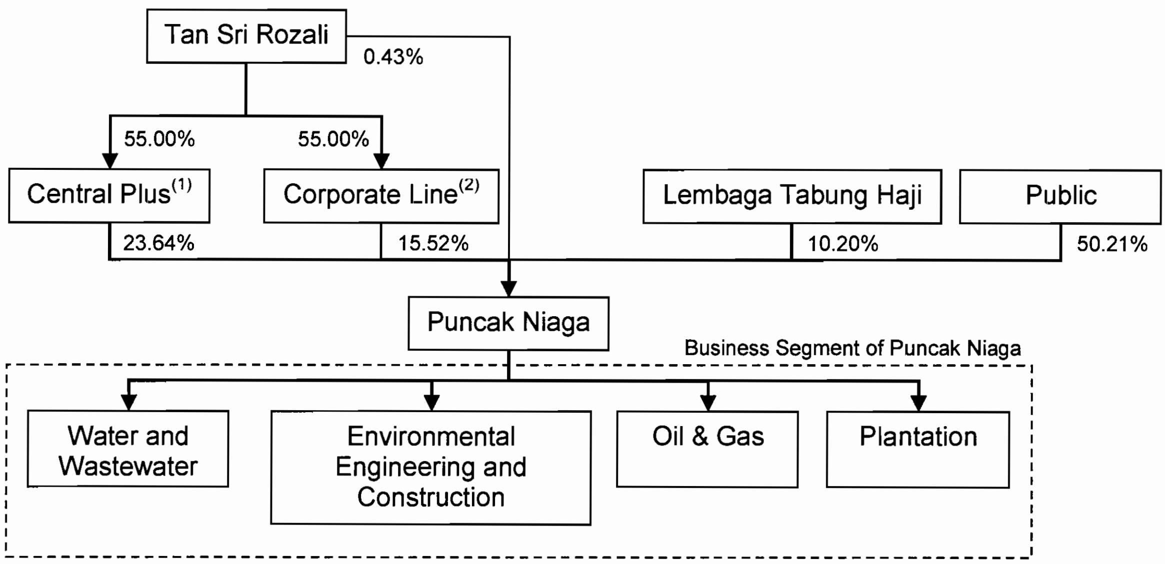
2.9 Information on the Vendor

Please refer to Appendix III of this Circular for detailed information on the Vendor.

3. PROPOSED CORPORATE STRUCTURE

The corporate structure of our Group before and after the Proposed Acquisition is shown in the following diagrams.

3.1 Before the Proposed Acquisition

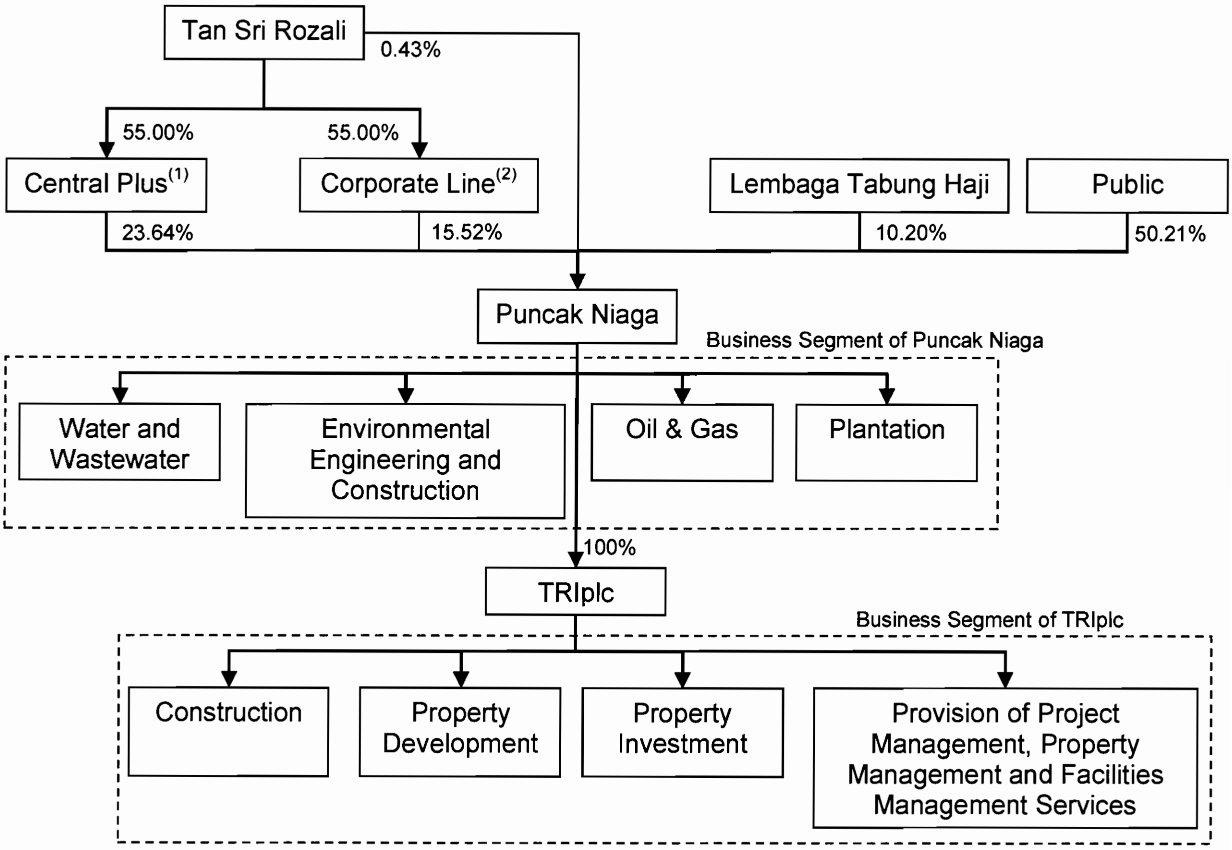


Notes:

(1) Deemed interest by virtue of 100% equity interest in Central Plus of which 55% equity interest is held in his own name and the remaining 45% equity interest is held in his spouse's and children's name respectively pursuant to Section 8(4) of the Act.

(2) Deemed interest by virtue of 100% equity interest in Corporate Line of which 55% equity interest is held in his own name and the remaining 45% equity interest is held in his spouse's and children's name respectively pursuant to Section 8(4) of the Act.

3.2 After the Proposed Acquisition



Notes:

(1) Deemed interest by virtue of 100% equity interest in Central Plus of which 55% equity interest is held in his own name and the remaining 45% equity interest is held in his spouse's and children's name respectively pursuant to Section 8(4) of the Act.

(2) Deemed interest by virtue of 100% equity interest in Corporate Line of which 55% equity interest is held in his own name and the remaining 45% equity interest is held in his spouse's and children's name respectively pursuant to Section 8(4) of the Act.

4. RATIONALE FOR THE PROPOSED ACQUISITION

4.1 Enhance our Group's revenue streams and long term growth prospects

Since the commencement of the consolidation/restructuring exercise of the water industry in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya as well as completion of the disposal of our water treatment and distribution businesses to Pengurusan Air Selangor Sdn Bhd in October 2015, our Company has been exploring opportunities to increase our revenue streams to mitigate the dependency on our Group's existing businesses in the construction, water and wastewater related and oil and gas segments.

Based on our Company's restated consolidated financial statements for FYE 31 December 2016, our Group recorded:

(i) total revenue of RM74.39 million (based on continuing and discontinued operations) and RM73.78 million (based on continuing operations only); and

(ii) LBT of RM219.94 million (based on continuing and discontinued operations) and RM200.52 million (based on continuing operations only).

The LBT of RM219.94 million (based on continuing and discontinued operations) was mainly attributed to the recognition of the material non-recurring expenses as follows:

(i) allowance for foreseeable losses in respect of a sewerage project amounting to RM66.23 million; and

(ii) impairment losses on the Derrick pipe-lay barge of RM41.62 million and the service concession assets in China amounting to RM6.89 million.

After excluding the aforesaid expenses, our Group's LBT for FYE 31 December 2016 was reduced to RM105.20 million, which was mainly attributed to fixed operating expenses incurred as follows:

(i) employee benefits expenses amounting to RM73.48 million; and

(ii) head office expenses, mainly consisting of operating leases on building, upkeep of office, motor vehicles and equipment, legal and professional fees, travelling expenses and contributions to local community activities totaling to RM70.16 million.

Further, based on our Company's unaudited consolidated financial statements for 9-months FPE 30 September 2017, our Group recorded a LBT of RM96.03 million (based on continuing and discontinued operations) where our Group had incurred a total fixed operating expenses of RM108.15 million, mainly consisted of employee benefits expenses of RM49.98 million and head office expenses of RM59.17 million. The nature of the fixed operating expenses is similar to those incurred during FYE 31 December 2016 as explained above.

The Proposed Acquisition provides a platform for our Company to enhance our revenue streams and gain immediate access into a profitable group, i.e. TRIplc Group which currently holds two concessions awarded by the Government and UiTM.

Based on TRIplc's latest audited consolidated financial statements for FYE 31 May 2017, the TRIplc Group's revenue and PAT are RM70.91 million and RM10.45 million respectively. Our Company believes that upon completion of the Proposed Acquisition, our Group's losses will be reduced, particularly with the earnings contribution from the Z1P3 of UiTM Puncak Alam Campus project, which the construction works had commenced since April 2017.

Please refer to Section 6.2, Part A of this Circular for further details of the impact on our Group's financial performance resulting from the Proposed Acquisition.

The maintenance services for Z1P2 of UiTM Puncak Alam Campus is a concession for 20 years commencing from April 2014 to April 2034. The concession for Z1P3 of UiTM Puncak Alam Campus is for 25 years comprising three years for construction and 22 years for provision of maintenance services. In accordance with the terms and conditions of the Z1P3 Concession Agreement, the construction commencement date was 11 April 2017 and the construction is expected to complete in three years. The maintenance services will start after the completion of the construction of Z1P3 of UiTM Puncak Alam Campus. These two concessions will provide recurring cash flows to our Group after the Proposed Acquisition.

Our Company intends to retain the TRIplc's existing management team upon the completion of the Proposed Acquisition to ensure that the enlarged Group will have the qualified employees and sufficient resources available to carry out the future plans of TRIplc Group to further expand its project management services for construction projects as well as enhancing its maintenance services.

Upon completion of the Proposed Acquisition, our enlarged Group will not only have the construction, water and wastewater, oil and gas and plantation businesses, but also the provision of project management services for construction projects and maintenance services. Furthermore, our land banks will increase from approximately 311 acres to approximately 696 acres for future property development as detailed in Section 4.2 below.

Please refer to Section 13(iv), Appendix I(B) of this Circular for further details on the future prospects of our enlarged Group.

4.2 Expand our Group's existing land banks for future property development in the long term

Our Group has approximately 311 acres of existing vacant land in Shah Alam and Kuala Selangor for future property development purposes. As at the LPD, our Group does not have any ongoing property development activities.

The TRIplc Group currently owns approximately 385 acres of land bank for property development in Selangor. The Proposed Acquisition will expand our Group's existing land bank for future property development from approximately 311 acres to approximately 696 acres.

Based on the latest unaudited consolidated financial statements of TRIplc for 3-months FPE 31 August 2017, there is no revenue and profit contribution from property development to the TRIplc Group. However, TRIplc is currently in the planning stage for the future development of its land bank in Puncak Perdana, Selangor as well as the issuance of strata titles for property units sold in Puncak Perdana.

Although both companies are not currently launching any property development projects, our Company will be able to reap the benefits by developing these land banks in the long term, particularly when the property sector improves.

5. RISK FACTORS

Upon completion of the Proposed Acquisition, our Group will be exposed to the inherent risks associated with the construction and facilities management services industries. The risk factors include the following.

5.1 Risks affecting the TRIplc Group's business and operations

5.1.1 Termination of concessions

(a) Termination risk relating to non-performance of TRIplc Group

The concessions under the Z1P2 Concession Agreement and the Z1P3 Concession Agreement are for a period of 23 years and 25 years respectively. There is a risk of UiTM terminating either or both of the concessions in the event that TRIplc Ventures and/or TRIplc Medical fail to provide the maintenance works and/or achieve the agreed service level specified in the Z1P2 Concession Agreement and the Z1P3 Concession Agreement. TRIplc Ventures has, in the past, achieved the overall agreed service level for its maintenance works. However, there were occasions where TRIplc Ventures fell short of the service level required for certain maintenance works which resulted in deductions on its maintenance charges as set out in Section 5.1.5 of this Circular. Although our Company and TRIplc will ensure there are sufficient resources available, i.e. manpower and equipment to carry out the maintenance works throughout the concession period, there can be no assurance that the risks of concessions being terminated can be fully mitigated. In the event these concessions are terminated pursuant to default by TRIplc Ventures and/or TRIplc Medical, the outstanding amount relating to the financings obtained by TRIplc Ventures and/or TRIplc Medical as approved by the Government for the purpose of financing the constructions works, among others, will be paid by UiTM to the concession companies in accordance with the Z1P2 Concession Agreement and the Z1P3 Concession Agreement.

(b) Termination risk relating to national interest, public interest or national security

There is also the risk of the Government terminating either or both of the concessions by expropriating the rights vested in TRIplc Ventures and/or TRIplc Medical on the grounds of national interest, public interest or national security as provided under the Z1P2 Concession Agreement and the Z1P3 Concession Agreement due to circumstances which cannot be foreseen at this stage. The termination of these concessions will result in the TRIplc Group losing its core business which may in turn adversely affect the TRIplc Group's business, prospects and financial performance. Notwithstanding this, the probability of this risk crystalising may be low as the TRIplc Group is not aware of any such risk at present. If these concessions are terminated pursuant to an expropriation, the present value of the availability charges for the remaining unexpired period of these concessions as at the date of termination, among others, will be paid by UiTM to TRIplc Ventures and/or TRIplc Medical in accordance with the Z1P2 Concession Agreement and the Z1P3 Concession Agreement.

Termination of either the concessions after the completion of the Proposed Acquisition will adversely affect our enlarged Group's business, prospects and financial performance.

5.1.2 Dependence on major customer

TRIplc Group has entered into the Z1P2 Concession Agreement and Z1P3 Concession Agreement with UiTM and the Government, represented by the Ministry of Higher Education on 4 May 2010 and 18 February 2016, respectively. For the past four financial years up to FYE 31 May 2017, the revenue generated from service concession segment accounted for 99.23%, 99.24%, 86.88% and 99.49% respectively of the total revenue of the TRIplc Group. In the event that TRIplc Group does not perform according to the concession agreements, it may result in the concession agreements being terminated. As such, TRIplc Group is exposed to the risk associated with the loss of its major customer or delays in payments from UiTM, which may in turn materially affect the TRIplc Group's business, prospects and financial performance.

5.1.3 Completion risk of Z1P3 of UiTM Puncak Alam Campus

The timely completion of Z1P3 of UiTM Puncak Alam Campus may be subject to external factors which may be beyond the control of TRIplc Medical, a wholly-owned subsidiary of TRIplc, such as obtaining licences, permits or approvals from various regulatory authorities particularly in respect of concession and construction work, availability and adequacy of construction materials and labour and changes in government policies. If the construction of Z1P3 of UiTM Puncak Alam Campus is not completed within 36 months from the commencement date of the construction being 11 April 2017, TRIplc Medical will bear UiTM's costs and expenses arising from such delay and provide and maintain alternative facilities acceptable to UiTM at its own cost and expenses. As such, this may in turn adversely affect the TRIplc Group's financial performance. However, the TRIplc Group had not experienced any delays in the completion of its construction projects based on agreed delivery schedule since the completion of its first project with UiTM in 2004.

5.1.4 Reliance on subcontractors

The TRIplc Group acts as the main contractor for its construction projects and is responsible for the overall planning and management of its construction projects. The TRIplc Group engages competent subcontractors for earthworks and site preparation, piling and foundation, construction of reinforced concrete structure as well as installation of mechanical and electrical works.

As such, the TRIplc Group is exposed to risks of cost overrun, untimely completion of construction projects and poor quality of work. If there had been any delay resulting from the subcontractors' failure to perform according to the contracts, the TRIplc Group would have been entitled to claim against such subcontractors for liquidated ascertained damages and costs and expenses incurred by the TRIplc Group in stepping in (by itself or through another subcontractor) to complete the construction works and/or liquidate the subcontractor's performance bond.

The TRIplc Group had not experienced any delays in the completion of its construction projects since the completion of its first project with UiTM in 2004. Our Company will monitor the construction project schedule and quality of work closely to minimise any potential cost overrun and completion delay. However, there is no assurance that the subcontractors will perform in accordance with the agreed time schedule and conform to the quality of work or provision of services required. The subcontractors' failure to perform according to the contracts may result in a delay in the completion of the construction projects which may adversely impact the TRIplc Group's business, prospect and financial performance.

5.1.5 Maintenance services risk

TRIplc Ventures, through TRIplc FMS, both wholly-owned subsidiaries of TRIplc, provides maintenance services for Z1P2 of UiTM Puncak Alam Campus under the Z1P2 Concession Agreement. TRIplc FMS ensures that the assets, facilities and/or infrastructure are managed and maintained to preserve the long-term value of the assets, facilities and/or infrastructure in a cost-effective manner during the concession. There is a risk that TRIplc FMS (and in turn TRIplc Ventures and our Company) may fall short of the agreed service level specified in the Z1P2 Concession Agreement. Since the commencement of the Z1P2 maintenance period up to the LPD, TRIplc Ventures had been achieving above the overall agreed service level for its maintenance works. However, there were occasions where TRIplc Ventures fell short of the service level required for certain maintenance works which resulted in a cumulative deductions imposed on TRIplc Ventures' maintenance charges of RM256,314, including an amount of RM72,080 which is disputed by TRIplc Ventures up to 30 November 2017. As at the LPD, TRIplc Ventures and UiTM are in the midst of negotiating the settlement of the disputed amount.

It is the intention of our Company to retain the existing management team of TRIplc upon completion of the Proposed Acquisition to ensure that qualified employees are available to manage and maintain these assets, facilities and/or infrastructure. Also, our Group has in the past carried out construction, operation and maintenance projects. Therefore, our enlarged Group, being in the construction industry, has the required skills and experience to perform maintenance works such as mechanical and electrical works, civil and structural works and security and safety, if required. However, if the TRIplc Group does not perform to the expectation of UiTM under the Z1P2 Concession Agreement, the Z1P2 Concession Agreement may be terminated which may in turn adversely affect the TRIplc Group's business, prospects and financial performance.

5.1.6 Fluctuation in prices of major building and construction materials and medical equipment

The TRIplc Group relies on its subcontractors to procure the necessary building and construction materials and medical equipment where needed. The major building and construction materials are wood, cement, concrete, iron rods and steel bars, which are sourced by the subcontractors. As these building and construction materials are commodities, their prices are subject to the fluctuation in global market prices. If there is a sustained increase in the prices of these building and construction materials and is passed on to the TRIplc Group by the subcontractors, there is a risk that the TRIplc Group may not be able to pass on such price increases to its customer. Under such circumstances, price increases for major building and construction materials and medical equipment may adversely affect the TRIplc Group's business, prospect and financial performance.

Although TRIplc Group has taken adequate measures to mitigate these risks by awarding fixed price contracts and closely monitoring the prices for major building and construction materials and medical equipment, there can be no assurance that any changes to the prices for major building and construction materials and medical equipment will not have a material and adverse effect on the business, prospects and financial performance of our enlarged Group.

5.2 Risks relating to the Proposed Acquisition

5.2.1 Completion risk of the Proposed Acquisition

The completion of the Proposed Acquisition is conditional upon the fulfilment of the conditions precedent under the SSA as set out in Appendix IV of this Circular. If any of the conditions precedent are not fulfilled or waived, the SSA may be terminated and our Company will not be able to complete the Proposed Acquisition. Our Company will take all reasonable measures to fulfill all the conditions precedent under its responsibility to complete the Proposed Acquisition within the agreed timeframe as set out in the SSA.

5.2.2 Valuation risk of the Proposed Acquisition

As highlighted in Section 2.2, Part A of this Circular, the range of value for TRIplc's entire equity interest of between RM203.68 million and RM224.96 million was arrived at based on the assumption that Zuriat Watan is able to realise its Deferred Tax Asset I and Deferred Tax Asset II. In the event that any of the said deferred tax assets is not realisable, the range of value could potentially be reduced by up to RM25.32 million. For information, neither the Deferred Tax Asset I nor the Deferred Tax Asset II has been recognised in the audited financial statements of TRIplc Group for FYE 31 May 2017.

Our Company endeavours to realise the said deferred tax assets, however there can be no assurance that the deferred tax assets is realisable in whole, which may in turn adversely affect the TRIplc Group's future financial performance.

5.3 Risks relating to the construction, property development and facilities management services industries

5.3.1 Competition risks

The TRIplc Group operates in a competitive market environment where it competes with local companies in the construction and facilities management services industries in Malaysia, with a few having established reputations and long operational track records.

After the completion of the Proposed Acquisition, our Company and TRIplc will be able to pool our expertise and resources together as both our Company and TRIplc are involved in the construction sector and concession business. This is expected to enhance our competitiveness in the industry. However, there is no assurance that the TRIplc Group will be able to successfully compete in the market and remain competitive in the future as a result of factors such as pricing, design/concept, engineering capabilities and advanced building management system. Accordingly, this may adversely affect the TRIplc Group's business, prospects and financial performance.

5.3.2 Political, economic and regulatory risks

The TRIplc Group's construction and property development segments in the future will inevitably be affected by any unfavourable changes in the political, economic and/or regulatory conditions environment. These include changes in political environment, terrorist act, changes in government policies, nationalisation, changes in legislation pertaining to the industry, changes in labour laws, changes in environmental, health and safety laws and regulations, interest rates hike, risk of expropriation of land by authorities, increment in stamp duty and changes in taxation law including changes in tax rates.

Although our Company is committed to taking adequate measures to mitigate these risks by closely monitoring the Government's short-term and long-term fiscal plans and policies, there can be no assurance that any changes to the political, economic and regulatory factors will not have a material and adverse effect on the TRIplc Group's business, prospects and financial performance.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on our Company's issued share capital and substantial shareholders' shareholdings as the Purchase Consideration is in cash and the Proposed Acquisition does not involve any issuance of new Puncak Niaga Shares.

6.2 Earnings and earnings per share

The Proposed Acquisition will not have any effect on the consolidated earnings of our Company for FYE 31 December 2016 as the Proposed Acquisition is only expected to be completed by the second quarter of 2018.

For illustrative purpose only, assuming the Proposed Acquisition had been completed on 1 January 2016, being the beginning of FYE 31 December 2016 and taking into consideration the prior year adjustments as announced by our Company in its third quarter interim financial statements for 9-months FPE 30 September 2017, the pro forma effect of the Proposed Acquisition upon completion on the earnings and earnings per share of our Group are as follows:

	Audited as at 31 December 2016	Restated as at 31 December 2016 (1)	After Proposed Acquisition (2)(3)(4)
	RM'000	RM'000	RM'000
Loss attributable to ordinary shareholders:			
- Continuing operations	(240,970)	(227,775)	(226,035)
- Discontinued operations	(17,972)	(17,972)	(17,972)
Total	(258,942)	(245,747)	(244,007)
Weighted average number of ordinary shares in issue ('000)	447,247	447,247	447,247
Basic loss per ordinary share (sen):			
- Continuing operations	(53.88)	(50.93)	(50.54)
- Discontinued operations	(4.02)	(4.02)	(4.02)
Total	(57.90)	(54.95)	(54.56)

Notes:

(1) As announced in our Company's third quarter interim financial statements for 9-months FPE 30 September 2017, prior year adjustments were made due to a correction of the fair values of certain investment properties held by our Group to better reflect their fair values as at 1 January 2016 and 31 December 2016.

(2) For illustrative purpose, the TRIplc Group's PAT is based on its audited consolidated financial statements for FYE 31 May 2017.

(3) After taking into consideration the remaining estimated expenses in relation to the Proposed Acquisition.

(4) As highlighted in the ensuing paragraphs, the inclusion of the acquisition of Danum Sinar as a subsequent transaction may not provide a fair representation of Danum Sinar's business operation and financial performance moving forward. Therefore, it has not been adjusted for in the preparation of the pro forma effects on our Group's earnings and earnings per share.

Based on the latest audited financial statements of Danum Sinar for FYE 30 June 2017, the company recorded revenue of RM16.42 million and LAT of RM20.02 million. In the same financial year, Danum Sinar had written off its property, plant and equipment (including its biological assets) amounting to RM7.07 million, which was mainly due to the cessation of its reforestation activity.

We wish to highlight that the financial results mentioned above may not be a good representation of Danum Sinar's future business operation and financial performance in view of the following:

(i) prior to the acquisition of Danum Sinar by our Group, it was a private entity. As permitted by the MASB, the former management of Danum Sinar prepared its audited financial statements for FYE 30 June 2017 in accordance with the MPERS. However, subsequent to the acquisition, Danum Sinar is required to adopt the MFRS which will result in the company reporting certain incomes and/or expenses differently; and

(ii) Danum Sinar has ceased its reforestation activity.

After the completion of the Proposed Acquisition, TRIplc will become a wholly-owned subsidiary of our Company. As illustrated above, our Group's losses for FYE 31 December 2016 will be reduced upon completion of the Proposed Acquisition, particularly with the earnings contribution from the Z1P3 of UiTM Puncak Alam Campus project, which the construction works had commenced since April 2017. Notwithstanding that the steady stream of revenue from the two concessions of TRIplc Group will improve our Group's future earnings and earnings per share, the losses of our Group are larger than the earning contribution from the TRIplc Group. Hence, our enlarged Group is not expected to be profitable immediately.

In addition, our Group had acquired Danum Sinar on 3 July 2017 which marked our venture into the oil palm plantation business. Although our newly ventured oil palm plantation business is not profitable at this juncture, our Group envisages that, together with the service concession assets from TRIplc Group, they are expected to spur the future growth of our Group in a sustainable manner and thereby improve our enlarged Group's financial performance in the long term. Also, our enlarged Group will have access to approximately 696 acres of land banks for future development, which is expected to contribute to our financial performance, when the development activities are carried out in future.

In a shorter term, our Group endeavours to seek for new business ventures to turnaround our Group's the financial performance. However, there is no certainty as to when our Group will be able to secure the potential business ventures.

Please refer to Section 4.1, Part A of this Circular for the analysis on our Group's financial performance for FYE 31 December 2016 and 9-months FPE 30 September 2017.

6.3 NA per share and gearing

Based on our Company's latest audited consolidated financial statements as at 31 December 2016, the pro forma effects of the Proposed Acquisition on our Group's NA per share and gearing assuming that the Proposed Acquisition was effected on 31 December 2016, are set out as follows:

	Audited as at 31 December 2016	After adjusting for subsequent event (1)	After Proposed Acquisition
	RM'000	RM'000	RM'000
Share capital	449,284	449,284	449,284
Share premium	105,379	105,379	105,379
Treasury shares	(5,941)	(5,941)	(5,941)
Foreign currency translation reserve	9,145	9,145	9,145
Revaluation reserve	119,719	119,719	119,719
Other reserve	(20,127)	(20,127)	(20,127)
Retained earnings	770,929	1,078,632	(2) 1,077,274
Equity attributable to owners of our Company	1,428,388	1,736,091	1,734,733
Number of Puncak Niaga Shares(3) ('000)	447,247	447,247	447,247
NA per Puncak Niaga Share (RM)	3.19	3.88	3.88
Total borrowings (RM'000)	22,067	167,392	(4) 462,754
Gearing (times)(5)	0.02	0.10	0.27

Notes:

(1) After adjusting for the acquisition of Danum Sinar which was completed on 3 July 2017 and prior year adjustments which were made due to a correction of the fair values of certain investment properties held by our Group to better reflect their fair values as at 1 January 2016 and 31 December 2016 as announced in our Company's third quarter interim financial statements for 9-months FPE 30 September 2017.

(2) After deducting the remaining estimated expenses for the Proposed Acquisition of RM1.36 million. The total estimated expenses is RM3.72 million, of which part of the estimated expenses of RM2.36 million has been accounted for in our Company's audited consolidated financial statements for FYE 31 December 2016.

(3) Excluding 2,036,800 Puncak Niaga Shares held as treasury shares.

(4) Including the borrowings of the TRIplc Group as at 31 May 2017.

(5) Calculated based on total borrowings divided by equity attributable to equity holders of our Company.

7. APPROVALS REQUIRED AND INTER-CONDITIONALITY

7.1 Approvals required

The Proposed Acquisition is subject to, amongst others, the following:

(i) approval of the SC for the following:

(a) the Proposed Acquisition under Section 212 of the CMSA as a result of a significant change in business direction or policy of our Company;

(b) clearance for the issuance of the Circular prepared in accordance with Chapter 10 of the Listing Requirements; and

(c) the resultant equity structure of Puncak Niaga pursuant to the Proposed Acquisition under the equity requirements for public listed companies;

SC's approvals for the items (a) and (c) above have been obtained vide its letter dated 12 September 2017 while the SC's approval for the item (b) above has been obtained vide its letter dated 17 January 2018.

(ii) approval of our shareholders for the Proposed Acquisition at our forthcoming EGM;

(iii) approvals from government authority(ies) as may be required for the Proposed Acquisition. TRIplc has procured the approval of Unit Kerjasama Awam Swasta for the Proposed Acquisition vide its letter dated 31 May 2017;

(iv) approval of TRIplc's shareholders for the following:

(a) the Proposed TRIplc Internal Reorganisation and the Proposed Acquisition at its forthcoming EGM; and

(b) the Proposed TRIplc Internal Reorganisation at its forthcoming court convened meeting;

(v) order of the High Court of Malaya sanctioning the Proposed TRIplc Internal Reorganisation via a scheme of arrangement under Section 366 of the Act;

(vi) approval and/or consent of the TRIplc Group's financiers for the Proposed Acquisition, if required; and

(vii) approval and/or consent of any other relevant authorities and/or parties for the Proposed Acquisition, if required.

In TRIplc's audited consolidated financial statements for FYE 31 May 2016, the management of TRIplc had classified its finance income arising from concession arrangement as revenue instead of other income in the audited consolidated financial statements for FYE 31 May 2014 and FYE 31 May 2015.

Therefore, we have sought reliefs from the SC to restate certain items in TRIplc's consolidated financial statements for FYE 31 May 2014 and FYE 31 May 2015 to provide a more meaningful comparison and analysis on TRIplc Group's financial performance. Please refer to Section 1 of the Appendix I(D) for further information on the said reclassification.

The SC had, vide its letter dated 31 March 2017, approved the reliefs sought by us from having to comply with certain requirements under the Listing Requirements. The details of the reliefs sought are as follows:

Reference to Listing Requirements	Details of relief granted
(i) Item 8, Appendix 10B, Part A	Relief from having to disclose in this Circular the audited financial and other relevant information pertaining to the TRIplc Group, including but not limited to its net book value.
(ii) Item 6, Appendix 10B, Part H	Relief from having to disclose in this Circular a summary of the key audited financial data of the TRIplc Group for the past three to five financial years based on audited financial statements (depending on the profit track record used for compliance with the SC's Equity Guidelines).

Reference to Listing Requirements	Details of relief granted
(iii) Item 28(k), Appendix 10B, Part A	Relief from having to include in this Circular certain financial information based on the audited financial statements (past three years or since incorporation, whichever is the later) and the latest interim results, if available.
(iv) Item 11, Appendix 10B, Part H	Relief from having to include in this Circular, at the minimum, the information required under the section on Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects of Chapter 12 of the SC's Prospectus Guidelines.

The SC had, vide its letter dated 12 September 2017, approved the Proposed Acquisition under Section 212(2)(d) of the CMSA. SC's approval is subject to compliance with the following conditions:

Details of conditions imposed	Status of compliance
(i) TRIplc Group must meet the profit requirements of the SC's Equity Guidelines of having an audited after-tax profit of at least RM6.00 million for the FYE 31 May 2017, prior to commencement of the Proposed Acquisition; and	Complied. Based on the TRIplc's audited consolidated financial statements for FYE 31 May 2017, TRIplc Group recorded an audited after-tax profit of RM10.45 million and adjusted after-tax profit of RM9.38 million (after excluding non-recurring items).
(ii) HLIB and Puncak Niaga to fully comply with the requirements of the SC's Equity Guidelines and Bursa Securities' Listing Requirements pertaining to the implementation of the Proposed Acquisition.	To be complied.

7.2 Inter-conditionality

The Proposed Acquisition is not conditional upon any other corporate proposal carried out or to be carried out by our Company.

However, the approvals for the Proposed Acquisition and the Proposed TRIplc Internal Reorganisation (which will be undertaken by TRIplc) are inter-conditional upon one another.

The completion of the Proposed Acquisition is subject to the Proposed TRIplc Internal Reorganisation (which will be undertaken by TRIplc) having been completed but not vice versa.

8. HISTORICAL SHARE PRICES

The monthly high and low market prices of the Puncak Niaga Shares as traded on the Main Market of Bursa Securities for the past 12 months are set out below:

Month	High (RM)	Low (RM)
2016		
December	0.945	0.89
2017		
January	0.97	0.905
February	1.05	0.91
March	1.08	0.925
April	1.06	0.99
May	1.02	0.92
June	0.98	0.915
July	0.92	0.86
August	0.87	0.76
September	0.81	0.72
October	0.745	0.705
November	0.73	0.655

The last transacted market price of the Puncak Niaga Shares on 15 December 2016, being the last day of trading prior to the announcement of the Proposed Acquisition, is RM0.905.

The last transacted market price of the Puncak Niaga Shares as at the LPD is RM0.63.

(Source: Bloomberg Finance L.P.)

9. CORPORATE PROPOSALS WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposed Acquisition, there are no other corporate proposals which have been announced but have yet to be completed as at the LPD.

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

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

(i) Tan Sri Rozali is our Executive Chairman and major shareholder by virtue of his direct and indirect shareholdings via Corporate Line and Central Plus. Tan Sri Rozali is also a major shareholder in TRIplc by virtue of his direct and indirect shareholdings via Corporate Line and Central Plus;

(ii) Corporate Line is our major shareholder and person connected with Tan Sri Rozali by virtue of Tan Sri Rozali's direct and indirect shareholdings in Corporate Line. Corporate Line is also a shareholder in TRIplc;

(iii) Central Plus is our major shareholder and person connected with Tan Sri Rozali by virtue of Tan Sri Rozali's direct and indirect shareholdings in Central Plus. Central Plus is also a shareholder in TRIplc; and

(iv) Encik Azlan Shah is a person connected with Tan Sri Rozali as he is Tan Sri Rozali's eldest son. Encik Azlan Shah is also a Director and is currently the Acting Managing Director of our Company and a shareholder in TRIplc.

Accordingly, Tan Sri Rozali, Corporate Line, Central Plus and Encik Azlan Shah are deemed interested in the Proposed Acquisition. Their respective shareholdings in our Company as at the LPD are as follows:

	<----------- Direct ------------>		**<---------- Indirect ---------->**	
	No. of Puncak Niaga Shares held	**(1)%**	**No. of Puncak Niaga Shares held**	**(1)%**
Interested Director and/ or major shareholder				
Tan Sri Rozali	1,901,900	0.43	(2)175,140,824	(2)39.16
Encik Azlan Shah	389,400	0.09	-	-
Corporate Line	47,830,489	10.69	(3)21,600,000	(3)4.83
Central Plus	105,710,335	23.64	-	-

Notes:

(1) Excluding 2,036,800 Puncak Niaga Shares held as treasury shares as at the LPD.

(2) Deemed interest by virtue of 100% equity interest each in Central Plus and Corporate Line of which 55% equity interest is held in his own name and the remaining 45% equity interest is held in his spouse's and children's names respectively pursuant to Section 8(4) of the Act.

(3) Held through nominee name.

In view of the above, Tan Sri Rozali and Encik Azlan Shah have abstained and will continue to abstain from all deliberations and votings at the relevant Board meetings in respect of the Proposed Acquisition. Additionally, they will abstain from voting in respect of their direct and indirect shareholdings in our Company, if any, on the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM. They have also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.

Corporate Line and Central Plus will abstain from voting in respect of their direct shareholdings in our Company on the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM. Corporate Line and Central Plus have also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.

11. RELATED PARTY TRANSACTIONS

In view of the interests disclosed in Section 10, Part A of this Circular, the Proposed Acquisition is deemed as a related party transaction under Paragraph 10.08 of the Listing Requirements.

As at the LPD, there are no other related party transactions transacted with the interested Directors and/or interested major shareholders (including persons connected with them) for the 12 months preceding the LPD save for the acquisition of a piece of leasehold land, measuring approximately 8.413 hectares held under PN 80453, Lot 19255, Mukim of Ijok, District of Kuala Selangor, State of Selangor Darul Ehsan by Puncak Niaga Management Services Sdn Bhd, our wholly-owned subsidiary from Puncak Alam Housing Sdn Bhd for a total cash consideration of RM40,732,956 only, which was completed on 24 October 2017.

12. INDEPENDENT ADVISER

In view of the interests disclosed in Section 10, Part A of this Circular, we have appointed PIVB to act as the Independent Adviser to advise our non-interested Directors and non-interested shareholders on whether the terms of the Proposed Acquisition are fair and reasonable so far as our non-interested shareholders are concerned and whether the Proposed Acquisition is to their detriment.

Please refer to Part B of this Circular for the independent advice letter containing the Independent Adviser's evaluation of, and recommendations for, the Proposed Acquisition.

13. DIRECTORS' RECOMMENDATION

Our Board (save for Tan Sri Rozali and Encik Azlan Shah who have abstained and will continue to abstain from all deliberations on the Proposed Acquisition), after having considered and deliberated on all aspects of the Proposed Acquisition, particularly the rationale for the Proposed Acquisition, the effects of the Proposed Acquisition, the valuation of the entire equity interest of TRIplc as ascribed by FHCA, the valuation of the land and properties of TRIplc as ascribed by Khong & Jaafar and the advice of the Independent Adviser, is of the opinion that the Proposed Acquisition is:

(i) in the best interest of our Company;

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

(iii) not detrimental to the interests of our non-interested shareholders.

Accordingly, our Board (save for Tan Sri Rozali and Encik Azlan Shah who have abstained and will continue to abstain from all deliberations on the Proposed Acquisition) recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at our forthcoming EGM.

14. AUDIT COMMITTEE'S STATEMENT

Our Audit Committee, after having considered all aspects of the Proposed Acquisition, including but not limited to the rationale for the Proposed Acquisition, the basis of arriving at the Purchase Consideration, the terms of the SSA and the effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is:

(i) in the best interest of our Company;

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

(iii) not detrimental to the interests of our non-interested shareholders.

Our Audit Committee has also sought and considered the views of the Independent Adviser in forming its opinion of the Proposed Acquisition and has concurred with the views of the Independent Adviser.

15. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Acquisition is expected to be completed by the second quarter of 2018. The key milestones and tentative timing for the implementation of the Proposed Acquisition are set out below:

Key milestones	Tentative timing
Convening EGM	13 February 2018
Completion of the Proposed Acquisition	April 2018

16. EGM

Our EGM will be held on Tuesday, 13 February 2018 at 9.30 a.m., or at any adjournment, for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Acquisition. You are advised to refer to the Notice of EGM and Proxy Form which are enclosed in this Circular.

The voting on the resolution in respect of the Proposed Acquisition at our EGM will be by poll. If you are unable to attend and vote at our EGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete and return the enclosed Proxy Form for the EGM in accordance with the instructions contained therein, either by hand or post, so as to reach the office of our Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the EGM or any adjournment thereof, or in case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid. The lodging of the Proxy Form for the EGM will not preclude you from attending and voting in person at our EGM should you subsequently decide to do so.

17. ADDITIONAL INFORMATION

You should refer to the enclosed appendices for additional information.

Yours faithfully
for and on behalf of the Board of
Puncak Niaga Holdings Berhad

YBhg Tan Sri Dato' Seri Dr Ting Chew Peh
Independent Non-Executive Director / Audit Committee Chairman

PART B

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

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE "*DEFINITIONS*" SECTION AND CONTEXT OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS INDEPENDENT ADVICE LETTER ("IAL").

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED ACQUISITION. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THE IAL FOR FURTHER INFORMATION AND THE RECOMMENDATIONS FROM PIVB, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED ACQUISITION. THE IAL SHOULD ALSO BE READ IN CONJUNCTION WITH PART A OF THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM OF PUNCAK NIAGA.

1. INTRODUCTION

The chronology of events leading up to the Proposed Acquisition as announced by Puncak Niaga is set out below:

Announcement date	Events
18 April 2016	Puncak Niaga and TRIplc had entered into the following agreements: (i) the HOA to facilitate discussions and negotiations for the Proposed Transaction; and (ii) the NDA for TRIplc to provide information concerning the TRIplc Group to our Company to evaluate the Proposed Transaction for a period of four months from the date of the NDA ("**Due Diligence Period**").
17 August 2016	Both companies had announced the extension of the HOA and Due Diligence Period for a further three months until 17 November 2016.
17 November 2016	Both companies had announced the extension of the HOA and Due Diligence Period for a further three months until 17 February 2017.

In view of the interests of the major shareholders and Directors of the Company as disclosed in Section 10, Part A of the Circular, the Proposed Acquisition is deemed a related party transaction pursuant to the provisions of Paragraph 10.08 of the Listing Requirements.

Accordingly, the Board of Puncak Niaga had appointed PIVB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Puncak Niaga in relation to the Proposed Acquisition.

On 16 December 2016, HLIB, on behalf of the Board of Puncak Niaga announced that the Company had entered into the SSA with Pimpinan Ehsan for the acquisition of TRIplc's entire issued share capital for the Purchase Consideration.

On 13 September 2017, HLIB, on behalf of the Board of Puncak Niaga announced that the SC had, vide its letter dated 12 September 2017, approved the Proposed Acquisition subject to the conditions set out in Section 7.1, Part A of the Circular.

On 15 September 2017, HLIB, on behalf of the Board of Puncak Niaga announced, that the Company and Pimpinan Ehsan had, via a supplemental agreement dated 15 September 2017, mutually agreed to:

(i) extend the time under the SSA to fulfill conditions precedent from 15 September 2017 to 15 June 2018;

(ii) include that completion of the Proposed Acquisition is conditional upon the completion of the Proposed TRIplc Internal Reorganisation as an additional conditions precedent to be satisfied by Pimpinan Ehsan but not vice versa; and

(iii) arising from the consequential amendments to the SSA as highlighted in (ii) above, to remove from the relevant clauses in the SSA, all references to the completion of the Proposed Acquisition being subject to the Proposed Share Exchange having been completed.

2. EVALUATION OF THE PROPOSED ACQUISITION

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

2.1 Rationale for the Proposed Acquisition

The rationale of the Proposed Acquisition is reasonable as the Proposed Acquisition will enable Puncak Niaga to:

(i) enhance its revenue stream as the Proposed Acquisition is expected to provide a steady revenue flow via the concession income from Z1P2 and Z1P3 of UiTM Puncak Alam Campus and reduce the Puncak Niaga Group's losses. However, the Puncak Niaga Group is not expected to be profitable immediately after the completion of the Proposed Acquisition as the Puncak Niaga Group's losses are larger than the earnings contribution from the TRIplc Group; and

(ii) secure additional land bank for the Group's future property development in the long term.

Please refer to Section 8 of this IAL for further details on the rationale for the Proposed Acquisition.

2.2 Financial evaluation of the Purchase Consideration

We have made reference to the valuation report dated 15 January 2018 in respect of the valuation of the entire equity interest of TRIplc at the opinion date of 26 October 2017 issued by FHCA in forming our opinion on the Purchase Consideration. FHCA had adopted the SOPV methodology, which has taken into account the market value of the land and properties held by the TRIplc Group ("**Subject Properties**"), as appraised by Khong & Jaafar.

We are of the view that the Purchase Consideration of RM210.00 million is fair as it is within the range of value of the entire equity interest of TRIplc as ascribed by FHCA (which has taken into account the market value of the Subject Properties as appraised by Khong & Jaafar) of RM203.68 million to RM224.96 million.

Notwithstanding the above, it is pertinent to note that the range of value of RM203.68 million to RM224.96 million mentioned above was arrived at based on amongst others, the assumption made by FHCA that Zuriat Watan (being the wholly-owned subsidiary of TRIplc) is able to claim future tax deduction of RM105.49 million arising from the development expenditures previously impaired but not deductible for the year it was recognised (i.e. reversal of impairment loss) and the utilisation of tax losses to set off against future taxable profits of Zuriat Watan. We are of the view that the above assumption made by FHCA is reasonable after taking into consideration the BDO Tax Report and the relevant documents in relation to the impairment loss and the continuation of business to support the basis of the abovementioned tax deduction.

Please refer to Section 9 of this IAL for further details on the financial evaluation of the Purchase Consideration.

2.3 Salient terms of the SSA

We are of the opinion that the terms contained in the SSA are reasonable as far as the interests of Puncak Niaga are concerned and that the salient terms are not detrimental to the interests of the non-interested shareholders of Puncak Niaga.

Please refer to Section 10 of this IAL for further details on our comments on the salient terms of the SSA.

2.4 Prospects of the Malaysian economy and the enlarged Puncak Niaga Group

We are of the view that the prospects of the enlarged Puncak Niaga Group will be favourable, after taking into consideration the prospects of the Malaysian economy, as well as the expected growth in construction industry and the property development industry, which will drive the demand for facilities management services. The favourable prospects are further strengthened by the past financial performance and prospects of the TRIplc Group as well as the synergistic and potential benefits of the Proposed Acquisition.

Please refer to Section 11 of this IAL for further details on the prospects of the Malaysian economy and the enlarged Puncak Niaga Group.

2.5 Risk factors

The Puncak Niaga Group is already exposed to the inherent risks associated with the construction industry and is not expected to be exposed to new business risks, save for the termination of concessions risk and maintenance services risk. The Company intends to retain the existing management team of TRIplc upon completion of the Proposed Acquisition to ensure that qualified employees are available to manage and maintain the assets, facilities and/or infrastructure in accordance with the requirements of the concession agreements. However, termination of either the Z1P2 Concession Agreement or Z1P3 Concession Agreement after the completion of the Proposed Acquisition will adversely affect the enlarged Puncak Niaga Group's business, prospects and financial performance.

We are also of the view that risks such as non-fulfillment or non-waiver of conditions precedent under the SSA and non-completion of the Proposed Acquisition are acceptable as they are common aspects of any acquisition transactions/arrangements.

As highlighted in Section 2.2 above, the range of value for TRIplc's entire equity interest of between RM203.68 million and RM224.96 million is subject to a risk where the RM105.49 million future tax deduction will not be allowed by the IRB.

Notwithstanding the above, we are of the view that the assumption made by FHCA in relation to the future tax deduction is reasonable after taking into consideration the BDO Tax Report and the relevant documents in relation to the impairment loss and the continuation of business to support the basis of the abovementioned tax deduction.

Please refer to Section 12 of this IAL for further details on the risk factors.

2.6 Effects of the Proposed Acquisition

Share capital and substantial shareholders' shareholdings	No effect on the issued share capital and the shareholdings of the substantial shareholders of Puncak Niaga as the Proposed Acquisition will not involve any issuance of new Puncak Niaga Shares.
Earnings and earnings per share	Despite the improvement in the pro forma earnings for the FYE 31 December 2016, the enlarged Puncak Niaga Group subsequent to the completion of the Proposed Acquisition will remain loss making as the losses of the Puncak Niaga Group are larger than the earnings contribution from the TRIplc Group. As such, the Puncak Niaga Group is not expected to be profitable immediately after the completion of the Proposed Acquisition.
NA and gearing	Based on the audited consolidated financial statements of Puncak Niaga for the FYE 31 December 2016 and after adjusting for the acquisition of Danum Sinar, which was completed on 3 July 2017 as well as the prior year adjustments made by the Company due to a correction of the fair values of certain investment properties held by Puncak Niaga Group to better reflect their fair values as at 1 January 2016 and 31 December 2016 ("**Subsequent Event**"), the pro forma NA, NA per Puncak Niaga Share and gearing level after the completion of the Proposed Acquisition are as follows: ▪ The pro forma NA will decrease from RM1,736.09 million (after Subsequent Event) to RM1,734.73 million (after Proposed Acquisition) and the pro forma NA per Puncak Niaga Share will remain at RM3.88 (after Subsequent Event and Proposed Acquisition). ▪ The pro forma gearing level will increase from 0.10 times (after Subsequent Event) to 0.27 times (after Proposed Acquisition) after taking into consideration TRIplc's borrowings of approximately RM295.36 million as at 31 May 2017.

Premised on the above, we are of the opinion that the pro forma effects of the Proposed Acquisition are not detrimental to the interests of the non-interested shareholders of Puncak Niaga.

Please refer to Section 13 of this IAL for further details on the effects of the Proposed Acquisition.

3. CONCLUSION AND RECOMMENDATION

Based on our overall assessment and evaluation above, we are of the opinion that the Proposed Acquisition is ***FAIR*** and ***REASONABLE*** and is ***NOT DETRIMENTAL*** to the non-interested shareholders of Puncak Niaga.

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

NON-INTERESTED SHAREHOLDERS OF PUNCAK NIAGA ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF PUNCAK NIAGA.

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大众投资银行

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27th Floor, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur

18 January 2018

To: The non-interested shareholders of Puncak Niaga Holdings Berhad

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF PUNCAK NIAGA HOLDINGS BERHAD IN RELATION TO THE PROPOSED ACQUISITION

1. PREAMBLE

This independent advice letter ("**IAL**") is prepared for inclusion in the Circular and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the "*Definitions*" section of the Circular, except where the context otherwise requires or where otherwise defined herein.

2. INTRODUCTION

The chronology of events leading up to the Proposed Acquisition as announced by Puncak Niaga is set out below:

Announcement date	Events
18 April 2016	Puncak Niaga and TRIplc had entered into the following agreements: (i) the HOA to facilitate discussions and negotiations for the Proposed Transaction; and (ii) the NDA for TRIplc to provide information concerning the TRIplc Group to our Company to evaluate the Proposed Transaction for a period of four months from the date of the NDA ("**Due Diligence Period**").
17 August 2016	Both companies had announced the extension of the HOA and Due Diligence Period for a further three months until 17 November 2016.
17 November 2016	Both companies had announced the extension of the HOA and Due Diligence Period for a further three months until 17 February 2017.

On 16 December 2016, HLIB, on behalf of the Board of Puncak Niaga announced that the Company had entered into the SSA with Pimpinan Ehsan for the acquisition of TRIplc's entire issued share capital for the Purchase Consideration.

In view of the interests of the major shareholders and Directors of the Company as disclosed in Section 10, Part A of the Circular, the Proposed Acquisition is deemed a related party transaction pursuant to the provisions of Paragraph 10.08 of the Listing Requirements.

Accordingly, the Board of Puncak Niaga had appointed PIVB as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Puncak Niaga in relation to the Proposed Acquisition.

PUBLIC INVESTMENT BANK BERHAD (20027-W)
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(Wholly-owned subsidiary of Public Bank Berhad)

On 13 September 2017, HLIB, on behalf of the Board of Puncak Niaga announced that the SC had, vide its letter dated 12 September 2017, approved the Proposed Acquisition subject to the conditions set out in Section 7.1, Part A of the Circular.

On 15 September 2017, HLIB, on behalf of the Board of Puncak Niaga announced, that the Company and Pimpinan Ehsan had, via a supplemental agreement dated 15 September 2017, mutually agreed to:

(i) extend the time under the SSA to fulfill conditions precedent from 15 September 2017 to 15 June 2018;

(ii) include that completion of the Proposed Acquisition is conditional upon the completion of the Proposed TRIplc Internal Reorganisation as an additional conditions precedent to be satisfied by Pimpinan Ehsan but not *vice versa*; and

(iii) arising from the consequential amendments to the SSA as highlighted in (ii) above, to remove from the relevant clauses in the SSA, all references to the completion of the Proposed Acquisition being subject to the Proposed Share Exchange having been completed.

The purpose of this IAL is to provide an independent opinion as to whether the Proposed Acquisition is fair and reasonable, and whether the Proposed Acquisition is detrimental to Puncak Niaga and its non-interested shareholders, subject to the scope and limitations of our role and evaluation specified in Section 4 of this IAL. The non-interested shareholders should nonetheless rely on their own evaluation of the merits of the Proposed Acquisition before making a decision on the course of action to be taken.

YOU ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED IN THIS IAL BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF PUNCAK NIAGA.

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

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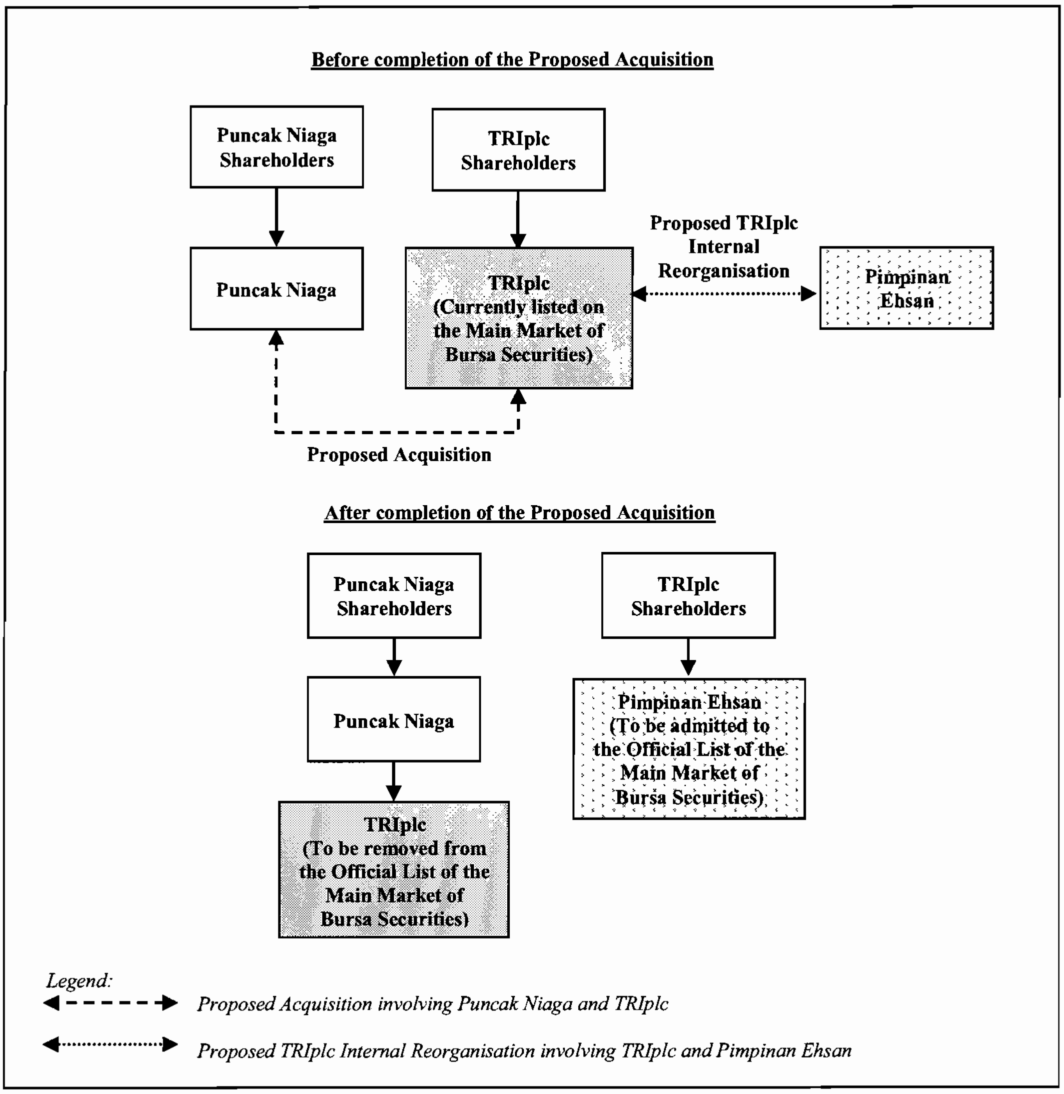
3. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition involves the acquisition by Puncak Niaga of TRIplc's entire issued share capital from Pimpinan Ehsan for a cash consideration of RM210.00 million. TRIplc will become a wholly-owned subsidiary of Puncak Niaga upon completion of the Proposed Acquisition.

The diagram below depicts the transaction structure of the Proposed Acquisition:



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

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

We were not involved in any formulation or any deliberation and negotiation on the terms and conditions of the Proposed Acquisition. The terms of reference of our appointment as the Independent Adviser to the non-interested directors and non-interested shareholders of Puncak Niaga in relation to the Proposed Acquisition are in accordance with the requirements set out in Paragraphs 10.08(2) and (3) of the Listing Requirements.

Our scope is limited to expressing an independent opinion on the fairness and reasonableness of the Proposed Acquisition insofar as the non-interested shareholders are concerned based on the following information and documents available to us:

(i) the information contained in Part A of the Circular and the appendices attached thereto;

(ii) the SSA;

(iii) the valuation report dated 15 January 2018 in respect of the valuation of the entire equity interest of TRIplc prepared by FHCA, being the independent valuer;

(iv) the valuation reports dated 13 October 2017 and valuation certificate dated 15 January 2018 in respect of the valuation of the land and properties of the TRIplc Group prepared by Khong & Jaafar, being an independent firm of registered valuer;

(v) the salient terms of the Z1P2 Concession Agreement and Z1P3 Concession Agreement;

(vi) the tax report dated 16 January 2017 in relation to the unabsorbed tax losses and impairment loss incurred by Zuriat Watan up to the Year of Assessment 2012, prepared by BDO Tax Services Sdn Bhd ("**BDO Tax Report**");

(vii) other relevant information, documents, confirmations and representation furnished to us by the management of Puncak Niaga ("**Management**"); and

(viii) other publicly available information.

We have made all reasonable enquiries to the Board of Puncak Niaga and Management and have relied upon the information and documents as mentioned above. We are satisfied that all relevant facts, information and representations necessary for our evaluation of the Proposed Acquisition have been disclosed to us and that such information is sufficient, accurate, valid and there is no omission of any material facts, which would make any information provided to us incomplete, misleading or inaccurate.

The Board of Puncak Niaga has confirmed to us that all relevant material facts and information essential to the evaluation of the Proposed Acquisition have been disclosed to us and has accepted full responsibility for the accuracy of the information provided to us. After making all reasonable enquiries and to the best of our knowledge and belief, we are satisfied with the disclosures from the Board of Puncak Niaga and Management and have no reason to believe that any of the information provided is unreliable, incomplete, misleading or inaccurate.

In rendering our advice, we had taken note of pertinent factors, which we believe are necessary and of importance to our assessment of the Proposed Acquisition and therefore of general concern to the non-interested shareholders of Puncak Niaga. As such:

(i) the scope of PIVB's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness and other implications of the Proposed Acquisition 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 Puncak Niaga to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Acquisition;

(ii) PIVB's views and recommendation as contained in the IAL only cater to the non-interested shareholders of Puncak Niaga 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 situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and

(iii) we recommend that any individual non-interested shareholder or group of non-interested shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposed Acquisition in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the LPD.

We will notify the non-interested shareholders of Puncak Niaga if, after the despatch of this IAL, we become aware that the information or document previously circulated or provided:

(i) contains a material statement which is false or misleading;

(ii) contains a statement from which there is a material omission; or

(iii) does not contain a statement relating to a material development.

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

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

We confirm that there is no situation of conflict of interest that exists or are likely to exist in relation to our role as the Independent Adviser in connection to the Proposed Acquisition. Other than our current appointment for the Proposed Acquisition, we have not advised Puncak Niaga in the capacity of principal adviser nor independent adviser for any corporate exercise within the past two years preceding the LPD.

PIVB is an approved corporate finance adviser within the meaning of the Principal Adviser Guidelines issued by the Securities Commission Malaysia. Our credentials and experience as an independent adviser include amongst others, the following:

(a) unconditional mandatory take-over offer by Paragon Adventure Sdn Bhd ("**PASB**") to acquire all the remaining ordinary shares in Goh Ban Huat Berhad ("**GBH**") ("**GBH Share(s)**") not already owned by Dato' Sri Edwin Tan Pei Seng and Dato' Sri Godwin Tan Pei Poh (collectively, the "**Ultimate Offerors**") and PASB and such number of new GBH Shares that may be issued and allotted prior to the closing date of the offer arising from the exercise of the outstanding warrants 2010/2020 issued by GBH ("**Warrants**") ("**Offer Shares**") and for all the remaining Warrants not already owned by the Ultimate Offerors and PASB ("**Offer Warrants**") for a cash offer price of RM1.40 per Offer Share and RM0.40 per Offer Warrant, respectively. Our independent advice circular was issued on 27 October 2017;

(b) conditional mandatory take-over offer by Parallel Pinnacle Sdn Bhd ("**Parallel**") to acquire all the remaining ordinary shares in AbleGroup Berhad ("**AbleGroup Share(s)**") not already held by Parallel for a cash consideration of RM0.13 per AbleGroup Share. Our independent advice circular was issued on 16 October 2017;

(c) proposed exemption to Takzim Empayar Sdn Bhd, SC Estate World Sdn Bhd and the persons acting in concert with them from the obligation to undertake a mandatory offer for all the remaining ordinary shares in SC Estate Builder Berhad not already held by them pursuant to the proposed rights issue with warrants under subparagraph 4.08(1) of the Rules on Take-overs, Mergers and Compulsory Acquisitions. Our independent advice letter was issued on 4 July 2017;

(d) proposed exemption to the Syarikat Kretam (Far East) Holdings Sdn Bhd and persons acting in concert with it from the obligation to undertake a mandatory offer for all the remaining ordinary shares in WMG Holdings Bhd not already held by them pursuant to Paragraph 16.1 of the Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010. Our independent advice letter was issued on 30 May 2017;

(e) unconditional mandatory take-over offer by Perangsang Packaging Sdn Bhd ("**PPSB**") to acquire all the remaining ordinary shares of RM0.50 each in Century Bond Bhd ("**CBB Share(s)**") not already owned by PPSB, a wholly-owned subsidiary of Kumpulan Perangsang Selangor Berhad for a cash consideration of RM1.75 per CBB Share. Our independent advice circular was issued on 1 December 2016;

(f) selective capital reduction and repayment exercise of Tanah Makmur Berhad pursuant to Section 64 of the Companies Act. Our independent advice letter was issued on 27 October 2016;

(g) conditional share exchange offer by YTL Corporation Berhad ("**YTL Corp**") to acquire all the remaining ordinary shares of RM0.10 each (excluding treasury shares) in YTL e-Solutions Berhad ("**YTL e-Solutions Share(s)**") not already held by YTL Corp, at an offer price of RM0.55 per YTL e-Solutions Share, which shall be satisfied through the issuance of new ordinary shares of RM0.10 each in YTL Corp at an issue price of RM1.65 per share ("**Consideration Share(s)**") based on an exchange ratio of approximately 0.333 Consideration Share for each YTL e-Solutions Share tendered. Our independent advice circular was issued on 26 August 2016; and

(h) unconditional take-over offer by KAF Investment Bank Berhad ("**KAF IB**") to acquire all the remaining ordinary shares of RM1.00 each in KAF-Seagroatt & Campbell Berhad ("**KAFSC Share(s)**") not already owned by KAF IB for a cash offer price of RM2.70 per KAFSC Share. Our independent advice circular was issued on 23 May 2016.

Premised on the foregoing, PIVB is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested directors and non-interested shareholders of Puncak Niaga in relation to the Proposed Acquisition.

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

Save as disclosed below, none of the Directors or major shareholders of Puncak Niaga and/or persons connected to them has any interest, direct or indirect, in the Proposed Acquisition as at the LPD:

Related party	Nature of relationship	Direct		Indirect	
		No. of Puncak Niaga Shares held	[a]%	No. of Puncak Niaga Shares held	[a]%
Tan Sri Rozali	▪ Executive Chairman of Puncak Niaga / Major shareholder of Puncak Niaga via Corporate Line and Central Plus ▪ Major shareholder of TRIplc via Corporate Line and Central Plus	1,901,900	0.43	[b]175,140,824	39.16
Encik Azlan Shah	▪ Director and Acting Managing Director of Puncak Niaga / Person connected with Tan Sri Rozali ▪ A shareholder of TRIplc	389,400	0.09	-	-
Corporate Line	▪ Major shareholder of Puncak Niaga / Person connected with Tan Sri Rozali ▪ A shareholder of TRIplc	47,830,489	10.69	[c]21,600,000	4.83
Central Plus	▪ Major shareholder of Puncak Niaga / Person connected with Tan Sri Rozali ▪ A shareholder of TRIplc	105,710,335	23.64	-	-

Notes:

(a) *Excluding 2,036,800 Puncak Niaga Shares held as treasury shares as at the LPD.*

(b) *Deemed interest by virtue of 100% equity interest each in Central Plus and Corporate Line of which 55% equity interest is held in his own name and the remaining 45% equity interest is held in his spouse's and children's names, respectively pursuant to Section 8(4) of the Act.*

(c) *Held through nominee name.*

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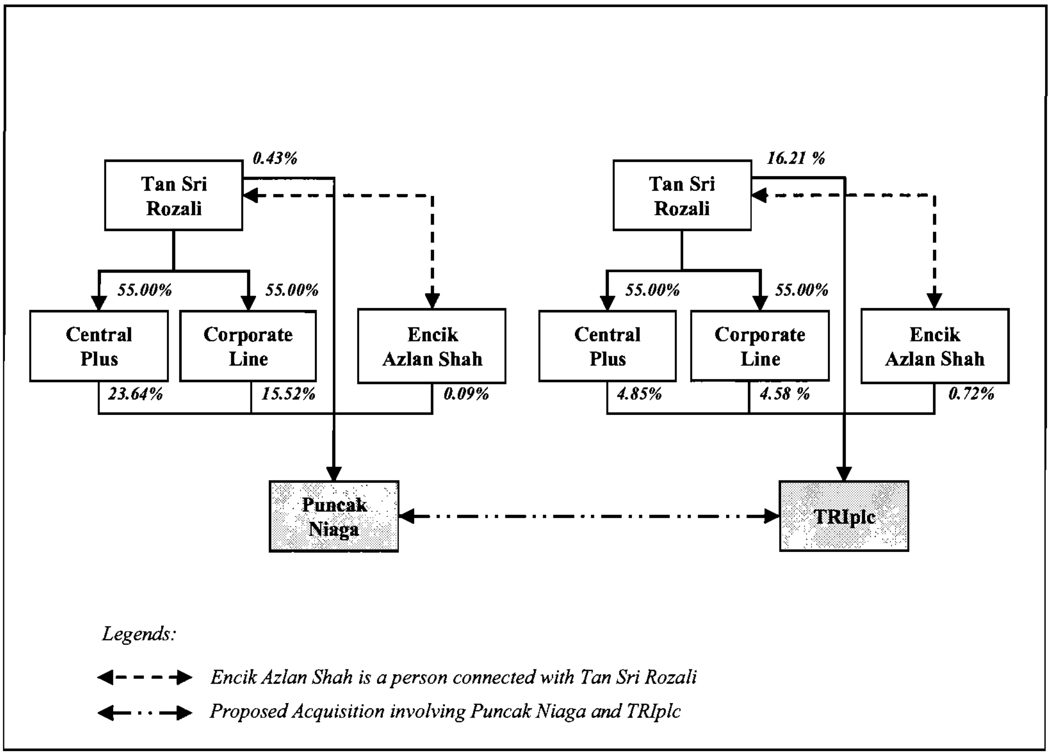


Based on the above, both Tan Sri Rozali and Encik Azlan Shah have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Acquisition at the relevant Board meetings of Puncak Niaga. Both Tan Sri Rozali and Encik Azlan Shah will also abstain from voting in respect of their direct and/or indirect shareholdings, if any, in Puncak Niaga on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of Puncak Niaga. They have also undertaken to ensure that persons connected to them will abstain from voting, in respect of their direct and/or indirect shareholdings, if any, in Puncak Niaga on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of Puncak Niaga.

Accordingly, Corporate Line and Central Plus are deemed interested in the Proposed Acquisition and will abstain from voting in respect of its direct and/or indirect shareholdings in Puncak Niaga on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of Puncak Niaga. Corporate Line and Central Plus have also undertaken to ensure that persons connected to them will abstain from voting, in respect of their direct and/or indirect shareholdings in Puncak Niaga, if any, on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of Puncak Niaga.

7. EVALUATION OF THE PROPOSED ACQUISITION

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

(a)	Rationale for the Proposed Acquisition	Section 8
(b)	Financial evaluation of the Purchase Consideration	Section 9
(c)	Salient terms of the SSA	Section 10
(d)	Prospects of the Malaysian economy and the enlarged Puncak Niaga Group	Section 11
(e)	Risk factors	Section 12
(f)	Effects of the Proposed Acquisition	Section 13

8. RATIONALE FOR THE PROPOSED ACQUISITION

We have set out below our comments on the rationale for the Proposed Acquisition as stated in Section 4, Part A of the Circular.

8.1 Enhance Puncak Niaga Group's revenue streams and long term growth prospects

We noted that Puncak Niaga was previously an infrastructure player specialises in the water services segment, prior to the disposal of its water treatment and distribution business to the Selangor State Government, which was completed on 15 October 2015. As a result of the abovementioned disposal, the Company has been reclassified from 'Infrastructure Project Companies' sector to 'Construction' sector on 13 November 2015 due to its remaining core business in construction of water related and sewerage facilities.

Based on the Company's restated consolidated financial statements for the FYE 31 December 2016, the Puncak Niaga Group recorded a total revenue of RM74.39 million (based on continuing and discontinued operations) and RM73.78 million (based on continuing operations only) and LBT of RM219.94 million (based on continuing and discontinued operations) and RM200.52 million (based on continuing operations only).

In accordance to Section 4.1, Part A of the Circular, the LBT of RM219.94 million (based on continuing and discontinued operations) was attributed mainly to the recognition of the material non-recurring expenses comprising the allowance for foreseeable losses in respect of a sewerage project amounting to RM66.23 million and impairment loss on the Derrick pipe-lay barge of RM41.62 million as well as the impairment loss on the service concession assets in China amounting to RM6.89 million. Further, after excluding the aforesaid expenses, Puncak Niaga Group's LBT for FYE 31 December 2016 was reduced to RM105.20 million, which was attributed mainly to fixed operating expenses incurred such as employee benefits expenses amounting to RM73.48 million, and head office expenses, consisting mainly of operating leases on building, upkeep of office, motor vehicles and equipment, legal and professional fees, travelling expenses and contributions to local community activities totaling to RM70.16 million.

In view of the above, the Proposed Acquisition represents an opportunity for the Company to enhance its revenue streams by allowing the Company to gain immediate access to a profitable group, i.e. TRIplc Group, which currently holds two concessions pursuant to the Z1P2 Concession Agreement and Z1P3 Concession Agreement.

TRIplc recorded revenue of RM70.91 million and PAT of RM10.45 million based on its audited consolidated financial statements for the FYE 31 May 2017. We noted that the TRIplc Group currently has two revenue generating business segments as follows:

	Audited FYE 31 May 2017		Unaudited three months FPE 31 August 2017	
Business segment	**RM'000**	**%**	**RM'000**	**%**
Service concession	70,551	99.49	22,291	99.60
Property investment	360	0.51	90	0.40
Total TRIplc Group's external revenue	***70,911***	***100.00***	***22,381***	***100.00***

(Source: TRIplc's Annual Report for 2017 and latest quarterly results for the three months FPE 31 August 2017)

Revenue under the service concession segment (which is the largest contributor to the TRIplc Group total revenue) is derived from the recurring concession income for Z1P2 of UiTM Puncak Alam Campus under the Z1P2 Concession Agreement. The Z1P2 Concession Agreement has a remaining maintenance period of approximately 16 years up to end of the concession period in April 2034.

Further, revenue under the service concession segment is expected to increase in view that the construction for Z1P3 of UiTM Puncak Alam Campus under the Z1P3 Concession Agreement had commenced on 11 April 2017. The provision of maintenance services under the Z1P3 Concession Agreement is for 22 years and will commence upon completion of Z1P3's construction.

Based on the above, the Proposed Acquisition is expected to provide a steady revenue stream via the concession income from Z1P2 and Z1P3 of UiTM Puncak Alam Campus and reduce the Puncak Niaga Group's losses. Notwithstanding that, the Puncak Niaga Group is not expected to be profitable immediately after the completion of the Proposed Acquisition as the Puncak Niaga Group's losses are larger than the earnings contribution from the TRIplc Group.

We have also noted that as part of the Company's effort to sustain future growth, the Puncak Niaga Group has acquired a 90.00% equity interest in Danum Sinar on 3 July 2017, where Danum Sinar will be principally involved in the development of oil palm plantation activity. The Company also intends to expand its water and wastewater related businesses through its business development pursuits into Kelantan and other states in Malaysia to secure new water business concessions. At this juncture, these business development efforts are still at the preliminary stage. Further details of the above are set out in Sections 13(iv)(a) and (c), Appendix I(B) of the Circular.

8.2 Expand Puncak Niaga Group's existing land bank for future property development in the long term

The Puncak Niaga Group currently has approximately 311 acres of existing vacant land for future property development purposes. Upon completion of the Proposed Acquisition, the total vacant land bank of the Puncak Niaga Group will increase significantly by approximately 385 acres to approximately 696 acres.

We noted that the Puncak Niaga Group does not have any property development activities at this juncture. Nonetheless, future development of the 696 acres land bank by the Puncak Niaga Group may contribute positively to its future financial performance.

Based on the above, the Proposed Acquisition represents a strategic opportunity for Puncak Niaga to secure additional land bank for the Group's future growth in the property development segment, which is in line with the Company's future plans in exploring opportunities in new business sectors as stated in Puncak Niaga's Annual Report 2016.

Premised on Sections 8.1 to 8.2 above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable.

9. FINANCIAL EVALUATION OF THE PURCHASE CONSIDERATION

We noted that the Purchase Consideration of RM210.00 million was arrived at on a "willing-buyer willing-seller" basis, after considering the valuation of TRIplc's entire equity interest as appraised by FHCA and the future prospects in the project management and construction related businesses as well as property development and future earnings potential from the existing two concessions of the TRIplc Group.

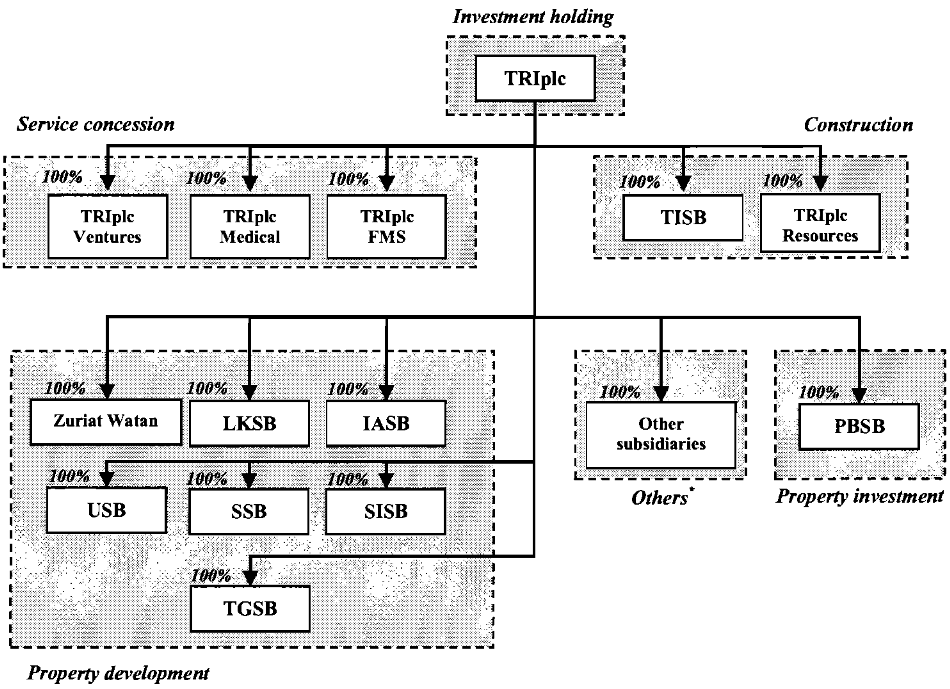
We have made reference to the valuation report dated 15 January 2018 in respect of the valuation of the entire equity interest of TRIplc at the opinion date of 26 October 2017 ("**Date of Opinion**") issued by FHCA in forming our opinion on the Purchase Consideration. We have assessed and are satisfied with FHCA's qualification, expertise, experience, credibility and scope of engagement. The valuation report dated 15 January 2018 issued by FHCA ("**Valuation Report**") has been appended as Appendix VI of the Circular.

We have also noted that FHCA had adopted the SOPV methodology, which has taken into account the market value of the land and properties held by the TRIplc Group ("**Subject Properties**"), as appraised by Khong & Jaafar. The valuation certificate in relation to the Subject Properties dated 15 January 2018 issued by Khong & Jaafar ("**Valuation Certificate**") has been appended as Appendix VII of the Circular.

Our comments on the valuation of TRIplc's entire equity interest and the market value of the Subject Properties are set out in the ensuing sections.

9.1 Valuation of TRIplc's entire equity interest

The business segments of the TRIplc Group are set out below:



Legend:

TISB	:	*TRIplc Industries Sdn Bhd*	*SSB*	:	*Samasys Sdn Bhd*
LKSB	:	*Layar Kekal (M) Sdn Bhd*	*SISB*	:	*Suasa Integrasi (M) Sdn Bhd*
IASB	:	*Insa Alliance Sdn Bhd*	*TGSB*	:	*Tirai Gemilang Sdn Bhd*
USB	:	*Usahasewa Sdn Bhd*	*PBSB*	:	*Prinsip Barisan (M) Sdn Bhd*

Note:

* *Comprising dormant subsidiaries and subsidiaries involved in project management activity, which is inactive.*

Source: The Valuation Report

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Based on the business segments of the TRIplc Group above, FHCA had considered it appropriate to value TRIplc's entire equity interest based on the SOPV methodology.

In general, the SOPV methodology arrives at a value of a company by summing the values of its individual business segments. Based on the SOPV methodology, the following valuation methodologies were adopted by FHCA:

Business segment	Valuation methodology
Service concession	<u>Discounted free cash flows to equity ("**Discounted FCFE**")</u> The Discounted FCFE is a valuation method used based on discounted cash flow that takes into consideration both the time value of money and cash flows generated by a company over a specific period of time. The Discounted FCFE entails the discounting of the cash flows from the business at a specified discount rate to arrive at the net present value. FCFE is the free cash flows available to be paid to the equity shareholders of the company after all expenses, reinvestment and debt repayment.
Property development, property investment, construction, investment holding and others (comprising of dormant subsidiaries and subsidiaries involved in project management activity, which is inactive)	<u>RNAV</u> The RNAV involves revising the values of the material assets of a company to properly reflect the market value of the company's assets that can be expected to be realised upon the sale of the assets.

The valuation of TRIplc's entire equity interest based on the SOPV methodology as appraised by FHCA is as follows:

Business segment	Valuation methodology	Notes	SOPV range Low range (RM' million)	SOPV range High range (RM' million)
Service concession	Discounted FCFE			
- Z1P2 of UiTM Puncak Alam Campus ("**Z1P2 Project**")			117.12	134.36
- Z1P3 of UiTM Puncak Alam Campus ("**Z1P3 Project**")			40.50	44.54
Property development, property investment, construction, investment holding and others	RNAV			
- Total NA of the segments			25.95	25.95
- Revaluation of land and buildings held by the property development, property investment and others segment		**Note A**	149.36	149.36
- Remaining equity funding for Z1P3 Project		**Note B**	(129.90)	(129.90)
Add: Cash inflows from full exercise of ESOS		**Note C**	0.65	0.65
Estimated fair market value of the entire equity interest in TRIplc Group	***SOPV***		***203.68***	***224.96***
Impact on valuation arising from:				
- *Tax deduction of the development expenditures previously impaired*		**Note A**	*(12.69)*	*(12.69)*
- *Tax losses brought forward*		**Note A**	*(12.63)*	*(12.63)*

Note A:

The range of value of TRIplc Group's operating segments other than its service concession was arrived at after taking into consideration, amongst others, the BDO Tax Report and assuming that Zuriat Watan is able to:

(i) claim tax deduction of the development expenditures previously impaired amounting to RM52.88 million which arose from the temporary suspension of a property development project on a piece of land held by Zuriat Watan, which the impairment losses were not deductible for tax purposes in the year it was recognised; and

(ii) prove that there is no cessation of business to utilise the tax losses brought forward of RM52.61 million to set off against its future taxable profits.

The realisability of the deferred tax assets above are subject to Zuriat Watan being able to comply with the requirements, as may be required by the IRB. In the event that any of Zuriat Watan's deferred tax assets are not realisable, the range of value could potentially be reduced by up to RM25.32 million.

Note B:

Derived based on the present value of the remaining equity funding required for the Z1P3 Project amounting to RM140.40 million based on the targeted capital structure of the Z1P3 Project, discounted at the TRIplc Group's after tax cost of debt of 4.79%.

Note C:

As at the Date of Opinion, 0.49 million TRIplc's employee share option scheme ("**ESOS**") have not been exercised. The exercise price of the ESOS to subscribe for each TRIplc Share is between RM1.11 and RM1.39. Based on the SOPV of TRIplc and 69.13 million diluted number of TRIplc Shares, the TRIplc Share is valued between approximately RM2.95 and approximately RM3.25 each. In view that the ESOS are in-the-money, i.e. its exercise price is below the fair market value of the TRIplc Share, FHCA had assumed that TRIplc will receive cash inflows of RM0.65 million upon full exercise of the 0.49 million ESOS.

Based on the group structure and respective business segments of TRIplc, we concur with the SOPV methodology adopted by FHCA as we consider it appropriate to value the different business segments within the TRIplc Group separately by using the Discounted FCFE and RNAV methodologies to arrive at an aggregate value of TRIplc.

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9.1.1 Discounted FCFE

In arriving at the value of the service concession business segment, we concur with the Discounted FCFE methodology adopted by FHCA as the most appropriate method due to the nature of the relatively predictable and constant stream of cash flows over the concession period derived from the Z1P2 Project and Z1P3 Project.

FCFE

In deriving the SOPV range, FHCA had discounted the projected FCFE to be derived from the future financial information of TRIplc's service concession segment over its relevant contractual periods (being the end of the concession period), prepared by the directors and management of TRIplc ("**Future Financials**"). We have reviewed the following key bases and assumptions as extracted from the Valuation Report in assessing the FCFE:

(a) Z1P2 Project

No.	Key bases and assumptions	PIVB's comments
1.	The annual payments from UiTM to TRIplc Ventures in respect of construction contract ("**Availability Charges**") will be paid by UiTM to TRIplc Ventures based on the salient terms of the Z1P2 Concession Agreement.	The assumption is consistent with the salient terms of the Z1P2 Concession Agreement in relation to the Availability Charges.
2.	The payment from UiTM to TRIplc Ventures in respect of maintenance services ("**Maintenance Charges**") will be paid by UiTM to TRIplc Ventures. TRIplc Ventures may request for a review of the Maintenance Charges, at the interval of every five years. It is assumed that the Government will approve the proposed increase in Maintenance Charges which will at all times allow the Z1P2 Project to breakeven in its maintenance cost. The proposed revision of the Maintenance Charges for the Z1P2 Project over its concession period is based on the estimated inflation rate of 3.47%.	The assumption that the Maintenance Charges will be paid by UiTM to TRIplc Ventures and TRIplc Ventures may request for a review at the interval of every five years is consistent with the salient terms of the Z1P2 Concession Agreement in relation to the Maintenance Charges. The assumption that the Government will approve the proposed increase in the Maintenance Charges that will at all times allow the Z1P2 Project to breakeven in its maintenance cost is reasonable, as TRIplc Ventures would pass on any increase in maintenance service cost relating to the ZIP2 Project to UiTM to ensure that TRIplc Ventures would breakeven. The proposed revision of the Maintenance Charges for the Z1P2 Project over its concession period based on the estimated inflation rate of 3.47% is within the projected inflation rate of between 2.5% and 3.5% for 2018 based on the Economic Report 2017/18 issued by the Ministry of Finance Malaysia ("**Economic Report 2017/2018**"). In view of the above, we are of the opinion that the inflation rate adopted is reasonable.
3.	Based on the salient terms of the Z1P2 Concession Agreement, an amount of 20% of the Maintenance Charges is required to be contributed to the maintenance reserve fund for the replacement of assets in respect of the Z1P2 Project. The corresponding estimated asset replacement costs have been taken into consideration in estimating the maintenance costs to be incurred.	The assumption is consistent with the salient terms of the Z1P2 Concession Agreement in relation to the maintenance reserve fund.

No.	Key bases and assumptions	PIVB's comments
4.	Maintenance cost is estimated based on the cost to be incurred in maintaining the Z1P2 Project, including the asset replacement costs, building maintenance, cleaning services, landscaping costs and waste disposal, as well as the related manpower administrative costs.	The estimate for the maintenance cost is based on the historical maintenance cost incurred by TRIplc Ventures in the provision of maintenance services for the Z1P2 Project and based on a general inflation rate of 3% and 5% for services related to manpower. The general inflation rate of 3% is within the projected inflation rate of between 2.5% and 3.5% for 2018 based on the Economic Report 2017/2018 and the inflation rate of 5% for manpower services is in line with the expected average salary increments of 5.4% in 2017 based on the Malaysian Employers Federation annual survey reports. In view of the above, we are of the opinion that the assumption is reasonable.
5.	Administration cost primarily comprises utilities charges, office rental, repairs and maintenance cost for motor vehicles and office equipment, insurance cost, audit, tax and secretarial fee and others. Administration cost is estimated to increase at approximately 3.0% per annum.	The estimate for the administration cost is based on the historical administration cost incurred by TRIplc Ventures for the Z1P2 Project and is estimated to increase based on a general inflation rate of 3%. The general inflation rate of 3% is within the projected inflation rate of between 2.5% and 3.5% for 2018 based on the Economic Report 2017/2018. In view of the above, we are of the opinion that the estimated increase in administration cost is reasonable.
6.	The medium term note bearing nominal value of RM240.00 million issued by TRIplc Ventures on 10 October 2011 ("**MTN**") and the junior notes bearing nominal value of RM35.00 million issued by TRIplc Ventures ("**Junior Notes**") bear coupon rate of 3.00% and 0% per annum respectively for the first three years of the tenure and ranging from 5.40% to 5.93% and 8.00% per annum respectively for the remaining years of the tenure.	The MTN coupon rates are based on the actual coupon rates of the MTN that were issued to the investors. The Junior Notes coupon rate is consistent with the subscription agreement for the Junior Notes issuance programme dated 29 May 2012 by TRIplc Ventures.
7.	TRIplc Ventures will ensure that an amount equivalent to the aggregate of annual guarantee fee to Danajamin Nasional Berhad ("**Danajamin**") and six months' interest payment under the MTN and the coupon under the Junior Notes for the next six months are maintained in a reserve account, as imposed by Danajamin.	The assumption is consistent with the Financial Guarantee Insurance Facility Agreement dated 23 September 2011 between TRIplc Ventures and Danajamin.
8.	TRIplc Ventures will maintain debt service coverage ratio of at least 1.5 times following the declaration of restricted distributions (if any) such as cash dividends to shareholders until FYE 31 May 2027, as imposed by Danajamin.	The assumption is consistent with the Supplemental Financial Guarantee Insurance Facility Agreement dated 4 June 2015 between TRIplc Ventures and Danajamin.

No.	Key bases and assumptions	PIVB's comments
9.	TRIplc Ventures will be able to carry out the maintenance services in relation to the Z1P2 Project according to the service description, frequency and parameter value and within the relevant periods as set out in the Z1P2 Concession Agreement and there will be no demerit value penalty imposed by UiTM.	The assumption is reasonable as TRIplc Ventures has been providing the maintenance services in relation to the Z1P2 Project since the commencement of the project. However, on a conservative basis, FHCA had assumed that TRIplc Ventures may experience demerit value penalty throughout the entire concession period, which had been factored into the specific risk premium of 1.00% to 3.00% applied in their estimate of the fair market value of the Z1P2 Project. Our comments on the specific risk premium are discussed in the ensuing paragraphs under discount rate.
10.	TRIplc Ventures will cease to exist at the end of the concession period and the equity share capital will be distributed to the equity holder at the end of the concession period.	The assumption is reasonable as TRIplc Ventures has no other source of income save for the Z1P2 Concession Agreement, which is a concession for 20 years commencing from April 2014 to April 2034.
11.	UiTM will be paying 6.0% Goods and Services Tax ("**GST**") on the Availability Charges, Maintenance Charges and asset replacement program charges with effect from April 2017.	The assumption is reasonable as UiTM's exemption from paying GST on the Availability Charges, Maintenance Charges and asset replacement program charges, via a GST relief order has expired on 31 March 2017.
12.	All GST net input tax paid by TRIplc Ventures are assumed to be collectible in full and on timely basis from the Royal Malaysian Customs Department ("**RMCD**").	The assumption is reasonable as TRIplc Ventures, being a GST registered company with the RMCD, may charge and collect GST on all goods/services provided. TRIplc Ventures has historically submitted GST claims and such claims were refunded by RMCD.

(b) Z1P3 Project

No.	Key bases and assumptions	PIVB's comments
1.	The construction of the teaching hospital under the Z1P3 Project is expected to be completed and accepted by UiTM by second quarter of 2020.	The assumption is consistent with the construction period for the Z1P3 Project of three years which has commenced on 11 April 2017.
2.	On 23 October 2017, TRIplc Medical had issued a debt financing bearing nominal value of RM639.00 million under the Shariah principal of Murabahah ("**Senior Sukuk**"). For purpose of conducting the valuation, the issuance is forecast to be issued in October 2017.	The terms of the Senior Sukuk issued on 23 October 2017 are consistent with the terms that have been lodged with the SC on 27 April 2017 by HLIB in relation to the Senior Sukuk.
3.	TRIplc Medical will ensure that four years profit payments of the Senior Sukuk and four years of guarantee fee payments is maintained in a reserve account upon the issuance of the Senior Sukuk, as imposed by the guarantors.	Danajamin and Bank Pembangunan Malaysia Berhad ("**BPMB**") are the guarantors for the Senior Sukuk. The assumption is consistent with the letter of offer dated 28 October 2016 and 15 December 2016 from Danajamin, and the letter of offer dated 16 December 2016 from BPMB to TRIplc Medical.
4.	The annual guarantee fee for the Senior Sukuk is 1.75% per annum for year 1 to year 3 and 2.00% in year 4. The annual guarantee fees will be computed based on the outstanding balance of the Senior Sukuk.	The assumption is consistent with the letter of offer dated 28 October 2016 and 15 December 2016 from Danajamin, and the letter of offer dated 16 December 2016 from BPMB to TRIplc Medical.

<table>
<tr><th>No.</th><th>Key bases and assumptions</th><th>PIVB's comments</th></tr>
<tr><td>5.</td><td>TRIplc Medical will ensure an amount equivalent to the six months' profit payment due and payable under the Senior Sukuk is maintained in a reserve account from October 2021 to October 2035, as imposed by the guarantors.</td><td>The assumption is consistent with the letter of offer dated 28 October 2016 and 15 December 2016 from Danajamin, and the letter of offer dated 16 December 2016 from BPMB to TRIplc Medical.</td></tr>
<tr><td>6.</td><td>The total project cost for the Z1P3 Project will be financed by 20% equity and 80% debt financings. The equity capital comprises share capital, a debt financing to be issued by TRIplc Medical under the Shariah principal of Murabahah which is subordinated to the Senior Sukuk ("Junior Sukuk") and shareholder advances whilst the debt capital consist solely the Senior Sukuk. TRIplc being the sole shareholder of TRIplc Medical, is assumed to be able to secure the required equity capital for the Z1P3 Project through debt financing by 31 May 2020 to fully subscribe the Junior Sukuk, shareholder advances and equity share capital of TRIplc Medical.</td><td>The expected capital structure for the financing of the project cost of the Z1P3 Project is consistent with the Z1P3 Concession Agreement.</td></tr>
<tr><td>7.</td><td>Administration cost primarily comprises professional fees such as audit, tax and secretarial fees as well as miscellaneous expenses. Administration cost is estimated to increase at approximately 3.0% per annum.</td><td>The administration cost comprising professional fees such as audit, tax and secretarial fees as well as miscellaneous expenses was established based on the historical cost incurred in respect of the items mentioned above for the Z1P2 Project and is estimated to increase based on a general inflation rate of 3%.

The general inflation rate of 3% is within the projected inflation rate of between 2.5% and 3.5% for 2018 based on the Economic Report 2017/2018. In view of the above, we are of the opinion that the estimated increase in administration cost is reasonable.</td></tr>
<tr><td>8.</td><td>The construction progress payment is assumed to be in accordance with the following schedule. The payment terms of the construction cost is assumed to be 60 days:
<table>
<tr><th>FYE 31 May</th><th>Estimated % of completion</th></tr>
<tr><td>2018</td><td>30.0%</td></tr>
<tr><td>2019</td><td>55.0%</td></tr>
<tr><td>2020</td><td>10.0%</td></tr>
<tr><td>2021</td><td>2.5%</td></tr>
<tr><td>2023</td><td>2.5%</td></tr>
</table></td><td>The assumption is in line with construction period for the Z1P3 Project of three years. The remaining 5.0% represents the retention sum to be paid 2.5% in the FYE 31 May 2021 and 2.5% in FYE 31 May 2023.</td></tr>
<tr><td>9.</td><td>The Availability Charges will be paid by UiTM to TRIplc Medical based on the salient terms of the Z1P3 Concession Agreement.</td><td>The term is reasonable as it is consistent with the salient terms of the Z1P3 Concession Agreement in relation to the Availability Charges.</td></tr>
</table>

No.	Key bases and assumptions	PIVB's comments
10.	The Maintenance Charges will be paid by UiTM to TRIplc Medical. TRIplc Medical may request for a review of Maintenance Charges, at the interval of every five years. It is assumed that the Government will approve the proposed increase in Maintenance Charges which will at all times allow Z1P3 Project to breakeven in its maintenance services expenses. The proposed revision of the Maintenance Charges for Z1P3 Project over its concession period is based on the estimated increase in management services expenses.	The term that the Maintenance Charges will be paid by UiTM to TRIplc Medical and TRIplc Medical may request for a review at the interval of every five years is reasonable as it is consistent with the salient terms of the Z1P3 Concession Agreement in relation to the Maintenance Charges. The assumption that the Government will approve the proposed increase in the Maintenance Charges that will at all times allow the Z1P3 Project to breakeven in its maintenance cost is reasonable, as TRIplc Medical would pass on any increase in maintenance service cost relating to the ZIP3 Project to UiTM to ensure that TRIplc Medical would breakeven. The proposed revision of the Maintenance Charges for the Z1P3 Project takes into account the inflationary effect of the maintenance services expenses. The inflation rate of the Maintenance Charges of approximately 3% per annum adopted in the Future Financials is within the projected inflation rate of between 2.5% and 3.5% for 2018 based on the Economic Report 2017/2018. In view of the above, we are of the opinion that the inflation rate adopted is reasonable.
11.	Based on the salient terms of Z1P3 Concession Agreement, the Maintenance Charges do not include the maintenance reserve fund for the replacement of assets. The maintenance reserve fund will be contributed solely by UiTM by way of monthly payment in arrears. As such, the asset replacement costs will not be reflected in the cash flows for the Z1P3 Project.	The assumption is consistent with the salient terms of the Z1P3 Concession Agreement in relation to the maintenance reserve fund.

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No.	Key bases and assumptions	PIVB's comments
12.	Management services cost is estimated based on the cost to be incurred in maintaining the Z1P3 Project, including the building, medical equipment, healthcare waste, cleaning, linen and laundry as well as the related manpower and administrative costs. The estimated stepped up increase in management services cost after the first five years of the teaching hospital's operation is due to the expiration of the defect liability period for the building and warranty period for certain medical equipment and mechanical and electrical equipment.	The management services cost comprised of cost that TRIplc Medical is expected to incur for the maintenance of the Z1P3 Project and such cost is estimated to increase pursuant to the expiration of the defect liability period for the building and warranty period for certain medical equipment and mechanical and electrical equipment as well as to cater to the increased utilisation of hospital beds. The lead consultant for the Z1P3 Project, namely DBA Akitek (M) Sdn Bhd ("**DBA Akitek**") has confirmed that the estimate for the management services cost for the maintenance of the Z1P3 Project for the initial five years is reasonable and sufficient. We noted that DBA Akitek has been involved in the provision of design and contract administration services including project management services for approximately 20 years. Their projects include residential, education, religious, government institutional, commercial, industrial and master planning projects. Based on the above, we are satisfied that DBA Akitek is competent in undertaking its role as the lead consultant for Z1P3 Project and thus, we have relied on their opinion in respect of the management services cost. The stepped up increase in the management services cost after the first five years takes into consideration the higher cost to be incurred for repair and/or cost of replacement of equipment pursuant to the expiration of the defect liability period for the building and warranty period for certain medical, mechanical and electrical equipment as well as a general inflation rate of 3% and 5% for services related to manpower. The general inflation rate of 3% is within the projected inflation rate of between 2.5% and 3.5% for 2018 based on the Economic Report 2017/2018 and the inflation rate of 5% for manpower services is in line with the expected average salary increments of 5.4% in 2017 based on the Malaysian Employers Federation annual survey reports. In view of the above, we are of the opinion that the assumption is reasonable.

No.	Key bases and assumptions	PIVB's comments
13.	TRIplc Medical will maintain debt service coverage ratio of at least 1.65 times following the declaration of restricted distributions (if any) such as cash dividends to shareholders, payment of profit for Junior Sukuk and shareholder advances until October 2035, as imposed by the guarantors.	The assumption is consistent with the letter of offer dated 28 October 2016 and 15 December 2016 from Danajamin, and the letter of offer dated 16 December 2016 from BPMB to TRIplc Medical.
14.	TRIplc Medical will be able to carry out the maintenance services for the Z1P3 Project according to the service description, frequency and parameter value and within the relevant periods as set out in the Z1P3 Concession Agreement and there will be no demerit value penalty imposed by UiTM.	The assumption is reasonable as TRIplc Medical will be able to benefit from the experience gained by the TRIplc Group through the Z1P2 Project. However, due to the dissimilarities between the Z1P2 Project and Z1P3 Project, on a conservative basis, FHCA had assumed that TRIplc Medical may experience demerit value penalty throughout the entire concession period, which had been factored into the specific risk premium of 6.00% to 8.00% applied in their estimate of the fair market value of the Z1P3 Project. Our comments on the specific risk premium are discussed in the ensuing paragraphs under discount rate.
15.	TRIplc Medical will cease to exist at the end of the concession period and the equity share capital will be distributed to the equity holder at the end of the concession period. The repayment of equity contribution relates to repayment of Z1P3 Project's equity financing as determined in Z1P3 Concession Agreement, which comprises Junior Sukuk (repayment in FYE 31 May 2037 and 2038), advances from holding company (repayment in FYE 31 May 2038) and equity share capital of TRIplc Medical.	The assumption is reasonable as TRIplc Medical has no other source of income save for the Z1P3 Concession Agreement, which is a concession for 25 years and has commenced on 11 April 2017.
16.	UiTM will be paying 6.0% GST on the annual Availability Charges, Maintenance Charges and asset replacement program charges throughout the maintenance service period.	The assumption is reasonable as UiTM is not exempted from paying GST on the Availability Charges, Maintenance Charges and asset replacement program charges.
17.	All GST net input tax paid by TRIplc Medical are assumed to be collectible in full and on timely basis from the RMCD.	The assumption is reasonable as TRIplc Medical, being a GST registered company with the RMCD, may charge and collect GST on all goods/services provided. TRIplc Medical has historically submitted GST claims and such claims were refunded by RMCD.

Premised on the above, we concur with the key bases and assumptions adopted in arriving at the valuation of the service concession segment.

Discount rate

In arriving at the Discounted FCFE valuation, FHCA had discounted each period's FCFE to the present value using the cost of equity which is derived from the Capital Asset Pricing Model ("**CAPM**").

The CAPM is an investment model commonly used to compute the required rate of return of a security after taking into consideration the rate of return on a risk free investment plus the relevant risk premiums, being the expected returns that such an investor would demand over and above the rate of return on the risk free investment, as such an investor needs to be compensated for taking extra risks.

The formula for the CAPM: $K_e = R_f + \beta\left(R_m - R_f\right) + R_p$

FHCA had adopted the following valuation parameters, as stated in the Valuation Report:

No.	Key bases and assumptions		PIVB's comments
1.	Debt/equity ("**D/E**") ratio	Z1P2 Project: 182.60% Z1P3 Project: 400.00%	The D/E ratio adopted by FHCA for Z1P2 Project represents the average D/E ratio of service concession companies listed on Bursa Securities, namely TRIplc and Menang Corporation (M) Berhad that are deemed comparable to Z1P2 Project ("**Comparable Companies**"). The D/E ratio adopted by FHCA for Z1P3 Project is based on the targeted capital structure of 20% equity and 80% debt for TRIplc Medical, which is consistent with the salient terms of the Z1P3 Concession Agreement.
2.	Risk-free rate of return ("**R_f**")	4.00%	The R_f represents the expected rate of return from a risk free investment. The R_f adopted by FHCA is the yield of 10-year Malaysian Government Securities as extracted from Bank Negara website as at the Date of Opinion. We are of the view that the R_f adopted by FHCA is reasonable as it is the best approximation of the R_f.
3.	Market return ("**R_m**")	10.69%	The R_m is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market. The R_m adopted by FHCA is based on the 10-year historical average market return for Malaysia up to the Date of Opinion as extracted from Bloomberg. We are of the view that the market return adopted is reasonable as it covers the most recent full economic cycle of Malaysia and is in line with the 10 year period adopted for the R_f.
4.	Beta ("**β**")	Z1P2 Project: 0.82 Z1P3 Project: 1.39	The β is the sensitivity of an assest's return to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A β of more than 1 signifies that the asset is riskier than the market and vice versa. FHCA adopted the average ungeared 5-year adjusted β of the Comparable Companies and regeared based on the respective D/E ratio adopted for the Z1P2 Project and Z1P3 Project. We are of the view that the adopted average 5-year adjusted β of the Comparable Companies is appropriate. Adopting a period of more than 5 years may not be accurate as TRIplc, being one of the Comparable Companies, was a distressed company prior to 14 November 2011. Hence, the inclusion of a period, where TRIplc was still a distressed company, may not be reflective of the current risk profile of TRIplc.

No.	Key bases and assumptions		PIVB's comments
5.	Specific risk premium ("R_p")	Z1P2 Project: 1.00% to 3.00% Z1P3 Project: 6.00% to 8.00%	The range of specific risk premiums for Z1P2 Project and Z1P3 Project adopted by FHCA are based on their professional judgement, after having taken into consideration the risks arising from the future cash flows, operational risks and risks arising from construction cost overruns. We have noted that the specific risk premium adopted by FHCA is within the range of specific risk premiums adopted by other independent valuers of 1% to 8% for the past two years for transactions in relation to acquisition and/or disposal of equity interest of companies involved in construction work, concessionaire for airport related ground handling, waste water treatment, waste transfer, as well as solid waste collection and public cleansing management services.

Based on the above, FHCA computed the following high and low range discount rates (CAPM), which is derived from different specific risk premiums applied by FHCA:

	Discount rate (CAPM)	
Service concession	**Low range**	**High range**
Z1P2 Project	12.49%	10.49%
Z1P3 Project	21.30%	19.30%

Premised on our evaluations as set out in Section 9.1.1 above, we are satisfied with the basis and parameters adopted by FHCA in arriving at the value of the Z1P2 Project of between RM117.12 million and RM134.36 million and the Z1P3 Project of between RM40.50 million and RM44.54 million, using the Discounted FCFE methodology.

We wish to highlight that any significant departure in the assumptions mentioned above, may have a material impact on the valuations. The Discounted FCFE valuations are based on prevailing economic, market and other conditions as at the date of valuation, as well as publicly available information and the information provided by the Management. Such conditions may change significantly over a short period of time and the resultant effect of such changes may materially and/or adversely affect the valuation.

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9.1.2 RNAV

In arriving at the value of the property development, property investment, construction, investment holdings and others segment, FHCA had adjusted the NA value of these business segments to take into consideration the revaluation of the Subject Properties. Thereafter, to derive at the RNAV, adjustments are made to take into consideration the additional debt to be assumed by the TRIplc Group to finance the equity contribution for the Z1P3 Project.

A summary of the RNAV for the property development, property investment, construction, investment holdings and others segment is as follows:

	Notes	**RM' million**
NA of the property development segment	**Note A**	72.73
NA of the property investment segment	**Note A**	5.76
NA of the construction segment	**Note A**	(10.75)
NA of the investment holding segment	**Note A**	(43.76)
NA of the others segment (comprising of dormant subsidiaries and subsidiaries involved in project management activity, which is inactive)	**Note A**	1.97
		25.95
Revaluation of the Subject Properties held by the property development, property investment and others segment	**Note B**	149.36
Remaining equity funding for Z1P3 Project	**Note C**	(129.90)
RNAV of the property development, property investment, construction, investment holdings and others segments		***45.41***

Note A:

Extracted based on the unaudited statements of financial position of the respective companies as at 31 August 2017.

Note B:

Computed based on the difference between the fair value of the Subject Properties as extracted from the Valuation Certificate, adjusted for deferred taxation at the corporate tax rate of 24%, and the carrying amount of the Subject Properties as extracted from the unaudited statements of financial position as at 31 August 2017. Further details are set out in Section 9.1.2.1 of this IAL.

Note C:

Being the present value of the remaining equity funding required for the Z1P3 Project amounting to RM140.40 million based on the targeted capital structure of the Z1P3 Project, discounted at the TRIplc Group's after tax cost of debt of 4.79%.

9.1.2.1 Revaluation of the Subject Properties

In view that FHCA had taken into account the market value of the Subject Properties as appraised by Khong & Jaafar in arriving at the value of the property development, property investment, construction, investment holdings and others segment of RM149.36 million, we have made reference to the Valuation Certificate and are satisfied with the market value ascribed by Khong & Jaafar based on the material date of valuation as at 21 September 2017 ("**Property Valuation Date**").

We noted that the valuation of the Subject Properties by Khong & Jaafar is prepared in accordance with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia. We have also made reference to the valuation reports dated 13 October 2017 of the Subject Properties by Khong & Jaafar ("**Property Valuation Report(s)**") in forming our opinion on the market values of the Subject Properties.

In arriving at the market value of the Subject Properties, Khong & Jaafar had adopted different methodologies for different Subject Properties. The description of the methodologies used by Khong & Jaafar is as follows:

Valuation methodology	**General description**
Comparison approach	Estimates the value of the subject property by analysing sales of similar properties within the neighbourhood and making adjustments to those sales for dissimilarities (physical, legal and economic) between each of the selected comparables and the property under consideration. A reconciliation of adjusted values and a selection of the more suitable comparable and a final decision will be made judgementally based on professional experience.
Income approach	Estimates the gross rental of the subject property as established from evidences of rental value in the market for similar properties. The gross rental less estimated outgoings gives a net rental. The net rental per annum is then capitalised at an "all-risks" yield to give an estimate of market value, from the income or investment perspective. Just as the gross rental is market derived, the "all-risks" yield is also market derived.
Income approach - Discounted cash flow ("**DCF**") methodology	Under this methodology, there are broadly three components: the expected cash inflows, the expected cash outflows and the present valuing of the net cash flow to adjust for the time value of money. The risk element is accounted for in the valuation model by adopting a market derived rate. Jointly, the developer's profit which accounts for risk and the present value factor which accounts for the time value of money constitute the discount rate. The valuation model is a "no growth" model, where the gross development value and the various items of costs are based on current prices. The model is also a calibrated model, where it is developed from analyses of sales of similar projects in the past, and thus meets the critical criteria in valuation standards for market value estimates to be based on market derived elements.
Cost approach	Based on the economic principle of substitution and expressed in methodology as the value of the land plus the depreciated cost of the buildings, depreciation being measured not only by physical deterioration but by functional and economic obsolescence.

The basis of valuation adopted by Khong & Jaafar is the market value of the Subject Properties, which is defined as the estimated amount for which the asset and liability should exchange on the valuation date between a "willing-buyer willing-seller" in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

The brief description and the total market value of the Subject Properties as extracted from the Valuation Certificate are tabulated below:

No.	Subject property	Location	Description	Land area	Gross floor area	Primary valuation methodology	Total market value (RM million)	Carrying amount as at 31 August 2017 (RM million)	Revaluation surplus (RM million)
1.	Property 1	Nos. 6 and 8, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan	2 adjoining units of 3-storey intermediate terrace shop/offices	1,679 sq. ft. per unit or combined land area of 3,358 sq. ft.	5,090 sq. ft. per unit or combined gross floor area of 10,180 sq. ft.	Cost approach	2.14	1.06	1.08
2.	Property 2	Nos. 20 and 22, Jalan Uranus AH U5/AH, Subang Impian, Section U5, 40150 Shah Alam, Selangor Darul Ehsan	2 units of 3-storey intermediate terrace shop/offices	1,760 sq. ft. per unit or combined land area of 3,520 sq. ft.	5,283 sq. ft. per unit or combined gross floor area of 10,566 sq. ft.	Cost approach	2.52	2.23	0.29
3.	Property 3	Lot 10965, Jalan Pulau Angsa U10/14, Taman Puncak Perdana, Section U10, 40170 Shah Alam, Selangor Darul Ehsan	A parcel of residential building land approved for development with 250 units of medium-cost apartments	3.625 acres or 157,905 sq. ft.	Not applicable	Income approach - DCF methodology	7.00	4.89	2.11
4.	Property 4	Within Taman Puncak Perdana, Section U10, Shah Alam, Selangor Darul Ehsan	A parcel of residential development land	25.65 acres or 1,117,314 sq. ft.	Not applicable	Comparison approach	42.46	39.32	3.14
5.	Property 5	Within Perdana Heights, Taman Puncak Perdana, Section U10, 40170 Shah Alam, Selangor Darul Ehsan	53 vacant detached house lots	541,026 sq. ft.	Not applicable	Comparison approach	25.77	1.44	24.33
6.	Property 6	Within an undeveloped housing scheme to be known as Desa Cempaka, off Jalan Sungai Buaya, in Seksyen 20, Bandar Serendah and Mukim of Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan	906 subdivided building plots approved for development ("**Cluster A**") and 3 parcels of agricultural land with development potential ("**Cluster B**")	202.906 acres or 8,838,604 sq. ft. for Cluster A and 17.180 acres or 748,361 sq. ft. for Cluster B	Not applicable	Cluster A Comparison approach Cluster B Comparison approach	153.90	37.23	116.67

No.	Subject property	Location	Description	Land area	Gross floor area	Primary valuation methodology	Total market value (RM million)	Carrying amount as at 31 August 2017 (RM million)	Revaluation surplus (RM million)
7.	Property 7	No. PT 1152, Batu 36, Jalan Pahang, 72200 Batu Kikir, Negeri Sembilan Darul Khusus	Part of the property encompassing an estimated land area of 7.22 acres built upon with a single storey factory building with 2-storey office section, a single storey workers' quarters and 2 car parks sheds. The remaining portion is an undeveloped land area of 50.04 acres	57.26 acres or 2,494,041 sq. ft.	318,173 sq. ft. (only for the buildings and structures in accordance with the approved building plan)	Land Comparison approach Buildings and structures Cost approach	24.64	9.05	15.59
Total							***258.43***	***95.22***	***163.21***
Less: Deferred taxation at 24%									*(39.17)*
Add: Adjustment made by FHCA for the utilisation of deferred tax assets in relation to Property 6									*25.32*
Revaluation of the Subject Properties held by the property development, property investment and others segment									***149.36***

The adjustment to the deferred tax assets made by FHCA is based on the assumption that Zuriat Watan, being the owner of Property 6, is able to:

(i) claim tax deduction of the development expenditures previously impaired amounting to RM52.88 million which arose from the temporary suspension of a property development project on Property 6, which the impairment losses were not deductible for tax purposes in the year it was recognised; and

(ii) prove that there is no cessation of business to utilise the tax losses brought forward of RM52.61 million to set off against its future taxable profits.

We are of the view that the adjustment made by FHCA in relation to the deferred tax assets is reasonable after taking into consideration the following:

(a) the BDO Tax Report in relation to the future tax deduction claim arising from the development expenditures previously impaired but not deductible for the year it was recognised (i.e. reversal of impairment loss) and the utilisation of tax losses to set off against future taxable profits of Zuriat Watan; and

(b) the relevant documents in relation to the impairment loss and the continuation of business to support the basis of the abovementioned tax deduction.

The summary of Khong & Jaafar's analysis in deriving the market value of the Subject Properties is set out in the ensuing paragraphs.

Property 1

We noted that for Property 1, Khong & Jaafar had employed the cost approach as the primary method and the income approach as a check.

The buildings within Property 1 have been internally renovated with permits obtained from the relevant authorities to include the addition of gypsum board office partitioning on all floors, the demolition of an approximately 8.12-metre long party wall on the ground floor and the creation of a 0.95-metre door opening in the party wall on the first floor. There are also other internal renovations such as the change of floor finishes and the addition of fibrous plaster and softboard ceilings, which do not require any permits.

(a) Cost approach (Primary method)

Using the cost approach, the land of Property 1 is assessed by adopting the comparison approach and the building erected thereon is estimated using the depreciated replacement cost method. The summary of the aforementioned valuation methods are as follows:

Primary valuation method	Description of Property 1	Value per sq. ft. (RM)	Value per parcel / unit (RM)	Adopted market value per parcel / unit (RM)	Adopted market value (RM)
Cost approach:					
• Comparison approach	Land (2 parcels) (1,679 sq. ft. / parcel)	410.00	688,390	690,000	1,380,000
• Depreciated replacement cost	Shop/office (2 units) comprising:				
	(i) main floor area (4,932 sq. ft.)	90.00	*377,298		
	(ii) ancillary floor area (158 sq. ft.)	50.00	*6,715		
			384,013	380,000	760,000
Total					**2,140,000**

Note:

* *After adjusting for depreciation at the rate of 15% due to physical deterioration and functional obsolescence.*

(i) Comparison approach

A summary of the comparable properties considered by Khong & Jaafar in arriving at the land value of Property 1 are as follows:

Details	**Comparable 1**	**Comparable 2**	**Comparable 3**
Location	Taman Mutiara Subang, Shah Alam, Selangor Darul Ehsan	Bandar Pinggiran Subang, Shah Alam, Selangor Darul Ehsan	Bandar Pinggiran Subang, Shah Alam, Selangor Darul Ehsan
Type	3-storey intermediate terrace shop/office		
Land use	Building (commercial) use		
Date of transaction	2 September 2016	5 August 2016	2 October 2015
Tenure	99-year leasehold tenure with an unexpired term of about 80.19 years	99-year leasehold tenure with an unexpired term of about 80.40 years	99-year leasehold tenure with an unexpired term of about 81.24 years
Land area	164.00 square metres (1,765 sq. ft.)	163.49 square metres (1,760 sq. ft.)	163.49 square metres (1,760 sq. ft.)
Gross floor area	460.04 square metres (4,952 sq. ft.)	475.47 square metres (5,118 sq. ft.)	475.47 square metres (5,118 sq. ft.)
Consideration	RM1,100,000	RM1,000,000	RM1,100,000
Analysis of the transaction	RM412 per sq. ft. (RM90 per sq. ft. for the main floor area, RM50 per sq. ft. for the ancillary floor area and a depreciation of 15%)	RM362 per sq. ft. (RM90 per sq. ft. for the main floor area, RM50 per sq. ft. for the ancillary floor area and a depreciation of 20%)	RM406 per sq. ft. (RM90 per sq. ft. for the main floor area, RM50 per sq. ft. for the ancillary floor area and a depreciation of 15%)
Adjustments*	No adjustments	No adjustments	Adjustment made for time factor
Adjusted value	**RM412.00 per sq. ft.**	**RM362.00 per sq. ft.**	**RM426.30 per sq. ft.**

Note:

* *The basis of the adjustments to derive the adjusted value from the analysis of the comparables is as follows:*

Adjustment	***Comparable 1***	***Comparable 2***	***Comparable 3***
Time factor	*No adjustment* -	*No adjustment* -	*Upward adjustment* *This comparable was transacted about 1.97 years before the Property Valuation Date*

We noted that Khong & Jaafar had placed reliance on Comparable 1 as it is the most recent sale transaction. As such, Khong & Jaafar had rounded the adjusted value of Comparable 1 and adopted RM410 per sq. ft. as the land value of Property 1. This translates into a market value of RM688,390, which Khong & Jaafar had rounded to RM690,000 per parcel or RM1,380,000 for two parcels of land.

(ii) Depreciated replacement cost

The building value of Property 1 in the cost approach is based on the estimated current replacement cost new and then discounted or depreciated for physical deterioration and functional and economic obsolescence. The current replacement cost new of the buildings and structures within the property is arrived based on industry average by Khong & Jaafar. The building costs are shown as follows:

Description	Building cost per sq. ft. (RM)	Depreciation rate
Main floor area	90	15%
Ancillary floor area	50	

The total current replacement cost new of each building of Property 1 is RM451,780, based on the main floor area of 4,932 sq. ft. and the ancillary floor area of 158 sq. ft. After taking into consideration the depreciation rate of 15% due to physical deterioration and functional obsolescence, the total depreciated replacement cost for each building is RM384,013, which Khong & Jaafar had rounded to RM380,000 per unit or RM760,000 for two units of shops/offices.

(b) Income approach (Check method)

As a cross check, Khong & Jaafar had adopted the income approach, where reference is made to the projected gross income that the properties are able to generate and deducting all outgoings. The net income is then capitalised by a market derived rate in order to arrive at the market value of Property 1.

Khong & Jaafar had adopted the following parameters:

Details	Rate adopted	Total value	Justification
Annual rental rates:			
- Ground floor	RM30,000		Khong & Jaafar had considered the current asking rentals of similar characteristics depending on size, condition of the property and location.
- First floor	RM18,000		
- Second floor	RM9,600		
		RM57,600	
Less: Outgoings per annum	15% of the annual rental	RM8,640	Khong & Jaafar had adopted outgoings of 15% of the annual rental based on the property's assessment, quit rent, fire insurance and estimated repair/ maintenance cost.
Less: Void allowance	10% of the annual rental	RM5,760	Khong & Jaafar had also deducted 10% from the annual rental income to account for vacancies.
Net rental		***RM43,200***	
Present value multiple	20.9990 times		Khong & Jaafar had adopted the present value multiple which is derived based on the yield rate, number of remaining years, sinking fund rate and tax rate of the property.
Total		**RM907,156**	

Premised on the income approach, Khong & Jaafar had rounded RM907,156 to RM910,000 as the market value for each unit of Property 1. Therefore, given that Property 1 comprises of two adjoining units of 3-storey shop office, Khong & Jaafar had ascribed RM1,820,000 as the total market value of Property 1 under the income approach.

In summary, the total market value of Property 1 as derived from the two methods above is as follows:

Method of valuation	**Market value for each unit (RM)**	**Total market value (RM)**
Cost approach (Primary)	1,070,000	2,140,000
Income approach (Check)	910,000	1,820,000

As the rental rates for 3-storey terrace shop/offices within the neighbourhood are relatively low since there are many other shop/offices available within the locality with a moderate occupancy rate, Khong & Jaafar had adopted the cost approach as a fair representation of the market value of Property 1.

<u>Property 2</u>

We noted that for Property 2, Khong & Jaafar had employed the cost approach as the primary method and the income approach as a check.

(a) Cost approach (Primary method)

Using the cost approach, the land of Property 2 is assessed by adopting the comparison approach and the building erected thereon is estimated using the depreciated replacement cost method. The summary of the aforementioned valuation methods are as follows:

Primary valuation method	**Description of Property 2**	**Value per sq. ft. (RM)**	**Value per parcel / unit (RM)**	**Adopted market value per parcel / unit (RM)**	**Total adopted market value (RM)**
<u>Cost approach:</u>					
• Comparison approach	Land (2 parcels) (1,760 sq. ft. / parcel)	410.00	721,600	720,000	1,440,000
• Depreciated replacement cost	Shop/office (2 units) comprising:				
	(i) main floor area (5,120 sq. ft./ unit)	110.00	*535,040		
	(ii) ancillary floor area (163 sq. ft. / unit)	50.00	*7,743		
			542,783	540,000	1,080,000
Total					**2,520,000**

Note:

* *After adjusting for depreciation at the rate of 5% due to physical deterioration.*

(i) Comparison approach

A summary of the comparable properties considered by Khong & Jaafar in arriving at the land value of Property 2 are as follows:

Details	**Comparable 1**	**Comparable 2**	**Comparable 3**
Location	Taman Mutiara Subang, Section U5, Shah Alam, Selangor Darul Ehsan	Bandar Pinggiran Subang, Shah Alam, Selangor Darul Ehsan	Bandar Pinggiran Subang, Shah Alam, Selangor Darul Ehsan
Type	3-storey intermediate terrace shop/office		
Land use	Building (commercial) use		
Date of transaction	2 September 2016	5 August 2016	2 October 2015
Tenure	99-year leasehold tenure with an unexpired term of about 80.19 years	99-year leasehold tenure with an unexpired term of about 80.40 years	99-year leasehold tenure with an unexpired term of about 81.24 years
Land area	164.00 square metres (1,765 sq. ft.)	163.49 square metres (1,760 sq. ft.)	163.49 square metres (1,760 sq. ft.)
Gross floor area	460.04 square metres (4,952 sq. ft.)	475.47 square metres (5,118 sq. ft.)	475.47 square metres (5,118 sq. ft.)
Consideration	RM1,100,000	RM1,000,000	RM1,100,000
Analysis of the transaction	RM412 per sq. ft. (RM90 per sq. ft. for the main floor area, RM50 per sq. ft. for the ancillary floor and a depreciation of 15%)	RM362 per sq. ft. (RM90 per sq. ft. for the main floor area, RM50 per sq. ft. for the ancillary floor and a depreciation of 20%)	RM406 per sq. ft. (RM90 per sq. ft. for the main floor area, RM50 per sq. ft. for the ancillary floor and a depreciation of 15%)
Adjustments*	No adjustments	No adjustments	Adjustment made for time factor
Adjusted value	**RM412.00 per sq. ft.**	**RM362.00 per sq. ft.**	**RM426.30 per sq. ft.**

Note:

* *The basis of the adjustments to derive the adjusted value from the analysis of the comparables is as follows:*

Adjustment	***Comparable 1***	***Comparable 2***	***Comparable 3***
Time factor	*No adjustment* -	*No adjustment* -	*Upward adjustment* *This comparable was transacted about 1.97 years before the Property Valuation Date*

We noted that Khong & Jaafar had placed reliance on Comparable 1 as it is the most recent sale transaction. As such, Khong & Jaafar had rounded the adjusted value of Comparable 1 and adopted RM410 per sq. ft. as the land value of Property 2. This translates into a market value of RM721,600, which Khong & Jaafar had rounded to RM720,000 per parcel or RM1,440,000 for two parcels of land.

(ii) **Depreciated replacement cost**

The building value of Property 2 in the cost approach is based on the estimated current replacement cost new and then discounted or depreciated for physical deterioration and functional and economic obsolescence. The current replacement cost new of the buildings and structures within the property is arrived based on industry average by Khong & Jaafar. The building costs are shown as follows:

Description	Building cost per sq. ft. (RM)	Depreciation rate
Main floor area	110	5%
Ancillary floor area	50	

The total current replacement cost new of each building of Property 2 is RM571,350, based on the main floor area of 5,120 sq. ft. and the ancillary floor area of 163 sq. ft. After taking into consideration the depreciation rate of 5% due to physical deterioration, the total depreciated replacement cost for each building is RM542,783, which Khong & Jaafar had rounded to RM540,000 per unit or RM1,080,000 for two units of shops/offices.

(b) **Income approach (Check method)**

As a cross check, Khong & Jaafar had adopted the income approach, where reference is made to the projected gross income that the properties are able to generate and deducting all outgoings. The net income is then capitalised by a market derived rate in order to arrive at the market value of Property 2.

Khong & Jaafar had adopted the following parameters:

Details	Rate adopted	Total value	Justification
Annual rental rates:			
- Ground floor	RM30,000		Khong & Jaafar had considered the current asking rentals of similar characteristics depending on size, condition of the property and location.
- First floor	RM18,000		
- Second floor	RM9,600		
		RM57,600	
Less: Outgoings per annum	10% of the annual rental	RM5,760	Khong & Jaafar had adopted outgoings of 10% of the annual rental based on the property's assessment, quit rent, fire insurance and estimated repair/ maintenance cost.
Less: Void allowance	10% of the annual rental	RM5,760	Khong & Jaafar had also deducted 10% from the annual rental income to account for vacancies.
Net rental		***RM46,080***	
Present value multiple	21.1676 times		Khong & Jaafar had adopted the present value multiple which is derived base on the yield rate, number of remaining years, sinking fund rate and tax rate of the property.
Total		**RM975,403**	

Premised on the income approach, Khong & Jaafar had rounded RM975,403 to RM980,000 as the market value for each unit of Property 2. Therefore, given that Property 2 comprises of two adjoining units of 3-storey shop office, Khong & Jaafar had ascribed RM1,960,000 as the total market value of Property 2 under the income approach.

In summary, the market values of Property 2 as derived from the two methods above are as follows:

Method of valuation	Market value for each unit (RM)	Total market value (RM)
Cost approach (Primary)	1,260,000	2,520,000
Income approach (Check)	980,000	1,960,000

As the rental rates for 3-storey terrace shop/offices within the neighbourhood are relatively low since there are many other shop/offices available within the locality with a moderate occupancy rate, Khong & Jaafar had adopted the cost approach as a fair representation of the market value of Property 2.

Property 3

We noted that for Property 3, Khong & Jaafar had employed the income approach (discounted cash flow ("**DCF**") methodology) as the primary method and the comparison approach as a check.

(a) Income approach – DCF methodology (Primary method)

We have noted that Khong & Jaafar had used the following parameters to derive the market value of Property 3:

Details	Total value	Justification
Estimated gross development value ("GDV")	RM25,000,000	Khong & Jaafar had adopted a selling price of RM100,000 per unit for medium cost apartments based on the letter of approval dated 23 April 2001 by the State Government of Selangor for the alienation of the land.
Estimated gross development cost ("GDC")	RM17,848,466	Khong & Jaafar had taken into consideration, amongst others, the cost in relation to building, title/survey plans, statutory contributions, site clearing and earthworks, professional fee, interest on capital and developer's profit. The GDC is based on the industry average cost and analyses by Khong & Jaafar.
Estimated net cash flow	RM7,151,534	
Discount rate	10%	Khong & Jaafar adopted the discount rate of 10% per annum, which is market derived, based on analyses of sales of developed lands from past transaction in Malaysia.
Duration of development	3 years	Khong & Jaafar adopted a period of 3 years as the estimated time frame required for construction and completion and the marketing of the units of development based on market derived analyses of similar ongoing projects.
Market value	RM7,068,716	

Based on the Valuation Report for Property 3, the breakdown of the cash flow from year 1 to year 3 of the development based on the DCF methodology is as follows:

	Year 1		Year 2		Year 3		
	First half	**Second half**	**First half**	**Second half**	**First half**	**Second half**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Total cash inflow	7,500,000	7,500,000	6,250,000	1,250,000	1,250,000	1,250,000	25,000,000
Total cash outflow	2,437,502	4,353,647	4,264,897	3,909,897	1,793,924	1,088,599	17,848,466
Net cash flow	5,062,498	3,146,353	1,985,103	(2,659,897)	(543,924)	161,401	7,151,534
Present value multiple (times)	0.9765	0.9310	0.8877	0.8464	0.8070	0.7694	
Net present value	**4,943,297**	**2,929,294**	**1,762,147**	**(2,251,270)**	**(438,939)**	**124,187**	**7,068,716**

Based on the above, the market value of Property 3 derived from the income approach (DCF methodology) is RM7,068,716, which Khong & Jaafar had rounded to RM7,000,000. Further details of the above are set out in the Valuation Certificate.

(b) Comparison approach (Check method)

The summary of the comparison approach for Property 3 is as follows:

Valuation method	Description of Property 3	Value per sq. ft. (RM)	Total value (RM)	Adopted market value (RM)
• Comparison approach	Land (157,905 sq. ft.)	45.00	7,105,725	7,100,000
Total				**7,100,000**

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of Property 3 are as follows:

Details	Comparable 1	Comparable 2	Comparable 3
Location	Within Kampung Bukit Cherakah, Bandar Bukit Raja, District of Petaling, Selangor Darul Ehsan	Along Jalan Paip, Kampung Bukit Cherakah, Bandar Bukit Raja, District of Petaling, Selangor Darul Ehsan	Along Jalan BRP 4/1, Bukit Rahman Putra, District of Petaling, Selangor Darul Ehsan
Type	Vacant parcels of land zoned for residential use		
Land use	Agricultural land with residential development potential		Building (residential use)
Date of transaction	22 February 2016	10 July 2015	14 April 2014
Tenure	Leasehold 99 years with an unexpired term of about 85.61 years	Leasehold 99 years with an unexpired term of about 52.06 years	Freehold
Land area	129,275 sq. ft. (2.968 acres)	184,386 sq. ft. (4.233 acres)	179,183 sq. ft. (4.113 acres)
Consideration	RM3,100,000	RM5,897,675	RM16,000,000
Analysis of the transaction	RM24.00 per sq. ft.	RM32.00 per sq. ft.	RM89.00 per sq. ft.
Adjustments*	Adjustment are made for time, location and accessibility, physical attributes, category of land use, planning approvals, tenure, planning and zoning, restrictions and the absence of a separate title		
Adjusted value	**RM36.54 per sq. ft.**	**RM45.76 per sq. ft.**	**RM37.38 per sq. ft.**

Note:

* *The basis of the adjustments to derive the adjusted value from the analysis of the comparables is as follows:*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Time	*Upward adjustment* *This comparable was transacted about 1.58 years before the Property Valuation Date*	*Upward adjustment* *This comparable was transacted about 2.20 years before the Property Valuation Date*	*Upward adjustment* *This comparable was transacted about 3.44 years before the Property Valuation Date*
Location and accessibility	*Upward adjustment* *Property 3 is better located*	*Upward adjustment* *Property 3 is better located*	*Downward adjustment* *The comparable is better located*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Physical attributes	*Upward adjustment* *This comparable has a sloping terrain and is rectangular in shape, whereas Property 3 is generally flat in terrain and is near rectangular in shape*	*Upward adjustment* *This comparable is generally flat in terrain and triangular in shape, whereas Property 3 is flat and near rectangular in shape*	*No adjustment* -
Category of land use	*Upward adjustment* *The comparable category is "Pertanian" whereas Property 3 is "Bangunan" for residential use*		*No adjustment* -
Planning approvals	*Upward adjustment* *These comparables have not been approved for development whereas Property 3 has been approved for residential development*		
Tenure	*No adjustment* -	*Upward adjustment* *The comparable is held under a leasehold tenure having an unexpired term of about 52.06 years, whereas Property 3 is held under a leasehold tenure having an unexpired term of about 81.55 years*	*Downward adjustment* *The comparable is held under a freehold tenure, whereas Property 3 is held under a leasehold tenure which has an unexpired term of about 81.55 years*
Planning and zoning	*Upward adjustment* *These comparables are zoned for residential use at a permissible density of 20 units per acre, whereas Property 3 is zoned for residential use at a permissible density of 60 units per acre*		*Downward adjustment* *This comparable is zoned for residential use at a permissible density of 70 units per acre, whereas Property 3 is zoned for residential use at a permissible density of 60 units per acre*
Restrictions	*Downward adjustment* *The comparables have no restriction in development, whereas Property 3 is restricted to development of medium cost apartments*		
Separate Title	*Downward adjustment* *Property 3 is part of Lot 10965 which is undeveloped and is not held under a separate title*		

We noted that Khong & Jaafar had placed reliance on Comparable 2 as it is similar in location and size. As such, Khong & Jaafar had adopted RM45 per sq. ft. as the market value of Property 3. This translates into a market value of RM7,105,725, which Khong & Jaafar had rounded to RM7,100,000.

In summary, the market value of Property 3 as derived from the two methods above is as follows:

Valuation approach	**Market value (RM)**
Income approach - DCF methodology (Primary)	7,000,000
Comparison approach (Check)	7,100,000

As Property 3 is a parcel of residential land approved for development, Khong & Jaafar had adopted the income approach (DCF methodology) as a fair representation of the market value of Property 3.

Property 4

We noted that Khong & Jaafar had employed the comparison approach as the sole valuation method for Property 4. The summary of the details is as follows:

Valuation method	Description of Property 4	Value per sq. ft. (RM)	Total value (RM)	Adopted market value (RM)
• Comparison approach	Land (25.65 acres or 1,117,314 sq. ft.)	38.00	42,457,932	42,460,000

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of Property 4 are as follows:

Details	Comparable 1	Comparable 2	Comparable 3
Location	Within Shah Alam Utama adjacent to Bandar Bukit Raja, Shah Alam, Selangor Darul Ehsan	Along Jalan U9/18, Monterez Golf & Country Club, Section U19, Shah Alam, Selangor Darul Ehsan	Along Jalan BRP 4/1, Bukit Rahman Putra, Sungai Buloh, Selangor Darul Ehsan
Type	Vacant parcel of building land zoned for residential use		
Land use	Building (residential)		
Date of transaction	18 November 2015	12 December 2012	22 April 2013
Tenure	Freehold	Leasehold tenure of 99 years with an unexpired term of about 75 years	Freehold
Land area	1,016,256 sq. ft. (23.33 acres)	380,074 sq. ft. (8.73 acres)	419,144 sq. ft. (9.62 sq. ft.)
Consideration	RM39,650,000	RM16,500,000	RM47,000,000
Analysis of the transaction	RM39.00 per sq. ft.	RM43.00 per sq. ft.	RM112.00 per sq. ft.
Adjustments*	Adjustment made for time, location and accessibility, size, physical attributes, issuance of building title, tenure and planning and zoning		
Adjusted value	**RM38.12 per sq. ft.**	**RM39.13 per sq. ft.**	**RM39.20 per sq. ft.**

Note:

* *The basis of the adjustments to derive the adjusted value from the analysis of the comparables is as follows:*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Time factor	*Upward adjustment* *The comparable was transacted about 1.84 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 4.78 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 4.42 years before the Property Valuation Date*
Location and accessibility	*Upward adjustment* *Property 4 is better located*	*No adjustment* -	*Downward adjustment* *The comparable is better located*
Size	*No adjustment* -	*Downward adjustment* *Property 4 is about 2.94 times larger than the comparable*	*Downward adjustment* *Property 4 is about 2.67 times larger than the comparable*
Physical attributes	*Upward adjustment* *The comparable is generally flat in terrain but triangular in shape, whereas Property 4 has a hilly and undulating terrain and is near rectangular in shape*	*Downward adjustment* *The comparable has a generally undulating terrain and is near rectangular in shape, whereas Property 4 has a hilly and undulating terrain and is regular in shape*	*Downward adjustment* *The comparable has a generally flat terrain and is near regular in shape, whereas Property 4 has a hilly and undulating terrain and is regular in shape*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Issuance of building title	*Downward adjustment* *The title for the comparable has been issued with category of land use "Bangunan" for residential use, whereas Property 4 has not been issued with any title as yet and is subject to the full payment of land alienation premium for the residential land*		
Tenure	*Downward adjustment* *The comparable is held under a freehold tenure whereas Property 4 will be held under a leasehold tenure having an unexpired term of about 99 years*	*Upward adjustment* *The comparable is held under a leasehold tenure having an unexpired term of about 75 years, whereas Property 4 will be held under leasehold tenure having an unexpired term of about 99 years*	*Downward adjustment* *The comparable is held under a freehold tenure whereas Property 4 under consideration will be held under a 99-year leasehold tenure*
Planning and zoning	*No adjustment* -	*No adjustment* -	*Downward adjustment* *The comparable is zoned for residential use at a permissible density of 70 units per acre whereas Property 4 is zoned for residential use at a permissible density of 50 units per acre*

Khong & Jaafar had selected Comparable 1 as the most suitable comparable because it is located in a fairly similar locality and development type. As such, Khong & Jaafar had rounded the adjusted value of Comparable 1 to RM38 per sq. ft. as the market value of Property 4. This translates into a market value of RM42,457,932, which Khong & Jaafar had rounded to RM42,460,000.

In view of sufficient recent sales transactions of very similar properties to establish an estimated value for Property 4, Khong & Jaafar had adopted the comparison approach as a fair representation of the market value of Property 4. The income and cost approaches are not applicable as Property 4 is a vacant parcel of residential development land with no approval on the site layout plan.

Property 5

We noted that Khong & Jaafar had employed the comparison approach as the sole valuation method for Property 5. The summary of the details is as follows:

Valuation method	Description of Property 5	Value per sq. ft. (RM)	Adopted market value (RM)
• Comparison approach	Land (541,026 sq. ft.)	25.00 to 70.00	25,770,000

A summary of the comparable properties considered and adjustments made to the comparable properties by Khong & Jaafar to arrive at a base value for Lot 57649 (which is the individual lot selected by Khong & Jaafar as representative of Property 5) in arriving at the market value of Property 5 are as follows:

	Comparable 1	Comparable 2	Comparable 3
Location	No. 13, Jalan Pulau Angsa U10/6B, Puncak Perdana (Perdana Heights), Section U10, Shah Alam, Selangor Darul Ehsan	No. 2, Jalan U9/1A, Kayangan Heights, Section U9, Shah Alam, Selangor Darul Ehsan	Lot 260, Jalan U9/4A, Kayangan Heights, Section U9, Shah Alam, Selangor Darul Ehsan
Type	Vacant detached house lot		
Land use	Building (residential) use		
Date of transaction	29 April 2016	9 March 2016	25 February 2016
Tenure	Leasehold with an unexpired term of about 80.50 years	Leasehold with an unexpired term of about 76.21 years	Leasehold with an unexpired term of about 76.25 years
Land area	1,500 square metres (i.e. approximately 16,146 sq. ft.)	893 square metres (i.e. approximately 9,612 sq. ft.)	1,626 square metres (i.e. approximately 17,502 sq. ft.)
Consideration	RM1,000,000	RM624,780	RM1,120,128
Analysis of the transaction	RM61.93 per sq. ft.	RM65.00 per sq. ft.	RM64.00 per sq. ft.
Adjustments*	Adjustment made for time, size and location		
Adjusted value	**RM68.28 per sq. ft.**	**RM71.66 per sq. ft.**	**RM73.92 per sq. ft.**

Note:

* *The basis of the adjustments to derive the adjusted value from the analysis of the comparables is as follows:*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Time	*Upward adjustment* *Transacted about 1.40 years before the Property Valuation Date*	*Upward adjustment* *Transacted about 1.54 years before the Property Valuation Date*	*Upward adjustment* *Transacted about 1.57 years before the Property Valuation Date*
Size	*Upward adjustment* *The comparable is about 2.05 times larger than Property 5*	*No adjustment* -	*Upward adjustment* *The comparable is about 2.22 times larger than Property 5*
Location	*No adjustment* -	*Upward adjustment* *Property 5 is better located*	*Upward adjustment* *Property 5 is better located*

We noted that Khong & Jaafar had placed reliance on Comparable 1 as it is the most recent sale transaction and is located in the same vicinity. As such, Khong & Jaafar had rounded the adjusted value to RM70.00 per sq. ft. as a base value. However, as Comparable 2 and Comparable 3 are also similar in terms of size and location, Khong & Jaafar had subsequently made further adjustments based on the land size, physical attributes, location and access for each of the properties under consideration to ascertain the market value for each of the 53 individual lots within Property 5. Pursuant thereto, a range of market values of RM25.00 to RM70.00 per sq. ft. had been derived. This translates to a total market value of RM25,770,000 for the 53 lots within Property 5.

Khong & Jaafar had adopted the comparison approach as a fair representation of the market value of Property 5. The income approach and cost approach are not applicable as Property 5 consists of parcels of vacant detached house lots.

Property 6

We noted that for Property 6, Khong & Jaafar had employed the comparable approach as the primary method and the income approach (DCF methodology) as a check.

Property 6 is comprised of 906 sub-divided building plots approved for development (“**Cluster A**”) and three parcels of agricultural land with development potential, which are not approved for any development as yet (“**Cluster B**”).

Cluster A

(a) Comparison approach

Khong & Jaafar had taken two methods in valuing Cluster A using the Comparison approach. Firstly, as the property has been sub-divided and issued with sub-divisional titles, Khong & Jaafar had made comparisons by the type of components within Cluster A (“**First Method**”). Secondly, Cluster A was compared as a development land on the net land area with similar schemes in the neighbourhood (“**Second Method**”).

The type of components within Cluster A and its adopted market value are as follows:

Description	No. of lots	Combined title land area (sq. ft.)	Market value		Adopted market value (RM)
			Rate per sq. ft. (RM)	Total (RM)	
First Method					
Detached house lots	389	5,919,168	15.00	88,787,520	
Terrace house lots	453	881,801	25.00	22,045,025	
Terrace shop lots	56	118,338	30.00	3,550,140	
Vacant commercial building land	1	239,712	20.00	4,794,240	
Vacant residential building land	7	1,679,585	*15.43	25,919,301	
Total	**906**	**8,838,604**		**145,096,226**	**145,000,000**
Second Method					
Cluster A as a whole		8,838,604	17.50	154,675,570	154,700,000

Note:

* *Kindly refer to subsection (v) below on further details of the vacant residential building land.*

(i) Detached house lots

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of the detached house lots under consideration are as follows:

Details	**Comparable 1**	**Comparable 2**	**Comparable 3**
Location	Off Jalan Teratai, within Taman Tasik Teratai, Serendah, Mukim of Serendah, District of Ulu Selangor, Selangor Darul Ehsan		Bandar Bukit Beruntung, Mukim of Serendah, District of Ulu Selangor, Selangor Darul Ehsan
Type	Vacant detached house lots		
Land use	Building (residential) use		
Date of transaction	8 April 2015	28 August 2014	4 July 2016
Tenure	Leasehold tenure of 99 years with an unexpired term of about 98.91 years		Freehold
Land area	13,859 square metres (149,177 sq. ft.)	9,792 square metres (105,400 sq. ft.)	2,057 square metres (22,141 sq. ft.)
Consideration	RM2,368,100	RM1,646,900	RM354,320
Analysis of the consideration	RM15.90 per sq. ft.	RM15.60 per sq. ft.	RM16.00 per sq. ft.
Adjustments*	Adjustments made for time, size, location, physical attributes and tenure		
Adjusted value	**RM15.03 per sq. ft.**	**RM15.44 per sq. ft.**	**RM14.28 per sq. ft.**

Note:

* *The basis for adjustments to derive the adjusted value of the comparables is as follows:*

Adjustments	***Comparable 1***	***Comparable 2***	***Comparable 3***
Time	*Upward adjustment* *The comparable was transacted about 2.46 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 3.07 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 1.22 years before the Property Valuation Date*
Size	*Downward adjustment* *The comparables have a smaller average land area*		*Upward adjustment* *The comparable is about 1.46 times larger*
Location	*No adjustment* -		*Downward adjustment* *The comparable is better located*
Physical attributes	*No adjustment* -		*Downward adjustment* *The comparable is generally flat and lies slightly above the level of the frontage road. The roads and drains are in place and the site is ready for building construction*
Tenure	*No adjustment* -		*Downward adjustment* *The comparable is freehold in tenure*

Based on the Valuation Certificate for the properties under consideration, we noted that Khong & Jaafar had placed reliance on Comparable 1 as it has the most similar features. As such, Khong & Jaafar had rounded the adjusted value of Comparable 1 and adopted RM15 per sq. ft. as the value of the properties under consideration. The total adopted value of RM15 per sq. ft. for the combined land area of the detached house lots of 5,919,168 sq. ft. translates into a market value of RM88,787,520.

(ii) Terrace house lots

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of the terrace house lots under consideration are as follows:

Details	Comparable 1	Comparable 2	Comparable 3
Location	Along Jalan Anggerik 2A/1, Prima Beruntung, Bandar Bukit Beruntung, District of Ulu Selangor, Selangor Darul Ehsan	Along Jalan Mawar 2B, Prima Beruntung, Bandar Bukit Beruntung District of Ulu Selangor, Selangor Darul Ehsan	Along Jalan Mawar 3C, off Jalan Mawar, Prima Beruntung, Bandar Bukit Beruntung, District of Ulu Selangor, Selangor Darul Ehsan
Type	Vacant terrace house lots		
Land use	Building (residential)		
Date of transaction	31 January 2017	17 November 2016	15 January 2015
Tenure	Freehold		
Planning aspect	Zoned for residential use		
Land area	8,433 square metres (90,772 sq. ft.)	18,656 square metres (200,811 sq. ft.)	7,358 square metres (79,198 sq. ft.)
Consideration	RM2,269,351	RM5,084,005	RM1,977,682
Analysis of the consideration	RM25.00 per sq. ft.	RM25.30 per sq. ft.	RM25.00 per sq. ft.
Adjustments*	Adjustment made for time, location, physical attributes and tenure		
Adjusted value	**RM25.00 per sq. ft.**	**RM24.04 per sq. ft.**	**RM24.94 per sq. ft.**

Note:

* *The basis for adjustments to derive the adjusted value of the comparables is as follows:*

Adjustments	***Comparable 1***	***Comparable 2***	***Comparable 3***
Time	*No adjustment* -		*Upward adjustment* *The comparable was transacted about 2.68 years before the Property Valuation Date*
Location	*Upward adjustment* *The properties under consideration are better located*		
Physical attributes	*Downward adjustment* *The comparable is generally flat to undulating and still overgrown with bushes, whereas the properties under consideration are partly cleared and party under secondary jungle regeneration*	*Downward adjustment* *The comparables are generally flat and have been cleared, levelled and ready for immediate development, whereas the Properties under consideration are partly cleared and partly under secondary jungle regeneration.*	
Tenure	*Downward adjustment* *The comparables are freehold in tenure, whereas the properties under consideration are held under a 99-year leasehold tenure with an unexpired term of 81.83 years*		

Based on the Valuation Certificate for the properties under consideration, we noted that Khong & Jaafar had placed reliance on Comparable 1 as it has the most similar features. As such, Khong & Jaafar had rounded the adjusted value of Comparable 1 to RM25 per sq. ft. and adopted this as the value of properties under consideration. The total adopted value of RM25 per sq. ft. for the combined land area of terrace house lots of 881,801 sq. ft. translates into a market value of RM22,045,025.

(iii) Terrace shop lots

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of the terrace shop lots under consideration are as follows:

Details	**Comparable 1**	**Comparable 2**	**Comparable 3**
Location	Along Jalan Bunga Kertas and Jalan Bunga Kertas 1D, Bukit Sentosa in Bandar Bukit Beruntung, District of Ulu Selangor, Selangor Darul Ehsan	Off Jalan Kundang Tasik Puteri, Bandar Baru Kundang District of Gombak, Selangor Darul Ehsan	Along Jalan Semarak 1 and Jalan Semarak 1A, Bandar Bukit Beruntung, District of Ulu Selangor, Selangor Darul Ehsan
Type	Vacant terrace shop lots		
Land use	Building (commercial) use		
Date of transaction	9 May 2016	26 December 2014	27 November 2013
Tenure	Freehold	Leasehold tenure of 99 years with an unexpired term of about 81.70 years	Freehold
Planning aspect	Zoned for commercial use		
Land area	7,146 square metres (76,919 sq. ft.)	12,080 square metres (130,028 sq. ft.)	875 square metres (9,418 sq. ft.)
Consideration	RM5,632,588	RM5,174,970	RM350,000
Analysis of the consideration	RM73.20 per sq. ft.	RM39.80 per sq. ft.	RM37.20 per sq. ft.
Adjustments*	Adjustments made for time, location, physical attributes and tenure		
Adjusted value	**RM30.74 per sq. ft.**	**RM31.34 per sq. ft.**	**RM28.64 per sq. ft.**

Note:

* *The basis for adjustments to derive the adjusted value of the comparables is as follows:*

Adjustments	***Comparable 1***	***Comparable 2***	***Comparable 3***
Time	*Upward adjustment* *The comparable was transacted about 1.37 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 2.74 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 3.82 years before the Property Valuation Date*
Location	*Downward adjustment* *The comparables are better located*		
Physical attributes	*Downward adjustment* *The comparable consists of terrace shop lots which are ready for immediate development. They are generally flat and lie about level with the frontage metalled road. Piling works were partly completed as at the Property Valuation Date, whereas the properties under consideration are partly cleared and partly under jungle regeneration*	*Downward adjustment* *The comparable consists of vacant terrace shop lots and the terrain is generally flat, whereas the properties under consideration are partly cleared and partly under secondary jungle regeneration*	*Downward adjustment* *The comparable consists of vacant terrace shop lots and the terrain is generally flat. They have been cut, levelled and ready for immediate development, whereas the properties under consideration are partly cleared and partly under secondary jungle regeneration*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Tenure	*Downward adjustment* *The comparable is held under a freehold tenure*	*No adjustment* -	*Downward adjustment* *The comparable is held under a freehold tenure*

Based on the Valuation Certificate for the properties under consideration, we noted that Khong & Jaafar had placed reliance on the Comparable 2 as it has the most similar features. As such, Khong & Jaafar had rounded the adjusted value of Comparable 2 and adopted RM30 per sq. ft. as the value of properties under consideration. The total adopted value of RM30 per sq. ft. for the combined land area of the terrace house shop of 118,338 sq. ft. translates into a market value of RM3,550,140.

(iv) Vacant commercial building land

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of the vacant commercial building land under consideration are as follows:

Details	**Comparable 1**	**Comparable 2**	**Comparable 3**
Location	Along Persiaran Camelia, Bukit Sentosa, Rawang, District of Ulu Selangor, Selangor Darul Ehsan		Off Jalan Kundang, Bandar Baru Kundang, Rawang, District of Gombak Selangor Darul Ehsan
Type	Vacant commercial building land		
Land use	Building (commercial use)		
Date of transaction	25 July 2014	8 July 2014	26 December 2014
Tenure	Freehold		Leasehold tenure of 99 years with an unexpired term of about 81.70 years
Planning aspect	Zoned for commercial use		
Land area	5,024.74 square metres (54,086 sq. ft.)	7,640.46 square metres (82,241 sq. ft.)	11,988 square metres (129,038 sq. ft.)
Consideration	RM2,433,884	RM3,454,132	RM5,080,867
Analysis of the consideration	RM45.00 per sq. ft.	RM42.00 per sq. ft.	RM39.40 per sq. ft.
Adjustments*	Adjustments made for time, location, size, physical attributes, tenure and development approvals		
Adjusted value	**RM19.80 per sq. ft.**	**RM20.79 per sq. ft.**	**RM20.69 per sq. ft.**

Note:

* *The basis for adjustments to derive the adjusted value of the comparables is as follows:*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Time	*Upward adjustment* *The comparable was transacted about 3.16 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 3.21 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 2.74 years before the Property Valuation Date*
Location	*Downward adjustment* *The comparables are better located*		
Size	*Downward adjustment* *The property under consideration are about 4.43 times larger*	*Downward adjustment* *The property under consideration is about 2.91 times larger*	*Downward adjustment* *The property under consideration is about 1.86 times larger*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Physical attributes	*Downward adjustment* *The comparables are of better shape which is suitable for commercial development as compared with the properties under consideration. The comparables are generally flat and the sites are ready for immediate development while the properties under consideration are undulating in terrain, currently partly cleared and partly under secondary jungle regeneration*		*Downward adjustment* *The comparable is regular in shape and the terrain is generally flat and will have 3 frontage roads which is better than the property under consideration*
Planning aspect/zoning and development approval	*No adjustment* -		*Downward adjustment* *The comparable zoned for commercial use but with higher plot ratio of 1:4*
Tenure	*Downward adjustment* *The comparables are held under a grant-in-perpetuity, whereas the properties under consideration are held under a 99-year leasehold with an unexpired term of 81.83 years*		*No adjustment* -

Based on the Valuation Certificate for the properties under consideration, we noted that Khong & Jaafar had placed reliance on Comparable 3 as it has the most similar features. As such, Khong & Jaafar had rounded the adjusted value of Comparable 3 and adopted RM20 per sq. ft. as the value of properties under consideration. The adopted value of RM20 per sq. ft. for the vacant commercial building land of 239,712 sq. ft. translates into a market value of RM4,794,240.

(v) **Vacant residential building land**

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of the vacant residential building land under consideration are as follows:

Details	**Comparable 1**	**Comparable 2**	**Comparable 3**
Description	Off Jalan Sungai Serai, Sungai Serai, Rawang, District of Gombak, Selangor Darul Ehsan		Bandar Baru Kundang, Rawang, District of Gombak, Selangor Darul Ehsan
Type	Freehold vacant development land		99-year leasehold parcel of building land
Land use	Agricultural use with development potential		Building (residential) use
Date of transaction	6 April 2014	10 July 2014	26 December 2014
Tenure	Freehold		Leasehold tenure of 99 years with an unexpired term of about 81.70 years
Planning aspect	Zoned for residential use		
Land area	126,590 square metres (1,362,603 sq. ft.)	37,105 square metres (399,390 sq. ft.)	10,645 square metres (114,582 sq. ft.)
Consideration	RM20,894,326	RM6,390,476	RM4,510,816
Analysis of the consideration	RM15.30 per sq. ft.	RM16.00 per sq. ft.	RM39.40 per sq. ft.
Adjustments*	Adjustments made for time, location, size, physical attributes, category of land use, planning aspect and tenure		
Adjusted value	**RM15.27 per sq. ft.**	**RM15.96 per sq. ft.**	**RM18.62 per sq. ft.**

Note:

* *The basis for adjustments to derive the adjusted value of the comparables is as follows:*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Time	*Upward adjustment* *The comparable was transacted about 3.46 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 3.20 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 2.74 years before the Property Valuation Date*
Location	*Downward adjustment* *The comparables are better located*		
Size	*Upward adjustment* *The comparable is about 7.61 times larger*	*Upward adjustment* *The comparable is about 2.23 times larger*	*Downward adjustment* *The properties under consideration is about 1.56 times larger*
Physical attributes	*Downward adjustment* *The terrain of the comparable is generally flat to undulating, whereas the properties under consideration are hilly in terrain and under secondary jungle regeneration*	*Upward adjustment* *The terrain of the comparable is generally flat to undulating but lies near the TNB transmission line, whereas the properties under consideration are hilly in terrain*	*Downward adjustment* *The terrain of the comparable is generally flat, partly cleared and ready for immediate development, whereas the properties under consideration are hilly in terrain and under secondary jungle regeneration*
Category of land use/restriction	*Upward adjustment* *The category of land use of the comparable is "Nil" whereas the properties under consideration is "Bangunan"*		*No adjustment* -
Planning aspect/zoning and development approval	*Upward adjustment* *The comparable is zoned for residential use with permissible density of 60 units per acre and no approval for any development as yet whereas the properties under consideration has been approved for medium cost apartment with a density of 40 units per acre*		*Upward adjustment* *The comparable is zoned for residential use with permissible density of 30 units per acre and no approval for any development as yet whereas the properties under consideration has been approved for medium cost apartment with a density of 40 units per acre*
Tenure	*Downward adjustment* *The comparable is held under a freehold tenure*		*No adjustment* -

Based on the Valuation Certificate for the properties under consideration, we noted that Khong & Jaafar had placed reliance on Comparable 1 as it has the most similar features, although the land area of Comparable 1 is larger. As such, Khong & Jaafar had considered RM15.30 per sq. ft. as a base value.

Khong & Jaafar had subsequently made further adjustments based on the land size, location and access for each of the properties under consideration to ascertain the market value of the individual lots of the properties under consideration. Pursuant thereto, based on an average adjusted value of RM15.43 per sq. ft., which is based on a range of market values for each individual lots, and the combined total land area of 1,679,585 sq. ft., the market value is RM25,919,301.

(vi) Cluster A as a whole

Based on the Second Method of comparison approach, Khong & Jaafar compared Cluster A with similar properties.

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of Cluster A as a whole, are as follows:

Details	Comparable 1	Comparable 2	Comparable 3
Location	Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan		
Type	Four vacant parcels of building land for residential development	Two vacant parcels of building land for commercial development	Freehold vacant parcel of building land for residential development
Land use	Building (residential) use	Building (commercial) use	Building (residential) use
Date of transaction	20 October 2014	20 March 2015	26 September 2013
Tenure	Freehold		
Planning aspect	Zoned for residential use	Zoned for commercial use	Zoned for residential use
Title land area	220.73 acres (approximately 89.33 hectares)	189.83 acres (approximately 76.82 hectares)	76.96 acres (approximately 31.15 hectares)
Computed in net land area	132.44 acres (approximately 53.60 hectares)	113.90 acres (approximately 46.10 hectares)	46.18 acres (approximately 18.69 hectares)
Consideration	RM115,380,567	RM106,860,000	RM39,182,593
Analysis of the consideration	RM20.00 per sq. ft.	RM21.54 per sq. ft.	RM19.48 per sq. ft.
Adjustments*	Adjustments made for time, location and accessibility, size, physical attributes, category of land use, planning aspect/zoning and development approval and tenure		
Adjusted value	**RM17.85 per sq. ft.**	**RM16.97 per sq. ft.**	**RM17.92 per sq. ft.**

Note:

* *The basis for adjustments to derive the adjusted value of the comparables is as follows:*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Time	*Upward adjustment* *The comparable was transacted about 2.92 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 2.51 years before the Property Valuation Date*	*Upward adjustment* *The comparable was transacted about 4.49 years before the Property Valuation Date*
Location and accessibility	*Downward adjustment* *The comparables are better located*		
Size	*Downward adjustment* *Property 6 is about 1.53 times larger than the comparable*	*Downward adjustment* *Property 6 about 1.78 times larger than the comparable*	*Downward adjustment* *Property 6 is about 4.40 times larger than the comparable*

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*
Physical attributes	*Upward adjustment* *The comparable is generally undulating to hilly in terrain and presently under oil palm cultivation, whereas Property 6 is similar in terrain with better shape and have been partly cleared, cut and levelled. There is also a TNB transmission line running alongside the western boundary of the comparable*	*Upward adjustment* *The comparable is generally flat to undulating in terrain, regular in shape and under secondary jungle regeneration, whereas Property 6 is undulating to hilly in terrain but have been cleared, cut and levelled*	*Upward adjustment* *The comparable terrain is flat to undulating and presently under oil palm cultivation. There is a TNB transmission line running alongside the western boundary of the comparable as compared to Property 6 which is in better shape and have been partly cleared, cut and levelled*
Category of land use	*No adjustment* -	*Downward adjustment* *The category is "Bangunan" for commercial use, which is better than Property 6*	*No adjustment* -
Planning aspect/zoning and development approval	*Upward adjustment* *The comparable has not been approved for any development as yet, whereas Property 6 has been approved for residential/commercial development and have been sub-divided and issued with individual titles*		
Tenure	*Downward adjustment* *The comparable is under a freehold tenure whereas Property 6 is held under a leasehold tenure with an unexpired term of about 81.83 years*		

Based on the Valuation Certificate for the properties under consideration, we noted that Khong & Jaafar had placed reliance on Comparable 1 as it is located at a short distance to the north east of the properties under consideration. As such, Khong & Jaafar had rounded the adjusted value of Comparable 1 and adopted RM17.50 per sq. ft. as the value of properties under consideration. The total adopted value of RM17.50 per sq. ft. for the combined land area of Cluster A of 8,838,604 sq. ft. translates into a market value of RM154,675,570, which Khong & Jaafar had rounded to RM154,700,000.

As Cluster A is made up of individual, sub-divided lots and issued with 906 individual titles, Khong & Jaafar had adopted the First Method as a more appropriate approach to undertake a proper comparison. Pursuant thereto, Khong & Jaafar had rounded the market value based on the First Method of RM145,096,226 to RM145,000,000.

(b) Income approach (DCF methodology)

We have noted that Khong & Jaafar had used the following parameters to derive the market value of Property 6:

Details	Total value	Justification
Estimated GDV (less Bumiputera discount)	RM544,555,801	Khong & Jaafar had adopted the current asking prices and sale transactions of different types of comparable properties as disclosed in the Valuation Certificate.
Estimated GDC	RM364,088,999	Khong & Jaafar had taken into consideration, amongst others, the cost in relation to building, title/survey plans, statutory contributions, site clearing and earthworks, professional fee, interest on capital and developer's profit. The GDC is based on the industry average cost and analyses by Khong & Jaafar.
Estimated net cash flow	RM180,466,802	
Discount rate	10%	Khong & Jaafar adopted the discount rate of 10% per annum, which is market derived, based on analyses of sales of developed lands from past transaction in Malaysia.
Duration of development	5 years	Khong & Jaafar adopted a period of 5 years as the estimated time frame required for construction and completion and the marketing of the units of development based on market derived analyses of similar ongoing projects.
Market value	RM144,199,811	

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Based on the Valuation Report for Property 6, the breakdown of the cash flow from year 1 to year 5 of the development based on the DCF methodology is as follows:

	Year 1		Year 2		Year 3		Year 4		Year 5		
	First half	Second half	First half	Second half	First half	Second half	First half	Second half	First half	Second half	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Total cash inflow	46,539,000	70,063,341	63,424,401	64,163,019	75,494,882	74,756,264	51,620,564	42,301,882	28,096,224	28,096,224	544,555,801
Total cash outflow	43,429,050	46,256,216	41,936,286	42,374,374	52,222,712	51,784,624	23,389,659	21,571,094	20,562,493	20,562,493	364,088,999
Net cash flow	3,109,951	23,807,125	21,488,115	21,788,645	23,272,170	22,971,640	28,230,906	20,730,787	7,533,732	7,533,732	180,466,802
Present value multiple (times)	0.9765	0.9310	0.8877	0.8464	0.8070	0.7694	0.7336	0.6995	0.6669	0.6359	
Net present value	**3,036,724**	**22,164,730**	**19,074,689**	**18,441,363**	**18,780,335**	**17,675,110**	**20,710,882**	**14,500,842**	**5,024,481**	**4,790,655**	**144,199,811**

Based on the above, the market value of Cluster A derived from the income approach (DCF methodology) is RM144,199,811, which Khong & Jaafar had rounded to RM144,200,000. Further details of the above are set out in the Valuation Certificate.

In summary the market values for Cluster A of Property 6 as derived from the two methods above are as follows:

Method of valuation	Derivation of values (RM)
Comparison approach	145,000,000
Income approach (DCF methodology)	144,200,000

As the properties have been approved for development, sub-divided and issued with 906 sub-divided titles and have a number of suitable comparables, Khong & Jaafar had adopted the comparison approach as a fair representation of the market value for Cluster A as compared to the income approach.

Cluster B

We noted from the Valuation Certificate for Property 6, Khong & Jaafar had employed the comparison approach as the sole method of valuation for Cluster B.

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of Cluster B are as follows:

Details	Comparable 1	Comparable 2	Comparable 3
Location	Off Jalan Serendah Indah, Serendah, District of Ulu Selangor Darul Ehsan	Off Jalan Sg Choh/Bukit Beruntung, District of Ulu Selangor, Selangor Darul Ehsan	Off 24th Mile, Jalan Ipoh/Kuala Lumpur, near the Taman Tasik Teratai, Serendah, District of Ulu Selangor, Selangor Darul Ehsan
Type	Agricultural land with development potential		
Land use	Agricultural use		
Date of transaction	22 July 2015	28 January 2015	5 January 2017
Tenure	Freehold		Leasehold tenure of 99 years with an unexpired term of about 76.42 years
Planning aspect	Zoned for industrial use		Zoned for residential use
Land area	5.34 acres (approximately 232,785 sq. ft.)	4.00 acres (approximately 174,240 sq. ft.)	2.50 acres (approximately 108,900 sq. ft.)
Consideration	RM4,654,822	RM4,628,568	RM1,361,605
Analysis of the consideration	RM20.00 per sq. ft.	RM26.60 per sq. ft.	RM12.50 per sq. ft.
Adjustments*	Adjustment made for location, size, physical attributes, planning aspect and tenure		
Adjusted value	**RM12.00 per sq. ft.**	**RM11.97 per sq. ft.**	**RM11.88 per sq. ft.**

Note:

* *The basis for adjustments to derive the adjusted value of the comparables is as follows:*

Adjustments	***Comparable 1***	***Comparable 2***	***Comparable 3***
Location	*Downward adjustment* *The comparables are better located*		*Upward adjustment* *Cluster B is better located*
Physical attributes	*Upward adjustment* *The terrain of the comparable is generally undulating. Although Cluster B is hilly in terrain but there is a TNB transmission lines across the comparable*	*Downward adjustment* *The terrain of the comparable is generally flat and is located near the TNB transmission line*	*No adjustment* -
Size	*No adjustment* -		*Downward adjustment* *Cluster B is about 2.2 times larger than the comparable*
Planning aspect/zoning and development potential	*Downward adjustment* *The comparable is zoned for industrial use whereas Cluster B is currently zoned for agricultural use*		*Downward adjustment* *The comparable is zoned for residential use whereas Cluster B is currently zoned for agricultural use*
Tenure	*Downward adjustment* *The comparables are held under freehold tenure whereas Cluster B is leasehold in tenure with an unexpired term of about 63.01 years*		*No adjustment* -

Based on the Valuation Certificate for the properties under consideration, we noted that Khong & Jaafar had placed higher reliance on Comparable 1 as it has the most similar features. As such, Khong & Jaafar adopted RM12.00 per sq. ft. for the total land area of Cluster B of 748,361 sq. ft., translating into a market value of RM8,980,332, which has been rounded to RM8,900,000.

As Cluster B is a parcel of agricultural land with development potential and in the absence of any development plans, the other approaches to valuation are not applicable.

In summary, the total market value of Property 6 is as follows:

Description	**Method of valuation**	**Market value (RM)**
Cluster A	Comparison approach	145,000,000
Cluster B	Comparison approach	8,900,000
Total market value of Property 6		**153,900,000**

Property 7

We noted that Khong & Jaafar had employed the cost approach as the sole valuation method for Property 7.

Property 7 is divided into two land sections, of which one site consists of a single storey factory building with a 2-storey office section, a single storey worker's quarters and two car park sheds ("**Developed Section**") and the remaining site is presently undeveloped ("**Undeveloped Section**"). Property 7 has been issued with a Certificate of Fitness for Occupation on 23 August 1996.

The Developed Section is presently rented out to a third party for an annual rental of RM396,000, representing approximately 0.56% of the TRIplc Group's total revenue for the FYE 31 May 2017. However, in the Developed Section, the following additions/extensions are not constructed in accordance with the approved building plan ("**Unapproved Structures**") and hence these Unapproved Structures were excluded from Khong & Jaafar's computation of valuation:

(i) the extension of an entrance porch and the addition of mechanical and electrical sections within the factory building;

(ii) one of the car park sheds, which is located opposite the single storey factory building, is a simple open-sided structure constructed with simple tubular steel framework and corrugated zinc roofing sheets; and

(iii) the 2-storey office section which is of reinforced concrete framework with concrete floors and plastered brickwall, situated in the middle section of the factory area.

Based on Appendix I(F) of the Circular, Prinsip Barisan (M) Sdn Bhd (being the wholly-owned subsidiary of TRIplc and the owner of Property 7) is in the process of obtaining the necessary approval for the Unapproved Structures and has submitted the as-built drawings to the Majlis Daerah Jempol and Jabatan Bomba and Penyelamat Malaysia Negeri Sembilan for approval on 22 June 2017. The approvals from both Majlis Daerah Jempol and Jabatan Bomba and Penyelamat Malaysia Negeri Sembilan are still pending as at the LPD. The estimated cost incurred to rectify the Unapproved Strutures is approximately RM50,000.

We are of the view that generally, if the approval for the Unapproved Structures is not granted, an appeal may be made to the decision of the relevant authorities and if the approval is still not granted after the appeal, the Unapproved Structures may be required to be removed.

Cost approach

Using the cost approach, the land element of Property 7 is assessed by adopting the comparison approach and the building erected thereon is estimated using the depreciated replacement cost method. The summary of the aforementioned valuation methods are as follows:

Valuation method	Description of Property 7	Value per sq. ft. (RM)	Total value[a] (RM)	Adopted market value (RM)
Cost approach:				
• Comparison approach	Developed Section (314,500 sq. ft.)	[b]7.50	2,358,750	2,340,000
	Undeveloped Section (2,179,541 sq. ft.)	3.50	7,628,394	7,700,000
• Depreciated replacement cost	Single storey factory building (303,398 sq. ft.)	80.00	[c]14,563,104	
	Single storey workers' quarters comprising:			
	(i) main floor area (7,385 sq. ft.)	50.00	[d]36,925	
	(ii) ancilliary floor area (4,373 sq. ft.)	25.00	[d]10,933	
	Car park shed No. 1 (3,017 sq. ft.)	30.00	[e]36,204	
			14,647,166	14,600,000
Total				**24,640,000**

Notes:

(a) *The value is derived by multiplying the land/floor area with value per sq. ft. adopted by Khong & Jaafar.*

(b) *Including site improvement cost of RM0.50 per sq. ft.*

(c) *After adjusting for depreciation at the rate of 40% due to physical deterioration, as well as functional and economic obsolescence.*

(d) *After adjusting for depreciation at the rate of 90% due to physical deterioration, as well as functional and economic obsolescence.*

(e) *After adjusting for depreciation at the rate of 60% due to physical deterioration, as well as functional and economic obsolescence.*

(i) Comparison approach

A summary of the comparable properties considered by Khong & Jaafar in arriving at the market value of Property 7 are as follows:

	Comparables for the Developed Section		**Comparable for the Undeveloped Section**	
Details	**Comparable 1**	**Comparable 2**	**Comparable 3**	**Comparable 4**
Location	Kawasan Perindustrian Dioh, Kuala Pilah, District of Kuala Pilah, Negeri Sembilan Darul Khusus	Adjacent to Pusat Industri Bunga Raya, Pekan Mahsan, District of Jempol, Negeri Sembilan Darul Khusus	Off Jalan Jelebu, Ampangan, District of Seremban, Negeri Sembilan Darul Khusus	Off Jalan Gemas, Gemas, District of Tampin, Negeri Sembilan Darul Khusus
Type	Vacant industrial land			
Land use	Industrial use			
Date of transaction	1 February 2014	8 November 2014	26 January 2015	23 January 2014
Tenure	99-year leasehold tenure with an unexpired term of about 67.99 years	99-year leasehold tenure with an unexpired term of about 81.89 years	Freehold	99-year leasehold term of about 77 years
Land area	101,514 sq. ft. or 2.33 acres	509,216 sq. ft. or 11.69 acres	989,683 sq. ft. or 22.72 acres	10,114,632 sq. ft. or 232.20 acres
Consideration	RM600,000	RM4,835,487	RM13,198,000	RM14,000,000
Analysis of the transaction	RM5.91 per sq. ft.	RM9.50 per sq. ft.	RM 13.34 per sq. ft.	RM1.38 per sq. ft.
Adjustments*	Adjustment made for time, location, accessibility, physical attributes, size, tenure and absence of a separate title for the Developed and Undeveloped Sections			
Adjusted value	**RM4.97 per sq. ft.**	**RM7.60 per sq. ft.**	**RM3.33 per sq. ft.**	**RM1.67 per sq. ft.**

Note:

* *The basis of the adjustments to derive the adjusted value from the analysis of the comparables is as follows:*

Adjustments	***Comparable 1***	***Comparable 2***	***Comparable 3***	***Comparable 4***
Time	*Upward adjustment* *The comparable was transacted about 3.64 years before the Property Valuation Date*	*No adjustment* -	*No adjustment* -	*Upward adjustment* *The comparable was transacted about 3.66 years before the Property Valuation Date*
Location	*Downward adjustment* *The comparables are better located*			*No adjustment* -

Adjustments	*Comparable 1*	*Comparable 2*	*Comparable 3*	*Comparable 4*
Accessibility	*No adjustment* -	*Upward adjustment* *The Developed Section has better accessibility*	*Downward adjustment* *The comparable has better accessibility*	*No adjustment* -
Physical attributes	*No adjustment* -	*Upward adjustment* *The comparable is generally flat and has an undulating terrain, lies slightly above the level of the frontage road and is irregular in shape, whereas the Developed Section is flat in terrain, lies about level with the frontage road and is regular in shape*	*Upward adjustment* *The comparable is generally undulating in terrain, lies slightly above the level of the frontage road and is regular in shape, whereas the Undeveloped Section of the Property is flat and of an undulating terrain, lies about level with the frontage road and is regular in shape*	*No adjustment* -
Size	*Downward adjustment* *The Developed Section is about 3.10 times larger than the comparable*	*No adjustment* -	*Downward adjustment* *The Undeveloped Section is about 2.20 times larger than the comparable*	*Upward adjustment* *The Undeveloped Section is about 4.64 times larger than the comparable*
Tenure	*No adjustment* -	*No adjustment* -	*Downward adjustment* *Comparable is held under freehold tenure while Property 7 is held under a 99-year leasehold tenure with an unexpired term of about 75.51 years*	*No adjustment* -
Separate title for the Developed Section	*Downward adjustment* *Property 7 is segmented into two sections i.e. Developed Section and Undeveloped Section. The Developed Section is not held under a separate title. A downward adjustment is made to reflect the cost involved for the issuance of a separate title for the Developed and Undeveloped Sections.*			

Based on the Valuation Certificate for Property 7, we noted that Khong & Jaafar had placed a higher reliance on Comparable 2 for the Developed Section as it has a land area which is comparatively similar to the Developed Section. For the Undeveloped Section, Khong & Jaafar had only relied on Comparable 3 as it has a land area which is comparatively similar to the Undeveloped Section. Khong & Jaafar had made adjustments as disclosed in the table above for Comparable 3 for the Undeveloped Section. As such, Khong & Jaafar had rounded the adjusted value of Comparable 2 to RM7.50 per sq. ft. (inclusive of the site improvements) and Comparable 3 to RM3.50 per sq. ft.

The total adopted value for the Developed Section of RM7.50 per sq. ft. and 314,500 sq. ft. translates into a market value of RM2,337,440, whereas the adopted value for the Undeveloped Section of RM3.50 per sq. ft. and 2,179,541 sq. ft. translates into market value of RM7,694,468. Khong & Jaafar had rounded the aforementioned market values to RM2,340,000 and RM7,700,000 respectively.

(ii) Depreciated replacement cost

The estimate of the building value of Property 7 in the cost approach is based on the estimated current replacement cost new and then discounted or depreciated for physical deterioration and functional and economic obsolescence. The current replacement cost new of the buildings and structures within the property is arrived based on industry average by Khong & Jaafar. The building costs are shown as follows:

Description	Building cost per sq. ft. (RM)	Depreciation rate
Single storey factory building	80	40%
Single storey workers' quarters comprising:		
Main floor area	50	90%
Ancillary floor area	25	
Car park shed No. 1	30	60%

The total current replacement cost new of the three buildings of Property 7 above is RM24,840,925 ("**Buildings & Structures**"). After taking into consideration the depreciation rates ranging from 40% to 90%, the total depreciated replacement cost for each building is RM14,647,166, which Khong & Jaafar had rounded to RM14,600,000.

The total value adopted by Khong & Jaafar for the Developed Section and Undeveloped Section is RM16,940,000 (being the sum of the value of the land and the value of the buildings) and RM7,700,000, respectively.

In summary, the total market value of Property 7 is as follows:

Sections	Market value (RM)
Developed Section	
• Land value	2,340,000
• Buildings & Structures	14,600,000
Total Developed Section	**16,940,000**
Undeveloped Section	**7,700,000**
Market value of Property 7	**24,640,000**

Khong & Jaafar had adopted the comparison approach as a fair representation of the market value of Property 7 as the property is an industrial land with buildings and structures thereon. The use of the income approach to arrive at the market value of Property 7 is not suitable as the larger part of the land is undeveloped and does not generate income.

Based on our evaluations as set out in Section 9.1.2 above, we concur with the market values of the Subject Properties based on the respective valuation methodologies adopted by Khong & Jaafar. As such, we are of the opinion that the value of the property development, property investment, construction, investment holding and others segment based on the RNAV methodology as appraised by FHCA of RM45.41 million is reasonable.

Premised on our evaluations in Sections 9.1.1 and 9.1.2 of this IAL, we are of the view that the Purchase Consideration of RM210.00 million is fair as it is within the range of value of the entire equity interest of TRIplc as ascribed by FHCA (which has taken into account the market value of the Subject Properties as appraised by Khong & Jaafar) of RM203.68 million to RM224.96 million.

10. SALIENT TERMS OF THE SSA

Our comments on the salient terms of the SSA as extracted from Appendix IV of the Circular are as follows:

Salient terms of the SSA	PIVB's comments
1. Sale and Purchase of the Sale Shares	
Subject to the terms and conditions of the SSA, the Vendor, as the legal and beneficial owner of all the TRIplc Shares in issue representing the entire issued share capital of TRIplc as at the Completion Date (defined in ***Paragraph 4*** *below) ("****Sale Shares****"), upon the completion of the Proposed Share Exchange, will sell and transfer and procure the sale and transfer of, and the Puncak Niaga will purchase, the Sale Shares free from all encumbrances together with all rights, benefits, title to, interest in and entitlements.*	The term is reasonable as it safeguards the interests of the Company as the Sale Shares will be acquired free from all encumbrances together with all rights, benefits, title to, interest in and entitlements.
2. Consideration	
(a) The Purchase Consideration for the Sale Shares is RM210,000,000 to be satisfied entirely in cash, via telegraphic transfer to the Vendor's bank account, in the manner set out below:	The term is reasonable as it is a normal commercial term mutually agreed by the Company and the Vendor.
*(i) upon execution of the SSA, Puncak Niaga will pay the deposit of RM21,000,000, being 10% of the Purchase Consideration ("****Deposit****") to the Vendor. The Deposit will constitute part payment of the Purchase Consideration upon completion of the SSA. In consideration of the Vendor providing or procuring the provision of information on the TRIplc Group to Puncak Niaga, Puncak Niaga has agreed that a portion of the Deposit will be non-refundable ("****Said Sum****") provided that the Said Sum will be an amount not exceeding RM3,500,000 to be mutually agreed by both parties in writing. Failing such agreement, the Said Sum will be RM3,500,000; and*	The amount of Deposit to be paid to the Vendor is reasonable as it is a common practice in the transaction of this nature. The non-refundable Said Sum of less than 2% of the Purchase Consideration is reasonable as it serves to compensate for the procurement of information on the TRIplc Group in the event of termination of the Proposed Acquisition.
*(ii) on the Completion Date, Puncak Niaga will pay RM189,000,000.00, being the balance purchase consideration ("****Balance Purchase Consideration****").*	
(b) The parties agree that:	
(i) the Purchase Consideration will be subject to adjustment if TRIplc declares or pays any dividend or distribution to its shareholders from the date of the SSA to the Completion Date, in which case the Purchase Consideration will be adjusted on a Ringgit for Ringgit basis; and/or	Terms (i) and (ii) are reasonable as it allows the Company to adjust the Purchase Consideration.

Salient terms of the SSA	PIVB's comments
(ii) *Puncak Niaga may, at its sole discretion, where it has not exercised its right to terminate the SSA pursuant to* ***Paragraph 5(c)(i)(F),*** *request for an adjustment in the Purchase Consideration if any contract or agreement entered by a company within the TRIplc Group with a value above RM8,500,000 is for whatsoever reason terminated or becomes void or an event has occurred which, with the giving of notice or passage of time, constitutes a default by any party resulting in the termination of such contract or agreement. The Purchase Consideration will be adjusted by the value accorded to such contract or agreement by the independent valuer appointed by Puncak Niaga and TRIplc in the valuation conducted by the independent valuer on the TRIplc Group.*	
3. Conditions Precedent	
*Completion of the SSA is conditional upon the satisfaction of each of the following conditions precedent ("****Conditions Precedent****") within eighteen months from the date of the SSA or such other later date as may be mutually agreed in writing by the parties:*	The term is reasonable as it provides a reasonable timeframe for the fulfillment of the Conditions Precedent.
Conditions Precedent to be satisfied by the Vendor:	
(a) *The approval of the shareholders of TRIplc being obtained in:* (i) *an EGM for the Proposed TRIplc Internal Reorganisation and disposal of the Sale Shares upon completion of the Proposed Share Exchange; and* (ii) *a court convened meeting for the Proposed TRIplc Internal Reorganisation;*	Terms (a) to (f) are reasonable as it sets out the approvals/procedures which are customary to facilitate the completion of the Proposed Acquisition.
(b) *The approval of the shareholders of the Vendor for the Proposed TRIplc Internal Reorganisation and disposal of the Sale Shares upon completion of the Proposed TRIplc Internal Reorganisation being obtained;*	
(c) *The order of the High Court of Malaya sanctioning the Proposed TRIplc Internal Reorganisation being obtained;*	
(d) *Any approvals/consents from government authority(ies) as may be required for the disposal of the Sale Shares and/or any disclosure of information under the concession businesses of the TRIplc Group, or for any purpose incidental to it;*	
(e) *Any other approval/consent being obtained from the banks, financiers and creditors of TRIplc, government authorities and/or third parties for the disposal of the Sale Shares; and*	
(f) *The completion of the Proposed TRIplc Internal Reorganisation.*	
Conditions Precedent to be satisfied by Puncak Niaga:	
(a) *The approval of the shareholders of Puncak Niaga being obtained in an EGM to be convened for the acquisition of the Sale Shares from the Vendor;*	Terms (a) to (c) are reasonable as it sets out the approvals/procedures which are customary to facilitate the completion of the Proposed Acquisition.

Salient terms of the SSA	PIVB's comments
(b) Puncak Niaga being satisfied with the results of the due diligence review conducted on the TRIplc Group within two months from receipt of the last of the documents/information requested by Puncak Niaga and/or its solicitors and which decision will be communicated within seven business days from the expiry of the said two months failing which it will be deemed that Puncak Niaga is satisfied with the results of the due diligence review of the TRIplc Group; and	
(c) Approval of the SC being obtained for the significant change in the business direction of Puncak Niaga arising from the acquisition of the Sale Shares.	
Joint Condition Precedent:	
(a) The disclosure letter (in the approved terms by the parties) from the Vendor to Puncak Niaga within 30 days from the date of the SSA or such other longer period of time as may be mutually agreed in writing by the parties.	The term is reasonable as it provides a reasonable timeframe for the Vendor to provide the disclosure letter to the Company.
*The date on which the last of the Conditions Precedent under the SSA is fulfilled or waived in accordance with the SSA will be referred to as "**Unconditional Date**".*	
4. Completion	
*Subject to all the Conditions Precedent becoming unconditional, completion of the SSA will take place on the seventh business day after the Unconditional Date or such other date as the parties may otherwise agree in writing ("**Completion Date**").*	The term is reasonable as it sets out the timeframe for the completion of the Proposed Acquisition upon fulfillment of the Conditions Precedent.
5. Termination	
(a) If, at any time prior to the completion of the SSA and provided that Puncak Niaga is not in material breach of any of its obligations under the SSA: *(i) the Vendor commits any continuing or material breach of any of its obligations under the SSA which:* *(A) is incapable of remedy; or* *(B) if capable of remedy, is not remedied to the satisfaction of Puncak Niaga within 14 days from being given notice to do so;* *(ii) any of the companies within the TRIplc Group ceases or threaten to cease or carry on the whole or any substantial part of its respective business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfill any obligation under the SSA); or* *(iii) any of the Vendor's warranties is found at any time to be materially untrue or inconsistent,*	Terms (a) to (c) are reasonable as it is a normal commercial term to safeguard the interests of the non-defaulting party should there be any breaches of the SSA.

Salient terms of the SSA	PIVB's comments
Puncak Niaga will be entitled to elect to claim for specific performance against the Vendor of its obligations under the SSA or terminate the SSA by written notice to the Vendor and the Deposit (less the Said Sum) and all other monies paid under the SSA will be refunded to Puncak Niaga. *(b) If, at any time prior to the completion of the SSA and provided that the Vendor is not in material breach of any of its obligations under the SSA, Puncak Niaga fails to pay the Balance Purchase Consideration according to the SSA or commits any continuing or material breach of any of its obligations under the SSA which:* *(i) is incapable of remedy; or* *(ii) if capable of remedy, is not remedied to the satisfaction of the Vendor within 14 days from being given notice to do so,* *the Vendor will be entitled to elect to claim for specific performance against Puncak Niaga of its obligations under the SSA or terminate the SSA by written notice to Puncak Niaga and the Deposit will be forfeited and all other monies paid under the SSA will be refunded to Puncak Niaga.* *(c) Puncak Niaga will be entitled to serve a written notice to the Vendor on or before the Completion Date to terminate the SSA with immediate effect, if any of the following circumstances has occurred on or before the Completion Date:* *(i) TRIplc or any of its subsidiaries:* *(A) is or becomes, or is declared or found to be insolvent; or* *(B) is (or is deemed to be) unable to or admits inabilitiy to pay its debts as they fall due which may have a material adverse effect; or* *(C) save and except for the purpose of completing the Proposed TRIplc Internal Reorganisation, proposes or enters into any composition or other arrangement for the benefit of its creditors generally or proceedings are commenced in relation to TRIplc or any of its subsidiaries under any law, regulation or procedure relating to reconstruction or adjustment of debts; or* *(D) has a petition or application for the winding up or dissolution presented against TRIplc or any of its subsidiaries and served on the relevant company or an order has been made or resolution passed for the winding up or dissolution of TRIplc or any of its subsidiaries; or*	

Salient terms of the SSA	PIVB's comments
(E) *a judicial manager or receiver or receiver and manager or a similar officer is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of TRIplc or any of its subsidiaries; or* (F) *any contract or agreement entered by a company within the TRIplc Group with a value above RM8,500,000 is terminated as a result of default of the company within the TRIplc Group or becomes void or an event has occurred which, with the giving of notice or passage of time, constitutes a default by the company within the TRIplc Group resulting in the termination of such contract or agreement; or* (G) *ceases or threatens to cease or carry on the whole or any substantial part of its respective business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfill any obligation under the SSA); or* (ii) *any material change to, suspension, limitation, withdrawal or the revocation of the material licences of TRIplc or any of its subsidiaries; or* (iii) *there is a material adverse event.*	

Premised on the above, we are of the opinion that the terms contained in the SSA are reasonable as far as the interests of Puncak Niaga are concerned and that the salient terms are not detrimental to the interests of the non-interested shareholders of Puncak Niaga.

11. PROSPECTS OF THE MALAYSIAN ECONOMY AND THE ENLARGED PUNCAK NIAGA GROUP

It should be noted that upon completion of the Proposed Acquisition, the enlarged Puncak Niaga Group will be involved in eight business segments, namely water and wastewater, environmental engineering and construction, oil and gas, plantation, provision of project management services for construction projects, property development, property investment and provision of property management and facilities management services. Notwithstanding that, the larger contributing revenue segments of the enlarged Puncak Niaga Group in the near future would be the facilities management services segment in view of the two existing concession projects, namely the Z1P2 Project and Z1P3 Project awarded to the TRIplc Group, the environmental engineering and construction segment due to the Puncak Niaga Group's existing sewerage pipe network project in Bunus, Kuala Lumpur, and the plantation segment due to the acquisition of a 90.00% equity interest in Danum Sinar.

We also noted from Appendix II of the Circular that the growth of the facilities management industry is driven mainly by the growth in the construction and property development activities. As such, we have considered the overview and prospects of the economy in Malaysia as well as the construction industry and property development industry in assessing the prospects of the enlarged Puncak Niaga Group.

11.1 Prospects of the Malaysian economy

The Malaysian economy recorded a sterling growth of 5.7% during the first six months of 2017 underpinned by strong domestic demand and reinforced by improved external sector. Given the robust economic growth during the first half, real gross domestic product (**"GDP"**) for the year is expected to strengthen further between 5.2% and 5.7% (2016: 4.2%), surpassing the earlier estimates. Accordingly, gross national income (**"GNI"**) at current prices is estimated to expand 9.1% to RM1.3 trillion (2016: 6.2%; RM1.2 trillion), with income per capita increasing 7.7% to RM40,713 (2016: 4.7; RM37,791).

Aggregate domestic demand is expected to remain resilient, primarily driven by private sector expenditure, while the public sector gradually consolidates. Of significance, private consumption will continue to support economic growth. The propensity to consume will be enhanced by stable labour market, higher export earnings and manageable inflation amid low interest rate environment. Meanwhile, private investment is projected to expand at a stronger pace supported by higher capital outlays, particularly in the services and manufacturing sectors. Investments will also be supported by steady inflows of foreign direct investment.

On the supply side, growth will be supported by stronger performance across all sectors with services and manufacturing remaining as the main drivers of growth. The services sector is projected to expand at a faster rate, reflecting stronger expansion across most subsectors, particularly wholesale and retail trade; information and communication; as well as food & beverages and accommodation. Within the manufacturing sector, the export-oriented industries are projected to expand significantly following higher global demand for semiconductors. Similarly, growth in the domestic-oriented industries will strengthen following improved demand for consumer products and construction-related materials. In the agriculture sector, growth is expected to be supported by the recovery in output of crude palm oil and rubber. The construction sector will be led by higher civil engineering activities while the mining sector continues to expand, though at a slower pace supported by higher production of natural gas.

Malaysia's external position is estimated to remain resilient in line with the increase in global trade activities. The current account is forecast to improve mainly backed by sizeable surplus in the goods account. Impetus to export growth is expected to stem from strong demand for electrical & electronics and commodities. Meanwhile, imports will continue to increase in line with strong domestic investment activities.

The Malaysian economy is projected to continue its strong growth momentum with real GDP expanding between 5% and 5.5% in 2018 (2017: 5.2% and 5.7%). Growth will be mainly driven by resilient domestic demand amid favourable external sector. Given the robust economic development, GNI per capita is expected to increase 5.1% to RM42,777 (2017: 7.7%; RM40,713). Despite the strong growth momentum, Malaysia as an open economy is not immune to external headwinds. These include rising protectionism; policy uncertainties in the advanced countries; and volatility in the financial markets. Nevertheless, structural reforms undertaken over the years to diversify the economy and strengthen the financial system have provided sufficient buffer to weather these external challenges.

(Source: Economic Report 2017/2018, Ministry of Finance, Malaysia)

11.2 Prospects of the construction industry

Value-added of the construction sector recorded a robust growth of 7.4% during the first half of 2017 (January – June 2016: 8.5%), primarily attributed to strong civil engineering activities. Accordingly, total value of completed construction works increased 10.4% to RM68.9 billion involving 18,977 projects (January – June 2016: 11.4%; RM62.4 billion; 20,026 projects). The private sector contributed 63.6% of the total value of construction works. The civil engineering subsector was the major contributor to the total value of construction works constituting 35.3%, followed by non-residential (31%), residential (28.8%) and specialised construction activities (4.8%) subsectors. In 2017, construction sector is expected to expand 7.6% (2016: 7.4%) mainly underpinned by new and existing civil engineering projects, particularly in utilities, transportation and petrochemical segments.

The civil engineering subsector continued to record a double-digit growth of 13.7% (January – June 2016: 17.7%) supported by major infrastructure projects under the Eleventh Malaysia Plan. Among the rail projects were Mass Rapid Transit (MRT) Sungai Buloh – Serdang – Putrajaya (SSP) line and Electrified Double Track Gemas – Johor Bahru. In addition, growth of the subsector was further supported by construction and upgrading of roads such as Setiawangsa – Pantai Expressway and Pan Borneo Highway. The subsector also benefited from the construction of combined cycle gas turbine power plant in Melaka.

The residential subsector continued to expand 4.7% (January – June 2016: 6.7%) supported by firm demand for affordable housing in choice locations with easy access. Housing starts rebounded significantly by 12.1% to 67,662 units (January – June 2016: -40%; 60,378 units). Condominiums and apartments accounted for 42.9% of total housing starts in line with the increasing demand, especially for high-rise units in major cities. However, the increase was offset by a decline in incoming supply at 3.4% to 485,433 units (January – June 2016: 14.1%; 502,345 units) as developers were cautious in launching new projects to prevent accumulation of unsold properties. Likewise, new approvals declined 2.8% to 43,133 units (January – June 2016: -33.5%; 44,389 units) as developers reviewed their future plans in response to market situation.

The non-residential subsector grew 4.9% to RM6.4 billion (January – June 2016: RM6.1 billion). The growth was mainly supported by starts for shops and service apartments which rebounded 29.3% and 14% (January – June 2016: -46.7%; -35%), respectively. However, construction starts in the industrial and Small Office Home Office declined 9.7% and 16.1%, respectively (January – June 2016: -76.7%; -24.9%) mainly due to moderation in the oil & gas-related industries. Similarly, planned supply of Purpose-Built Office contracted 6.1% to 972,995 square metres (“**sm**”) (January – June 2016: 60.1%; 1,036,671 sm). Meanwhile, construction starts for PBO remained unchanged at 277,776 sm.

The construction sector is projected to grow 7.5% (2017: 7.6%), primarily supported by the ongoing civil engineering infrastructure projects such as East Coast Rail Link, MRT Sungai Buloh – Serdang – Putrajaya Line, Electrified Double Track Gemas – Johor Bahru, Setiawangsa – Pantai Expressway, Pan Borneo Highway and Bokor Central Processing Platform.

(Source: Economic Report 2017/2018, Ministry of Finance, Malaysia)

The construction sector is also estimated to expand by 10.3% per annum during the Eleventh Malaysian Plan period. This is attributed to continued civil engineering works and a growing residential subsector to fulfill the demand for housing, particularly from the middle-income group. Demand for affordable housing by the low-income group will also remain favourable, which will be supported by several Government initiatives, such as Program Perumahan Rakyat 1Malaysia (PR1MA), Rumah Idaman Rakyat and Rumah Mesra Rakyat 1Malaysia. Other subsectors such as civil engineering and non-residential will remain robust in line with the development of major projects such as the Tun Razak Exchange, KL118 Tower, Refinery and Petrochemical Integrated Development (RAPID), and the Pan-Borneo Highway.

(Source: Eleventh Malaysian Plan, 2016-2020)

11.3 Prospects of the property development industry

The Malaysian economy posted a better than expected growth in the first half of 2017, supported by private sector spending and robust expansion in real exports of goods and services. The property market performance however has yet to make a comeback. There were 153,729 transactions recorded worth RM67.82 billion, indicating a decline of 6.0% in volume but value increased by a marginal 5.0%. Although market activity recorded negative growth, the rate of contraction had reduced indicating that market is gradually adjusting to the changing market landscape.

On the supply-side, the number of housing approvals for construction (as approved by the Ministry of Urban Wellbeing, Housing and Local Government) recorded a substantial increase of more than 52.0% to 85,911 units against similar half of 2016 (56,318 units). As for the demand-side, the loan applications for purchase of residential and non-residential made a turnaround in the first half of 2017, both recorded growth. In tandem, the loan approvals for purchase of residential recorded an increase of 17.1%. On the other hand, the loan approvals for purchase of non-residential recorded a contraction of 8.5%, lower than 28.3% recorded in the first half of 2016. This improved scoring in loans approvals indicated that credit-worthy residential and non-residential buyers continued to have access to financing.

Nevertheless, the Government's continuous efforts to address housing issues encompassing ownership, renting, affordable and affordability continued to top the national agenda. The overnight policy rate which continued to remain at 3.00% since July 2016 and the reassurance by Bank Negara Malaysia on eligible home buyers to continue having access to financing is a positive indicator that the central bank remains supportive of the residential sector. Further, on the development front, various national high-impact projects are expected to have an impact on the market landscape in the short and long term, which include amongst others, the Malaysia Vision Valley, Bandar Malaysia, Sungai Buloh – Kajang MRT Line Phase 2, Kuala Lumpur – Singapore High Speed Rail and East Coast Rail Link. Given the resiliency of the economy and the optimistic 2017 economic growth, the property market performance will gradually adjust and follow suit in due time.

(Source: Malaysia Property Market Report First Half 2017, Valuation & Property Services Department, Ministry of Finance)

The residential subsector is also expected to expand further with several new planned townships by private developers. In addition, the subsector will also benefit from various affordable housing programmes by the Government such as 1Malaysia Civil Servants Housing (PPA1M), MyBeautiful New Home and 1Malaysia People-Friendly Houses. On the contrary, the non-residential subsector is forecast to grow moderately following property overhang, particularly in the shops segment.

(Source: Economic Report 2017/2018, Ministry of Finance, Malaysia)

11.4 Prospects of the enlarged Puncak Niaga Group

We noted that the larger contributing revenue segments of the enlarged Puncak Niaga Group in the near future would be facilities management services segment, the environmental engineering and construction segment, and the plantation segment. The enlarged Puncak Niaga Group will also explore opportunities in the property development segment. As set out in Sections 11.1 to 11.3 of this IAL, the Malaysian economy, the construction industry and the property development industry are expected to expand at a sustained growth pace in 2018 due to the resilient domestic demand.

As such, the prospects of the TRIplc Group is also expected to remain positive in view of the recurring concession income arising under the Z1P2 Concession Agreement and Z1P3 Concession Agreement. This is supported by the historical financial performance of the TRIplc Group, where the TRIplc Group had been profitable for the past three FYE 31 May 2015, 2016 and 2017 as well as the latest three months FPE 31 August 2017 due to its service concession under the Z1P2 Concession Agreement.

As mentioned in Section 8.1 of this IAL, upon completion of the Proposed Acquisition, the recurring concession income arising from Z1P2 and Z1P3 of UiTM Puncak Alam Campus would provide a steady income flow to the Puncak Niaga Group and hence reduce the Puncak Niaga Group's losses. Nonetheless, the Puncak Niaga Group is not expected to be profitable immediately after the completion of the Proposed Acquisition as the Puncak Niaga Group's losses are larger than the earnings contribution from the TRIplc Group.

The Proposed Acquisition will also allow the Company to leverage on the TRIplc Group's experience in project management services for construction projects and enhance the enlarged Puncak Niaga Group's competitiveness in its environmental engineering and construction segment. In addition, the Proposed Acquisition will provide an opportunity for the Company to capitalise on the potential benefits arising from the future development of the TRIplc Group's vacant land bank.

After taking into consideration the prospects of the Malaysian economy, the construction industry and the property development industry, which will drive the demand for facilities management services, the past financial performance and prospects of the TRIplc Group as well as the synergistic and potential benefits of the Proposed Acquisition, we are of the view that the prospects of the enlarged Puncak Niaga Group will be favourable.

12. RISK FACTORS

In evaluating the Proposed Acquisition, the non-interested shareholders should carefully consider the potential risks of the Proposed Acquisition as set out in Section 5, Part A of the Circular together with our commentary as follows:

12.1 Risks relating to TRIplc Group's business and operations

As the Puncak Niaga Group is principally involved in construction activities, it is already exposed to the inherent risks associated with the construction industry such as delay in completion of projects, reliance on subcontractors, cost fluctuations, competition, changes in political, economic and regulatory conditions, which the TRIplc Group is currently operating in.

In view of the above, the Company is not expected to be exposed to new business risks as a result of the Proposed Acquisition, save for the termination of concessions risk and maintenance services risk. The Company intends to retain the existing management team of TRIplc upon completion of the Proposed Acquisition to ensure that qualified employees are available to manage and maintain the assets, facilities and/or infrastructure in Z1P2 and Z1P3 of UiTM Puncak Alam Campus in accordance with the requirements of the respective concession agreements. If the Z1P2 Concession Agreement and Z1P3 Concession Agreement are terminated pursuant to default by TRIplc Ventures and/or TRIplc Medical, the outstanding amount relating to the financings obtained by TRIplc Ventures and/or TRIplc Medical as approved by the Government for the purpose of financing the constructions works, among others, will be paid by UiTM to the concession companies in accordance with the Z1P2 Concession Agreement and the Z1P3 Concession Agreement.

Further, if the concessions are terminated via expropriation by the Government, the present value of the Availability Charges for the remaining unexpired period will be paid by UiTM to TRIplc Ventures and/or TRIplc Medical pursuant to the Z1P2 Concession Agreement and Z1P3 Concession Agreement. However, termination of either the Z1P2 Concession Agreement or Z1P3 Concession Agreement after the completion of the Proposed Acquisition will adversely affect the enlarged Puncak Niaga Group's business, prospects and financial performance.

12.2 Risks relating to the Proposed Acquisition

We are of the view that risks such as non-fulfillment or non-waiver of conditions precedent under the SSA and non-completion of the Proposed Acquisition are acceptable as they are common aspects of any acquisition transactions/arrangements.

As highlighted in Sections 9.1 and 9.1.2.1 of this IAL, the range of value for TRIplc's entire equity interest of between RM203.68 million and RM224.96 million was arrived at based on amongst others, the assumption made by FHCA that Zuriat Watan is able to claim future tax deduction of RM105.49 million arising from the development expenditures previously impaired and the utilisation of tax losses to set off against future taxable profits of Zuriat Watan.

Notwithstanding that there is no assurance the RM105.49 million future tax deduction will be allowed by the IRB, we are of the view that the assumption made by FHCA in relation to the future tax deduction is reasonable after taking into consideration the BDO Tax Report and the relevant documents in relation to the impairment loss and the continuation of business to support the basis of the abovementioned tax deduction.

We noted that although measures may be taken by the Board of the Company and the Management to limit/mitigate the risks highlighted herein, no assurance can be given that the risks will not crystallise and give rise to material and adverse impact on the financial position and business of the Company.

13. EFFECTS OF THE PROPOSED ACQUISITION

Our comments on the effects of the Proposed Acquisition as detailed in Section 6, Part A of the Circular are set out below:

13.1 Share capital and substantial shareholders' shareholdings

We noted that the Purchase Consideration will be satisfied entirely in cash. Thus, the Proposed Acquisition will not involve any issuance of new Puncak Niaga Shares and therefore will not have any effect on the issued share capital and the shareholdings of the substantial shareholders of Puncak Niaga.

13.2 Earnings and earnings per share ("EPS")

The Proposed Acquisition will not have any effect on the earnings and EPS of the Puncak Niaga Group for the FYE 31 December 2016 as the Proposed Acquisition is expected to be completed by the second quarter of 2018.

For illustration purposes only, assuming that the Proposed Acquisition had been completed on 1 January 2016, being the beginning of the FYE 31 December 2016 and taking into consideration the prior year adjustments as announced by Puncak Niaga in its third quarter interim financial statements for the nine months FPE 30 September 2017, the pro forma effect of the Proposed Acquisition upon completion on the earnings and earnings per share of the Puncak Niaga Group are as follows:

	Audited as at 31 December 2016	Restated as at 31 December 2016[(a)]	After Proposed Acquisition[(b)(c)(d)]
	RM'000	RM'000	RM'000
Loss attributable to ordinary shareholders:			
- Continuing operations	(240,970)	(227,775)	(226,035)
- Discontinued operations	(17,972)	(17,972)	(17,972)
Total	(258,942)	(245,747)	(244,007)
Weighted average number of ordinary shares in issue ('000)	447,247	447,247	447,247
Basic loss per ordinary share (sen):			
- Continuing operations	(53.88)	(50.93)	(50.54)
- Discontinued operations	(4.02)	(4.02)	(4.02)
Total	(57.90)	(54.95)	(54.56)

Notes:

(a) *As announced in the Company's third quarter interim financial statements for the nine months FPE 30 September 2017, prior year adjustments were made due to a correction of the fair values of certain investment properties held by Puncak Niaga Group to better reflect their fair values as at 1 January 2016 and 31 December 2016 ("**Prior Year Adjustments**").*

(b) *For illustrative purpose, the TRIplc Group's PAT is based on its audited consolidated financial statements for FYE 31 May 2017.*

(c) *After taking into consideration the remaining estimated expenses in relation to the Proposed Acquisition.*

(d) *The acquisition of Danum Sinar has not been adjusted for as a subsequent transaction in the preparation of the pro forma effects on the Puncak Niaga Group's earnings and earnings per share as it may not provide a fair representation of Danum Sinar's business operation and financial performance moving forward due to the following:*

(i) *prior to the acquisition of Danum Sinar by Puncak Niaga Group, it was a private entity. As permitted by the MASB, the former management of Danum Sinar prepared its audited financial statements for FYE 30 June 2017 in accordance with the MPERS. However, subsequent to the acquisition, Danum Sinar is required to adopt the MFRS which will result in the company reporting certain incomes and/or expenses differently; and*

(ii) *Danum Sinar has ceased its reforestation activity.*

Based on the above, the Puncak Niaga Group's losses for FYE 31 December 2016 will be reduced upon completion of the Proposed Acquisition due mainly to the steady revenue stream from the two concessions of the TRIplc Group, i.e. Z1P2 and Z1P3 of UiTM Puncak Alam Campus.

Despite the improvement in pro forma earnings for the FYE 31 December 2016, the enlarged Puncak Niaga Group, subsequent to the completion of the Proposed Acquisition, remains loss making as the losses of the Puncak Niaga Group are larger than the earnings contribution from the TRIplc Group. As such, the Puncak Niaga Group is not expected to be profitable immediately after the completion of the Proposed Acquisition.

13.3 NA and gearing

Based on the audited consolidated financial statements of Puncak Niaga for the FYE 31 December 2016 and after adjusting for the acquisition of Danum Sinar, which was completed on 3 July 2017 as well as the Prior Year Adjustments ("**Subsequent Event**"), the pro forma NA, NA per Puncak Niaga Share and gearing level after the completion of the Proposed Acquisition are as follows:

(i) pro forma NA will decrease from RM1,736.09 million (after Subsequent Event) to RM1,734.73 million (after Proposed Acquisition);

(ii) pro forma NA per Puncak Niaga Share will remain at RM3.88 (after Subsequent Event and Proposed Acquisition); and

(iii) pro forma gearing level will increase from 0.10 times (after Subsequent Event) to 0.27 times (after Proposed Acquisition) after taking into consideration TRIplc's borrowings of approximately RM295.36 million based on its latest audited consolidated statements of financial position as at 31 May 2017. This has minimal adverse impact as compared to the steady income flow from the concession income for Z1P2 and Z1P3 of UiTM Puncak Alam Campus.

Premised on the above, we are of the opinion that the pro forma effects of the Proposed Acquisition are not detrimental to the interests of the non-interested shareholders of Puncak Niaga.

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14. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition after taking into consideration the following factors:

(a)	Rationale for the Proposed Acquisition	▪ The rationale for the Proposed Acquisition is reasonable as the Proposed Acquisition would allow for the following: (i) enhance Puncak Niaga Group's revenue streams and long term growth prospects. However, the Puncak Niaga Group is not expected to be profitable immediately after the completion of the Proposed Acquisition as the Puncak Niaga Group's losses are larger than the earnings contribution from the TRIplc Group; and (ii) increase the land bank of the Puncak Niaga Group for future property development in the long term.
(b)	Financial evaluation of the Purchase Consideration	▪ The Purchase Consideration of RM210.00 million is fair as it is within the range of value of the entire equity interest of TRIplc as ascribed by FHCA (which has taken into account the market value of the Subject Properties as appraised by Khong & Jaafar) of RM203.68 million to RM224.96 million. However, it is pertinent to note that the range of value of RM203.68 million to RM224.96 million mentioned above was arrived at based on amongst others, the assumption by FHCA that Zuriat Watan (being the wholly-owned subsidiary of TRIplc) is able to claim future tax deduction of RM105.49 million arising from the development expenditures previously impaired but not deductible for the year it was recognised (i.e. reversal of impairment loss) and the utilisation of tax losses to set off against future taxable profits of Zuriat Watan. We are of the view that the above assumption made by FHCA is reasonable after taking into consideration the BDO Tax Report and the relevant documents in relation to the impairment loss and the continuation of business to support the basis of the abovementioned tax deduction.
(c)	Salient terms of the SSA	▪ The salient terms of the SSA are reasonable.
(d)	Prospects of the Malaysian economy and the enlarged Puncak Niaga Group	▪ The Malaysian economy, the construction industry and the property development industry are expected to expand at a sustained growth pace in 2018 due to the resilient domestic demand. ▪ The prospects of the TRIplc Group are expected to remain positive moving forward due to its service concession under the Z1P2 Concession Agreement and Z1P3 Concession Agreement. ▪ The prospects of the enlarged Puncak Niaga Group will be favourable, given the positive prospects of the TRIplc Group as well as the synergistic and potential benefits to be derived from the Proposed Acquisition.

(e)	Risk factors	▪ The Puncak Niaga Group is already exposed to the inherent risks associated with the construction industry and is not expected to be exposed to new business risks, save for the termination of concessions risk and maintenance services risk. The Company intends to retain the existing management team of TRIplc upon completion of the Proposed Acquisition to ensure that qualified employees are available to manage and maintain the assets, facilities and/or infrastructure in accordance with the requirements of the concession agreements. However, termination of either the Z1P2 Concession Agreement or Z1P3 Concession Agreement after the completion of the Proposed Acquisition will adversely affect the enlarged Puncak Niaga Group's business, prospects and financial performance. ▪ The range of value for TRIplc's entire equity interest of between RM203.68 million and RM224.96 million is subject to a risk where the RM105.49 million future tax deduction will not be allowed by the IRB. In the event that the future tax deduction is not allowed by the IRB, the value for TRIplc's entire equity interest would potentially be reduced by up to RM25.32 million. Notwithstanding the above, we are of the view that the assumption made by FHCA in relation to the future tax deduction is reasonable after taking into consideration the BDO Tax Report and the relevant documents in relation to the impairment loss and the continuation of business to support the basis of the abovementioned tax deduction.
(f)	Effects of the Proposed Acquisition	▪ The Proposed Acquisition will not have any effect on the issued share capital and substantial shareholder's shareholdings. ▪ Despite the improvement in the pro forma earnings for the FYE 31 December 2016, the enlarged Puncak Niaga Group subsequent to the completion of the Proposed Acquisition will remain loss making as the losses of the Puncak Niaga Group are larger than the earnings contribution from the TRIplc Group. As such, the Puncak Niaga Group is not expected to be profitable immediately after the completion of the Proposed Acquisition. ▪ The pro forma NA will decrease from RM1,736.09 million (after Subsequent Event) to RM1,734.73 million (after Proposed Acquisition) and the pro forma NA per Puncak Niaga Share will remain at RM3.88 (after Subsequent Event and Proposed Acquisition). ▪ The pro forma gearing level will increase from 0.10 times (after Subsequent Event) to 0.27 times (after Proposed Acquisition) after taking into consideration TRIplc's borrowings as at 31 May 2017. This has minimal adverse impact as compared to the steady income flow from the concession income for Z1P2 and Z1P3 of UiTM Puncak Alam Campus.

Based on our overall assessment and evaluation above, we are of the opinion that the Proposed Acquisition is ***FAIR*** and ***REASONABLE*** and is ***NOT DETRIMENTAL*** to the non-interested shareholders of Puncak Niaga.

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

Yours faithfully,
For and on behalf of
PUBLIC INVESTMENT BANK BERHAD

Fong Loong Seng Chief Executive Officer	Lee Yo-Hunn Head Corporate Finance & Advisory

INFORMATION ON TRIplc

1. BACKGROUND

TRIplc was incorporated in Malaysia under the CA 1965 on 23 June 1992 and deemed registered under the Act as a private limited company under the name of U-Wood Holdings Sdn Bhd. It was subsequently converted to a public limited company on 12 September 1992 and was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 18 August 1993. U-Wood Holdings Berhad was subsequently changed to TRIplc Berhad on 12 December 2005.

The TRIplc Group is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services.

2. SHARE CAPITAL

As at the LPD, the issued share capital of TRIplc is RM73,934,065 comprising 68,944,785 TRIplc Shares.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders and their respective shareholdings in TRIplc are as follows:

		Direct		Indirect	
Name	**Nationality / Country of Incorporation**	**No. of TRIplc Shares**	**%**	**No. of TRIplc Shares**	**%**
Pembinaan Era Dinamik Sdn Bhd	Malaysia	15,265,009	22.14	-	-
Udzer Bin Abdul Karim	Malaysian	-	-	(1)15,265,009	(1)22.14
Mohamad Yazi Bin Ramlan	Malaysian	-	-	(1)15,265,009	(1)22.14
Yahaya Bin Shukor	Malaysian	-	-	(2)15,265,009	(2)22.14
Tan Sri Rozali	Malaysian	11,177,630	16.21	(3)6,992,968	(3)10.14
Minat Bakti Sdn Bhd	Malaysia	4,000,000	5.80	-	-
Nik Rohana Binti Nik Abdul Rahman	Malaysian	-	-	(4)4,000,000	(4)5.80
Norlelawate Binti Mokmin	Malaysian	-	-	(5)4,000,000	(5)5.80

Notes:

(1) Deemed interest by virtue of his 20% equity interest in Pembinaan Era Dinamik Sdn Bhd pursuant to Section 8(4) of the Act.

(2) Deemed interest by virtue of his 60% equity interest in Pembinaan Era Dinamik Sdn Bhd pursuant to Section 8(4) of the Act.

(3) Deemed interest by virtue of 100% equity interest each in Central Plus and Corporate Line of which 55% equity interest is held in his own name and the remaining 45% equity interest is held in his spouse's and children's names respectively and deemed interest by virtue of equity interest held in his son's name pursuant to Section 8(4) of the Act.

(4) Deemed interest by virtue of her 60% equity interest in Minat Bakti Sdn Bhd pursuant to Section 8(4) of the Act.

(5) Deemed interest by virtue of her 30% equity interest in Minat Bakti Sdn Bhd pursuant to Section 8(4) of the Act.

4. CHANGES IN SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS FOR THE PAST THREE YEARS

The changes in the substantial shareholders and their respective shareholdings in TRIplc for the past three years up to the LPD are as follows:

	As at 31 December 2014				As at 31 December 2015				As at 31 December 2016				As at the LPD			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Shareholders	No. of TRIplc Shares	%	No. of TRIplc Shares	%	No. of TRIplc Shares	%	No. of TRIplc Shares	%	No. of TRIplc Shares	%	No. of TRIplc Shares	%	No. of TRIplc Shares	%	No. of TRIplc Shares	%
Pembinaan Era Dinamik Sdn Bhd	15,265,009	23.50	-	-	15,265,009	23.03	-	-	15,265,009	22.51	-	-	15,265,009	22.14	-	-
Udzer Bin Abdul Karim	-	-	(1)15,265,009	(1)23.50	-	-	(1)15,265,009	(1)23.03	-	-	(1)15,265,009	(1)22.51	-	-	(1)15,265,009	(1)22.14
Mohamad Yazi Bin Ramlan	-	-	(1)15,265,009	(1)23.50	-	-	(1)15,265,009	(1)23.03	-	-	(1)15,265,009	(1)22.51	-	-	(1)15,265,009	(1)22.14
Yahaya Bin Shukor	-	-	(2)15,265,009	(2)23.50	-	-	(2)15,265,009	(2)23.03	-	-	(2)15,265,009	(2)22.51	-	-	(2)15,265,009	(2)22.14
Tan Sri Rozali	11,177,630	17.21	(3)6,992,968	(3)10.76	11,177,630	16.86	(3)6,992,968	(3)10.55	11,177,630	16.49	(3)6,992,968	(3)10.31	11,177,630	16.21	(3)6,992,968	(3)10.14
Minat Bakti Sdn Bhd	4,000,000	6.16	-	-	4,000,000	6.03	-	-	4,000,000	5.90	-	-	4,000,000	5.80	-	-
Ruzlan Bin Rahmat	-	-	(4)4,000,000	(4)6.16	-	-	-	-	-	-	-	-	-	-	-	-
Aidil Bin Abdul Aziz	-	-	(4)4,000,000	(4)6.16	-	-	(5)4,000,000	(5)6.03	-	-	-	-	-	-	-	-
Sheikh Mazlan Bin Sheikh Hassan	-	-	-	-	-	-	(6)4,000,000	(6)6.03	-	-	-	-	-	-	-	-
Nik Rohana Binti Nik Abdul Rahman	-	-	-	-	-	-	-	-	-	-	(5)4,000,000	(5)5.90	-	-	(5)4,000,000	(5)5.80
Norlelawate Binti Mokmin	-	-	-	-	-	-	-	-	-	-	(6)4,000,000	(6)5.90	-	-	(6)4,000,000	(6)5.80
Central Plus	3,340,802	5.14	-	-	3,340,802	5.04	-	-	3,340,802	4.93	-	-	3,340,802	4.85	-	-

Notes:

(1) Deemed interest by virtue of his 20% equity interest in Pembinaan Era Dinamik Sdn Bhd pursuant to Section 8(4) of the Act.
(2) Deemed interest by virtue of his 60% equity interest in Pembinaan Era Dinamik Sdn Bhd pursuant to Section 8(4) of the Act.
(3) Deemed interest by virtue of 100% equity interest each in Central Plus and Corporate Line of which 55% equity interest is held in his own name and the remaining 45% equity interest is held in his spouse's and children's names respectively and deemed interest by virtue of equity interest held in his son's name pursuant to Section 8(4) of the Act.
(4) Deemed interest by virtue of his 50% equity interest in Minat Bakti Sdn Bhd pursuant to Section 8(4) of the Act.
(5) Deemed interest by virtue of his/her 60% equity interest in Minat Bakti Sdn Bhd pursuant to Section 8(4) of the Act.
(6) Deemed interest by virtue of his/her 30% equity interest in Minat Bakti Sdn Bhd pursuant to Section 8(4) of the Act.

5. DIRECTORS

As at the LPD, the directors and their respective shareholdings in TRIplc are as follows:

			Direct		Indirect	
Name	**Nationality**	**Designation**	**No. of TRIplc Shares held**	**%**	**No. of TRIplc Shares held**	**%**
Dato' Hj. Abdul Halim Bin Hj. Said	Malaysian	Independent Non-Executive Chairman	-	-	-	-
Dato' Yusof Bin Badawi	Malaysian	Managing Director	10,000	0.01	-	-
Ar Mohd Khalid Bin Mohammed Yusuf	Malaysian	Chief Operating Officer	61,900	0.09	-	-
Shamshiah Binti Hashim @ Abu Bakar	Malaysian	Executive Director, Finance	47,600	0.07	-	-
Jumsi Bin Batri	Malaysian	Senior Independent Non-Executive Director	104,660	0.15	-	-
Haji Ibrahim Bin Topaiwah	Malaysian	Independent Non-Executive Director	-	-	-	-

6. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, the details of the subsidiaries of TRIplc are as follows:

Name of company	Date and place of incorporation	Issued share capital RM	Effective equity interest %	Principal activities
TRIplc Medical	18 March 2014 / Malaysia	5,275,000	100	Design, development, construction and completion of the facilities and infrastructure and to carry out the asset management services of UiTM Teaching Hospital and Medical Academic Complex in Puncak Alam, Selangor
TRIplc FMS	18 March 2014 / Malaysia	100,000	100	Facility management services and related activities
TRIplc Industries Sdn Bhd	5 March 1994 / Malaysia	750,000	100	Property construction and related activities
TRIplc Resources	27 July 1993 / Malaysia	750,000	100	Property construction and related activities
TRIplc Ventures	5 March 1994 / Malaysia	26,650,100	100	Property construction and related activities

INFORMATION ON TRIplc *(cont'd)*

Name of company	Date and place of incorporation	Issued share capital RM	Effective equity interest %	Principal activities
Layar Kekal (M) Sdn Bhd	3 October 1990 / Malaysia	50,000,000	100	Property development
Samasys Sdn Bhd	8 June 1994 / Malaysia	50,000,000	100	Property development
Suasa Integrasi (M) Sdn Bhd	20 December 1990 / Malaysia	50,000,000	100	Property development
Tirai Gemilang Sdn Bhd	6 January 1992 / Malaysia	50,000,000	100	Property development
Usahasewa Sdn Bhd	18 May 1994 / Malaysia	50,000,000	100	Property development
Zuriat Watan	13 March 1995 / Malaysia	4,500,000	100	Property development
Insa Alliance Sdn Bhd	13 June 1994 / Malaysia	50,000,000	100	Property development and provision of project management services
Central Challenger	3 January 1992 / Malaysia	5,000,000	100	Property development, provision of project management services and property management
Prinsip Barisan (M) Sdn Bhd	20 October 1992 / Malaysia	100,000	100	Property investment

As at the LPD, TRIplc does not have any associated company.

7. SUMMARY OF FINANCIAL INFORMATION

A summary of the key financial information of TRIplc based on its restated consolidated financial statements for FYE 31 May 2014 and FYE 31 May 2015, audited consolidated financial statements for FYE 31 May 2016 and FYE 31 May 2017 as well as the unaudited consolidated financial statements for 3-motnhs FPE 31 August 2016 and 3-months FPE 31 August 2017 is as follows:

	FYE 31 May				3-months FPE 31 August	
	2014[1] Restated RM'000	2015[1] Restated RM'000	2016[2] Audited RM'000	2017[2] Audited RM'000	2016 Unaudited RM'000	2017 Unaudited RM'000
Revenue	143,135	50,234	[3] 50,503	70,911	10,865	22,381
Cost of sales	(75,755)	(9,459)	[3] 10,211	(29,341)	(1,172)	(7,443)
Gross profit	67,380	40,775	60,714	41,570	9,693	14,938
Other income	3,017	3,056	3,879	3,013	418	258
Selling and marketing costs	(35)	(18)	(70)	(5)	-	-
Administrative expenses	(6,221)	(6,672)	(10,222)	(5,189)	(675)	(1,473)
Other expenses	(10,216)	(2,265)	(3,313)	(2,616)	(935)	(496)
Finance costs	(17,774)	(19,854)	(23,107)	(21,896)	(5,648)	(5,497)
PBT	36,151	15,022	27,881	14,877	2,853	7,730
Tax expense	(12,772)	(7,892)	(3,903)	(4,429)	(1,271)	(1,571)
PAT	23,379	7,130	23,978	10,448	1,582	6,159
Other comprehensive income, net of tax	-	-	-	-	-	-
	23,379	7,130	23,978	10,448	1,582	6,159
Gross EPS[4] (sen)	56.42	23.22	42.44	21.95	4.26	11.27
Net EPS[5] (sen)	36.49	11.02	36.50	15.41	2.36	8.98
Shareholders' funds/NA	134,107	143,538	170,942	184,184	174,336	190,533
Number of TRIplc Shares in issue ('000)	64,280	64,967	66,349	68,490	67,735	68,633
Share capital	64,280	64,967	66,349	[6] 72,939	67,735	73,251
NA per share (RM)	2.09	2.21	2.58	[6] 2.69	2.57	2.78
Total borrowings	276,701	307,764	296,116	295,362	307,974	295,824
Current ratio (times)	1.23	1.77	2.06	2.03	2.33	1.92
Gearing ratio (times)	2.06	2.14	1.73	1.60	1.77	1.55

Notes:

(1) Certain comparative figures for FYE 31 May 2014 and FYE 31 May 2015 have been restated in a manner consistent with the format and accounting policies adopted in the audited consolidated financial statements for FYE 31 May 2016 and FYE 31 May 2017.

TRIplc has compiled the restated consolidated financial statements for FYE 31 May 2014 and FYE 31 May 2015 and BDO has conducted its engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"* on the restated consolidated financial statements for FYE 31 May 2014 and FYE 31 May 2015.

Please refer to Section 1 of Appendix I(D) of this Circular for the impact of such restatements.

(2) These figures were extracted from TRIplc's audited consolidated financial statements for FYE 31 May 2016 and FYE 31 May 2017, respectively.

(3) During FYE 31 May 2016, TRIplc Group had recognised revenue of RM6.29 million and negative cost of sales of RM16.92 million under its construction segment upon finalisation of the contract sums of its Z1P1 of UiTM Puncak Alam Campus project which the construction works were completed in 2009. The negative cost of sales recognised was resulted from reversal of cost of sales which was over-recognised in the previous financial years.

For illustrative purpose, if the said revenue and negative cost of sales relating to Z1P1 of UiTM Puncak Alam Campus project were not recognised during FYE 31 May 2016, the gross profit of the TRIplc Group will be reduced accordingly.

(4) Computed based on the PBT divided by the weighted average number of TRIplc Shares in issue.

(5) Computed based on the PAT divided by the weighted average number of TRIplc Shares in issue.

(6) Upon the commencement of the Act on 31 January 2017, the share premium account has become part of the share capital account.

The TRIplc Group has not adopted any accounting policies which are peculiar to its operation and have any significant effect on its financial statements for the past four financial years up to FYE 31 May 2017. However, as TRIplc Group is involved in service concession, it is required to adopt IC Interpretation 12 Service Concession Arrangements ("**IC 12**") to account for its concession business.

Based on the Z1P2 Concession Agreement and Z1P3 Concession Agreement, TRIplc Ventures and TRIplc Medical will perform more than one service, i.e. construction and maintenance under a single contract or arrangement. TRIplc Ventures and TRIplc Medical shall recognise and measure revenue in accordance with MFRS 111 – Construction Contracts and MFRS 118 – Revenue for the services it performs. The consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable. As a financial asset, the amount due from UiTM is accounted for as a loan or receivable at its fair value which requires interest calculated using the effective interest method to be recognised in profit or loss in accordance with MFRS 139 – Financial Instruments: Recognition and Measurement.

There were no audit qualifications reported in the audited consolidated financial statements of TRIplc for FYE 31 May 2014, FYE 31 May 2015, FYE 31 May 2016 and FYE 31 May 2017.

Please refer to Appendix I(D) of this Circular for the Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects of the TRIplc Group.

BUSINESS OVERVIEW OF THE TRIplc GROUP

1. History

1.1 History of TRIplc's business

U-Wood Holdings Sdn Bhd commenced business as a manufacturer and trader of plywood, blockboard and timber products upon its incorporation in 1992. In 1992, U-Wood Holdings Sdn Bhd was converted to a public limited company and assumed the name U-Wood Holdings Berhad. Subsequently in 1993, U-Wood Holdings Berhad was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities). In 1995, U-Wood Holdings Berhad began relocating its factory operations from Tajung Kling, Melaka, to Jempol, Negeri Sembilan. Operations in the Jempol factory commenced in 1996.

TRIplc embarks into the property development business

In 1996, U-Wood Holdings Berhad also entered into several conditional sale of shares agreements for the acquisitions of 100% equity interests in Central Challenger, Insa Alliance Sdn Bhd, Suasa Integrasi (M) Sdn Bhd, Tirai Gemilang Sdn Bhd, Layar Kekal (M) Sdn Bhd, Samasys Sdn Bhd, Usahasewa Sdn Bhd and Zuriat Watan, where:

- Insa Alliance Sdn Bhd, Suasa Integrasi (M) Sdn Bhd, Tirai Gemilang Sdn Bhd, Layar Kekal (M) Sdn Bhd, Samasys Sdn Bhd, and Usahasewa Sdn Bhd were land owners of 600 acres of land at Mukim Bukit Raja, which was to be developed by Central Challenger into a mixed residential and commercial development known as Puncak Perdana in Shah Alam; and

- Zuriat Watan was the land owner and developer of 338.67 acres of land located within Mukim Serendah geared for residential and commercial development known as Desa Cempaka.

These acquisitions were intended to provide U-Wood Holdings Berhad with an opportunity to diversify from its traditional activity of manufacturing and trading of plywood, blockboard and timber products into property development projects, which would contribute to U-Wood Holdings Berhad's future earnings.

U-Wood Holdings Berhad completed the acquisitions of Central Challenger, Insa Alliance Sdn Bhd, Suasa Integrasi (M) Sdn Bhd, Tirai Gemilang Sdn Bhd, Layar Kekal (M) Sdn Bhd, Samasys Sdn Bhd, Usahasewa Sdn Bhd and Zuriat Watan in 2000, which then became wholly-owned subsidiaries of U-Wood Holdings Berhad.

Central Challenger was principally involved in property development, property management and the provision of project management services. Prior to the acquisition, Insa Alliance Sdn Bhd, Suasa Integrasi (M) Sdn Bhd, Usahasewa Sdn Bhd, Tirai Gemilang Sdn Bhd, Layar Kekal (M) Sdn Bhd and Samasys Sdn Bhd signed a development cum project management agreement with Central Challenger for Puncak Perdana in 1996. As such, U-Wood Holdings Berhad's acquisition of Central Challenger marked the start of its venture into the property development industry with the development of residential property at Puncak Perdana which had commenced in 1999.

In 2000, Central Challenger secured a project management contract with Templer Park Resort Properties Sdn Bhd for the provision of project management services for a piece of land measuring approximately 49 acres which is located in Section U5, Shah Alam, Selangor. The development comprised commercial and residential properties. Central Challenger's scope of services under project management services comprised the appointment and management of professional advisers, consultants, managers and contractors for the development of these commercial and residential properties.

In the same year, U-Wood Holdings Berhad was reclassified from industrial products to properties on the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities).

In 2005, U–Wood Holdings Berhad assumed its current name, TRIplc Berhad.

Since the development of Puncak Perdana and Section U5, Shah Alam, TRIplc has not been active in the property development sector. However as at the LPD, TRIplc has existing land banks in Selangor which TRIplc intends to develop in the future. Please refer to Section 13 of this Appendix for further details on TRIplc's existing land banks.

TRIplc embarks into the construction business

TRIplc was involved in the development of proposal and drafting the zoning plan that formed the master development plan for UiTM Puncak Alam Campus. This master development plan was submitted to the Ministry of Education, Ministry of Finance and UiTM, and subsequently approved in 2004. The master development plan of UiTM Puncak Alam Campus lays out the development of 1,085 acres of land that is divided into multiple development zones.

Leveraging on its past involvement in the development of the master development plan for UiTM, TRIplc presented a detailed proposal for the development of Z1P1 of UiTM Puncak Alam Campus to the Ministry of Education, Ministry of Finance and UiTM. In 2003, TRIplc secured the contract for the construction of academic blocks and student accommodation for the UiTM Puncak Perdana Campus. Subsequently, in the same year, TRIplc secured a contract for the preliminary works for Z1P1 of UiTM Puncak Alam Campus. These preliminary works comprised site clearing, construction of access road and relocation of electrical transmission pylons, and were completed in 2004.

In 2005, TRIplc secured a contract for main infrastructure works of Z1P1 of UiTM Puncak Alam Campus.

In 2006, TRIplc secured two contracts for the construction of Z1P1 of UiTM Puncak Alam Campus for Satellite A and B respectively. The construction works for Satellite A consisted of hostels for students complete with recreational and sports facilities while construction works for Satellite B consisted of academic buildings and facilities for the Faculty of Health Science, Faculty of Pharmacy and Students Plaza. The construction works for Satellite A and B of Z1P1 of UiTM Puncak Alam Campus, worth RM655.0 million, commenced during the same year.

In 2008, TRIplc completed construction works for Satellite A of Z1P1 of UiTM Puncak Alam Campus. Subsequently in 2009, TRIplc completed the construction of Satellite B of Z1P1 of UiTM Puncak Alam Campus. Please refer to Section 2.1 of this Appendix for further details of TRIplc's construction works for Satellite A and B of Z1P1 of UiTM Puncak Alam Campus.

In 2010, the master development plan of UiTM Puncak Alam Campus was changed to incorporate zones 1, 2, 3 and 4 with phases in each zone proposed over a number of years.

In 2011, TRIplc secured a contract for renovation works for 13 laboratories at Z1P1 of UiTM Puncak Alam Campus.

In the same year, TRIplc was reclassified from properties to construction on the Main Market of Bursa Securities.

TRIplc secures concession agreements

In 2010, TRIplc, through its wholly-owned subsidiary, TRIplc Ventures, entered into the Z1P2 Concession Agreement with the Government, represented by the Ministry of Higher Education, and UiTM. Under the Z1P2 Concession Agreement, TRIplc Ventures was granted a 23-year concession to undertake the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning and maintenance of specified facilities and infrastructure for Z1P2 of UiTM Puncak Alam Campus. The specified facilities and infrastructure include academic facilities for three faculties, namely the Faculty of Accountancy, Faculty of Business Administration and Faculty of Hotel and Tourism Management, common facilities, student accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre.

The construction works for Z1P2 of UiTM Puncak Alam Campus commenced in 2011.

TRIplc Ventures completed the construction works for Z1P2 of UiTM Puncak Alam Campus in 2014. Through TRIplc FMS, TRIplc Ventures commenced with the undertaking of the maintenance services for a period of 20 years.

In 2016, TRIplc, through its wholly-owned subsidiary, TRIplc Medical, entered into the Z1P3 Concession Agreement with the Government, represented by the Ministry of Higher Education, and UiTM. Under the Z1P3 Concession Agreement, TRIplc Medical was granted a 25-year concession to undertake the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning, maintenance and asset replacement of specified facilities and infrastructure for Z1P3 of UiTM Puncak Alam Campus. The specified facilities and infrastructure include a teaching hospital, academic facilities for the Faculty of Medicine, forensic and mortuary block, accommodation facilities, plant house and parking facilities. The 25-year concession period comprises three years for construction and 22 years for maintenance services. Please refer to Section 2.1 of this Appendix for further details on the project values. In April 2017, TRIplc commenced construction for Z1P3 of UiTM Puncak Alam Campus.

Please refer to Section 2.1 of this Appendix for further details on the project.

1.2 Certificates, permits and accreditations

TRIplc Group has the following certificates, permits and accreditations, which include external accreditations such as ISO 9001:2015. These accreditations provide TRIplc's customers with the assurance that its services rendered are in compliance with relevant standards.

Year first achieved	Current validity period	Certifications, permits and accreditations
2001	1 August 2016 – 1 August 2019	• TRIplc is registered with Construction Industry Development Board ("CIDB") as a Grade 7 ("G7") contractor
	29 July 2016 – 1 August 2019	• TRIplc is registered with CIDB for the *Sijil Perolehan Kerja Kerajaan*, thus allowing TRIplc to participate in the tender of Government construction projects
2008	7 August 2017 – 7 August 2020	• TRIplc and TRIplc Resources are certified compliant with ISO 9001:2015, an updated version of ISO9001:2008, for the provision of project management and construction, which was accredited by Det Norske Veritas • TRIplc Ventures is certified compliant with ISO 9001:2015, an updated version of ISO9001:2008, for the provision of project management, construction and facilities management, which was accredited by Det Norske Veritas
2009	20 September 2016 – 1 August 2019	• TRIplc is registered with Bahagian Pembangunan Kontraktor dan Usahawan, previously known as *Pusat Khidmat Kontraktor* of Ministry of Works for the *Sijil Kontraktor Kerja Taraf Bumiputera*

Year first achieved	Current validity period	Certifications, permits and accreditations
2011	21 August 2017 – 20 August 2018	• TRIplc has two *Industri Perkhidmatan Air* ("IPA") type C permits from the National Water Services Commission, where as an IPA type C permit holder, TRIplc is allowed to carry out any construction, installation or modification to any part of a water supply system or sewerage system
2012	16 August 2015 – 15 August 2018	• TRIplc has a license from PETRONAS which allows TRIplc to provide supplies and services to oil and gas exploration and production companies in Malaysia, comprising, amongst others, civil maintenance services; consultancy services for project management of building, structural and civil works; and office administrative services for property/building management
2016	1 July 2016 – 30 June 2019	• TRIplc is registered with the Ministry of Finance for Government procurements under the supply or provision of services in the sectors set out in the registration which includes, amongst others, fertilisers and nutrients, pesticides, weapons, rocket subsystem, rocket and missile launcher, fire prevention system, fire control equipment, electrical equipment, mechanisation system, hospital and lab equipment and car parks

2. Principal activities

TRIplc Group is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services. TRIplc embarked into facilities management via the provision of maintenance services in 2014.

TRIplc, through its wholly-owned subsidiaries TRIplc Ventures and TRIplc Medical, is the holder of two concession agreements for the public sector, involving the planning, design, financing, developing, construction, landscaping, equipping, installation, completion, testing, commissioning and maintenance of facilities and infrastructure for Z1P2 and Z1P3 of UiTM Puncak Alam Campus under the PFI in Malaysia.

2.1 Project management services for construction projects

TRIplc Group is presently involved in the provision of project management services for construction of Z1P3 of UiTM Puncak Alam Campus. It is able to customise its project management services based on UiTM and project requirements. TRIplc forms a dedicated project management team to monitor and manage implementation of the construction projects it is involved in.

The scope of TRIplc's project management services commences from the initial stage of planning and design until the completion of works, whereby a typical project cycle encompasses:

- **Planning and design**

  TRIplc's project management team works closely with UiTM to establish their requirements for the project. Further, TRIplc represents UiTM in managing the overall development of the project it has secured. TRIplc advises UiTM on the selection of the respective consultants for the project, which includes architects, town planners, civil and structural engineers, electrical and mechanical engineers as well as quantity surveyors.

TRIplc will review designs prepared by the relevant consultants prior to submission to UiTM in order to ensure compliance in terms of technical and functional aspects, as well as UiTM's requirements. The project management team will also liaise with the relevant governing authorities and stakeholders for approvals and/or feedback. Based on the approved designs, drawings, calculations and proposals, an estimated project costing will be prepared and this will be used as a guide to maintain control over the project budget.

- **Project implementation**

  TRIplc's project management team is responsible for ensuring the completion of the secured project within the agreed duration and budget. During the maintenance period and construction period for Z1P2 and Z1P3 of UiTM Puncak Alam Campus projects respectively, TRIplc's project management team provides administrative and management services to facilitate coordination of work between the appointed contractors, consultants and/or suppliers, and relevant project stakeholders.

  TRIplc will coordinate all approved designs, drawings, calculations and proposals prepared by the relevant consultants as well as advise UiTM on matters relating to work force requirement to ensure that the project is completed as scheduled. A project implementation schedule will be developed and the project management team will establish a communication system to ensure clear communication between all involved parties. The project management team will monitor and supervise project progress and the project implementation schedule will be updated on a regular basis to reflect the project's progress. TRIplc will also prepare and submit project progress reports and proposals during the course of the project to ensure smooth project implementation.

- **Post-construction**

  TRIplc will ensure that the overall work quality of maintenance services under Z1P2 of the UiTM Puncak Alam Campus project is in accordance with the standard specifications and requirements set by the local government authorities as well as the UiTM's requirements.

TRIplc's project management team carries out project progress monitoring, documentation and communication to ensure that:

- Works performed are in compliance with approved drawings and specifications, as well as regulations and/or guidelines issued by local authorities;

- Work completion and handover are done in accordance with the agreed work implementation schedule; and

- Monitoring construction progress to ensure that project cost adheres to the approved budget.

The scope of services provided by TRIplc from the perspective of work quality and safety includes the following:

- Inspection of materials and workmanship to ensure adherence to approved drawings and specifications. Reporting and monitoring of defects or deficiencies, as well as remedial works, and the results of quality control tests;

- Monitoring of site personnel to ensure compliance to site occupational safety, health and environmental guidelines and policies;

- Ensuring all performed works adhere to guidelines and policies to minimise public inconvenience in the affected areas; and

- Propose recommendations to UiTM on changes to the approved drawings, specifications and/or work implementation schedule that may benefit the UiTM or the project.

The scope of services provided by TRIplc from the perspective of work progress, finance and coordination include the following:

- Monitoring, supervising and reporting of work progress at agreed intervals;

- Assisting UiTM to liaise with all relevant authorities and/or governing agencies, whenever necessary;

- Coordinating activities performed by all contractors as well as other parties working at the same site;

- Reporting critical issues and/or causes of delay, as well as mitigating and/or remedial actions;

- Assessing requests for extension of time by contractors, and subsequent recommendations to UiTM;

- Advising UiTM on requirements for variation, including implications to project costing;

- Checking and verifying accepted work for the preparation of certification in respect of payment due;

- Providing recommendation to UiTM for the issuance of certificate of completion and compliance;

- Monitoring progress and completion of defective and outstanding works based on the agreed period of works; and

- Reviewing final accounts prepared by contractors before certification and payment by UiTM.

TRIplc has completed projects comprising the delivery of project management services for the following construction projects:

UiTM Puncak Perdana Campus

Client(s)	Project	Contract period	Value (RM million)
UiTM	**UiTM Puncak Perdana Campus** Construction works of academic blocks and student accommodation	2003 –2007	90.2

Z1P1 of UiTM Puncak Alam Campus

Client(s)	Project	Contract period	Value (RM million)
Ministry of Higher Education and UiTM	**Z1P1 of UiTM Puncak Alam Campus**		
	(a) Preliminary works comprising site clearing, construction of access road and relocation of electrical transmission pylons	December 2003 – December 2004	48.7
	(b) Main infrastructure works	April 2005 – April 2009	402.0
	(c) Construction works of Z1P1 Satellite A consisting of hostels for students complete with recreational and sports facilities	August 2006 – December 2008	155.4
	(d) Construction works of Z1P1 Satellite B consisting of academic buildings and facilities for the Faculty of Health Science, Faculty of Pharmacy and Students Plaza	August 2006 – April 2009	499.6
	(e) Renovation works for 13 laboratories	October 2011 – July 2012	7.9

As at the LPD, TRIplc is involved in on-going projects comprising the following:

Z1P2 and Z1P3 of UiTM Puncak Alam Campus

Client(s)	Project	Contract period	Value
Ministry of Higher Education and UiTM	**Z1P2 of UiTM Puncak Alam Campus** 23-year concession period for the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning and maintenance of academic facilities for three faculties, student accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre	April 2011 – April 2034 Construction works period: April 2011 – April 2014 Maintenance services period: April 2014 – April 2034	Development cost of RM266.5 million
Ministry of Higher Education and UiTM	**Z1P3 of UiTM Puncak Alam Campus** 25-year concession period for the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning, maintenance and asset replacement of a teaching hospital, academic facilities and accommodation together with the specified facilities and infrastructure	April 2017 – April 2042 Construction works period: April 2017 – April 2020 Expected maintenance services period: April 2020 – April 2042	Development cost of RM599.0 million

2.2 Maintenance services

Through its maintenance services, TRIplc's objective is to ensure that its customers' assets, facilities and/or infrastructure are managed and maintained with the aim of providing customers and/or users with a pleasant and safe environment as well as preserving the long-term value of the assets, facilities and/or infrastructure in a cost-effective manner.

TRIplc's scope of works for maintenance services include asset and inventory management; asset replacement, building automation system management; building inspection and audit management; building services management; campus health and safety management; document management; equipment management; infrastructure, slope and ground work management; park and amenities management; pest control management; power quality and energy saving management; security management; waste management; and hospital asset management.

The scope of TRIplc's maintenance services under the Z1P2 Concession Agreement are as follows:

Scope of works	Description	Carried out by
Asset and inventory management	Operations and maintenance of an asset tracking and inventory management system to track, monitor status and manage assets and equipment	TRIplc
Asset replacement	Replacement of old or obsolete assets that have reached the end of their usage cycle. Such assets are normally replaced ranging from one to three times depending on the life cycle of its usage	TRIplc and subcontractor
Building automation system management	Operations and maintenance of a centralised building automation system comprising mechanical and electrical systems, assets and equipment	TRIplc and subcontractor
Building inspection and audit management	Design and implementation of building inspection audits, and ensuring the implementation of audit directives, and organising workflow during the process of compiling audit reports	TRIplc
Building services management	Operations and maintenance of mechanical, electrical and plumbing systems, assets and equipment	TRIplc
Campus health and safety management	Operations of health and safety services such as health and safety programmes, as well as emergency evacuation	TRIplc
Document management	Design and operations of a system to store, manage and track electronics documents	TRIplc
Equipment management	Management and control of identified inventory equipment	TRIplc
Infrastructure, slope and ground work management	Maintenance of public infrastructure such as public lighting, drainage and bridges	TRIplc and subcontractor
Park and amenities management	Design, construction and maintenance of gardens, parks and other green areas	Subcontractor
Pest control management	Prevention, eradication, disinfection and hygiene services in relation to rodents, insects, birds and other pests	Subcontractor

Scope of works	Description	Carried out by
Power quality and energy saving management	Operations and maintenance of a system to ensure continued power supply and efficient energy management	TRIplc and subcontractor
Security management	Operations of security services such as guarding, access control and patrolling of facilities, and the installation of alarms and access control systems	TRIplc
Waste management	Management of the collection, transportation and disposal of solid waste such as garbage sewerage and other waste products that are non-recyclable	Subcontractor

In addition to the above, TRIplc's maintenance services under the Z1P3 Concession Agreement also includes hospital asset management:

Scope of works	Description	To be carried out by
Hospital asset management	Maintenance services which include linen and laundry services as well as healthcare waste management services and management of biomedical engineering assets which consist of, among others, magnetic resonance imaging equipment (MRI), X-ray imaging equipment, laboratory equipment hydrotherapy pool equipment, operating surgical tables and medical beds	Subcontractors

2.3 Property development

TRIplc was involved in residential property development of Puncak Perdana through its subsidiaries. Presently, TRIplc's property development activities are focused on the planning, reviewing and resubmission of development plans for the future development of its land banks in Selangor. Additionally, TRIplc is also in the process of applying for the issuance of strata titles and thereafter, the transfer of the same to the names of end purchasers for property units sold in Puncak Perdana.

As part of the planning, reviewing and resubmission of development plans for its land banks, TRIplc undertakes feasibility studies, master planning, environmental impact assessments, economic and financial assessments, preliminary design and detailed design where:

Scope of works	Description
Feasibility studies	Evaluation and analysis of the potential of a proposed property development project to support the process of decision making
Master planning	Conceptualisation and development of land development plan
Environmental impact assessments	Assessment of the anticipated environmental effects of a proposed property development project
Economic and financial assessments	Assessment of the financial and economic cost and benefits of a proposed property development project
Preliminary design	High-level design that bridges the gap between design concept and detailed design, particularly in cases where the design concept is not sufficient for full evaluation
Detailed design	Complete property plan models, drawings as well as specifications that includes details on the procurement of materials

3. Competitive strengths

TRIplc's competitive strengths are as follows:

(i) TRIplc has an experienced key management team

The Managing Director of TRIplc, Dato' Yusof Bin Badawi, has 31 years of experience in the construction industry, where he was involved in the management and implementation of several construction, infrastructure, housing development, waterworks and maintenance projects. These projects include the construction, testing and commissioning of Phase 1 and 2 of the Sungai Selangor Water Supply Scheme as well as the management and implementation of a RM500 million contract for the maintenance and upgrading of schools in Peninsular Malaysia under the umbrella concept for the Ministry of Education.

TRIplc's Managing Director is supported by a dedicated and experienced management team as set out below:-

Key management	Designation	Years of relevant working experience
Ar Mohd Khalid Bin Mohammed Yusuf	Chief Operating Officer	(1) 38
Shamshiah Binti Hashim @ Abu Bakar	Executive Director, Finance	25
Shaiful Azhar Bin Ahmad	Senior General Manager, Corporate Affairs	22
Taufik Afendy Bin Othman	General Manager, Human Resources and Administration	25
Dato' Jamaludin Bin Buyong	General Manager, Facilities Management Services	29
Zaidi Bin Mohamed Noor	Assistant General Manager, Operations	25

Note:

(1) Includes four years of practical experience which was required to become a fully qualified architect

Please refer to Sections 14 and 15 of this Appendix for the profiles of the key management team.

With their experience, TRIplc's key management team has a good understanding of the industry and is able to anticipate growth areas within the industry to equip them with the necessary skillsets required to maintain and grow the business moving forward.

TRIplc places emphasis on professional development, and its key management team attends internal and external training and development programmes to update themselves on techniques and the latest market developments relating to its business. These training and development programmes include Corporate Governance, Construction Law, Land Law, Industrial Relations Law, Infrastructure Sukuk and Islamic Financing, Risk Management, ISO 9001:2015, and the Malaysian Institute of Architects Public Forum. The strength and experience of TRIplc's key management team creates a firm foundation for its future growth.

(ii) TRIplc has a track record in the delivery of project management, construction and maintenance services

TRIplc is experienced in project management and construction services, where its expertise spans across various phases of the construction value chain, from conception to commissioning and maintenance.

Further, TRIplc also has built a track record in the delivery of maintenance services. TRIplc's maintenance contracts are performance-based, where the key performance indicators imposed on TRIplc are used to assess TRIplc's performance in delivering, among others:

- mechanical maintenance services. Assessment is based on UiTM's satisfaction, service downtime, service uptime and requirements of relevant authorities;
- electrical maintenance services. Assessment is based on UiTM satisfaction, design requirement and electricity supply phase load balancing;
- telecommunications maintenance services. Assessment is based on UiTM satisfaction and response time;
- health, safety and environment maintenance services Assessment is based on the number of serious incident reported; and
- civil maintenance services. Assessment is based on action time.

In addition, TRIplc Ventures' performance is assessed based on a general key performance indicator covering areas such as action time, yearly scheduling building audit work and yearly customer satisfaction. The overall key performance indicator achieved is calculated as an average of all individual key performance indicators set out above.

Since the commencement of Z1P2 maintenance period in April 2014 up to September 2017, TRIplc Ventures has been achieving above the contractual key performance indicator target set for Z1P2 of UiTM Puncak Alam Campus. TRIplc Ventures also provides adequate operational equipment to enable its in-house team to carry out maintenance operations effectively.

Please refer to Section 2.1 of this Appendix for a list of TRIplc's projects relating to the provision of project management, construction and maintenance services.

TRIplc has laid the groundwork in positioning itself for the successful delivery of construction projects and maintenance services based on its track record in delivering the Z1P1 and Z1P2 of UiTM Puncak Alam Campus projects. This established track record and project references will support TRIplc's future growth and ensure its continued sustainability.

(iii) TRIplc's output-based maintenance services contracts enable the Group to manage and optimise resources

TRIplc's maintenance services are output-based contracts. Output-based contracts entail an agreement between the customer and provider that an agreed service level will be provided at a set cost to the customer. In input-based contracts, the provider receives payment equal to the cost of the delivery of the service plus an agreed margin. Through output-based contracts, TRIplc needs to continuously identify risks involved, and perform accordingly to address these risks in rendering their services. This allows TRIplc to manage and optimise its resources to ensure that cost levels in carrying out its maintenance services at the agreed service level are consistent with the set cost provided to its customers.

Further, with this approach, customers receive a solution with increased safeguarding of their brand and reputation as TRIplc takes ownership of the risks related to the services provided. This business model allows TRIplc to optimise its resources in realising greater efficiency of its operations, have greater control on the quality of services performed and achieve greater customer satisfaction.

(iv) TRIplc has experience in Public-Private Partnership ("PPP") projects

The PPP model in Malaysia comprises the nation's privatisation policy and the PFI. PPP relates to the transfer of responsibility to the private sector to finance and manage a package of capital investment and services, including the construction, management, maintenance, refurbishment and replacement of public sector assets such as buildings, infrastructure, equipment and other facilities, which creates a standalone business. The PPP implementation methods in Malaysia include build–operate–transfer (BOT), build–lease–transfer (BLT), build–operate–own (BOO), build–lease–maintain–transfer (BLMT), land swap, management contracts and corporatisation.

In Malaysia, PFIs were introduced by the Government under the Ninth Malaysia Plan (2006 – 2010) as a new measure under the nation's privatisation programme. Malaysia's PFI mechanism is aimed at facilitating greater participation of the private sector to improve the delivery of infrastructure facilities and public service, and establishes key principles on the procurement and implementation of selected public sector infrastructure projects. The PFIs will be undertaken as a new mode of procurement in conjunction with the PPP to further enhance private sector participation in economic development.

*(Source: Independent Market Research ("**IMR**") Report by Smith Zander)*

TRIplc secured its first PFI project in 2010 for the design, development, construction, completion, commissioning and maintenance works of three faculties to accommodate not less than 5,000 students, hostel accommodation for 2,500 students, 10 units of fellow accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre for the UiTM Puncak Alam Campus. Since then, TRIplc has continued to secure additional PFI projects, details of which are included in Section 2.1 of this Appendix. Through these PFI projects, TRIplc receives monthly payments in the form of availability charges and maintenance charges during the maintenance period where:

- Availability charges represent the sub-lease rental[1] payable by UiTM to the concession company for the availability of the facilities and infrastructure under the concession agreement; and

- Maintenance charges represent the agreed charges to be paid by UiTM to the TRIplc Group for maintenance services of the facilities and infrastructure under the concession agreement.

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[1] The sub-lease rental represents the following:

(i) Lease Agreement between UiTM, the lessee and the TRIplc Ventures, the sub-lessee, whereas the lessee agreed to grant the sub-lessee the concession to undertake the development of the facilities and infrastructure and the maintenance works pursuant to the Z1P2 Concession Agreement. In consideration, the sub-lessee agrees to pay a lease rental of RM10.00 per annum.

(ii) Sub-Lease Agreement between TRIplc Ventures, the sub-lessor and UiTM, the sub-lessee, whereas the sub-lessee agreed to grant the sub-lessor the concession to undertake the development of the facilities and infrastructure and the maintenance works pursuant to the Z1P2 Concession Agreement. In consideration, the sub-lessee agrees to pay sub-lease rental (availability charges) as stipulated in the concession agreement which shall be payable on a monthly basis.

TRIplc was involved in the development of the master development plan for UiTM Puncak Alam Campus. This master development plan was submitted to the Ministry of Education, Ministry of Finance and UiTM, and subsequently approved in 2004. The master development plan of UiTM Puncak Alam Campus lays out the development of 1,085 acres of land that is divided into multiple development zones.

TRIplc intends to leverage on its past involvement in the development of the master development plan for UiTM Puncak Alam Campus, to bid for more PPP contracts from the Ministry of Higher Education and UiTM. With its experience and track record in undertaking PFIs, TRIplc is well-positioned to bid for more PPP projects, and to continue to sustain growth and expansion in its business.

(v) TRIplc is able to establish and maintain long term working relationships with its customers

TRIplc's major customer is the Government, represented by the Ministry of Higher Education, and UiTM under PFI. The master development plan for the UiTM Puncak Alam Campus was submitted by TRIplc to the Ministry of Education, Ministry of Finance and UiTM, and was subsequently approved in 2004. This master development plan lays out the development of 1,085 acres of land that is divided into multiple development zones.

Leveraging on its involvement in the development of the master development plan for the UiTM Puncak Alam Campus, TRIplc secured its first project from UiTM in 2003. Since then, TRIplc has secured several additional projects from UiTM, thus showcasing TRIplc's ability to deliver construction, project management and maintenance services that meet customer requirements.

Subsequently, the TRIplc Group, through its subsidiaries, TRIplc Ventures and TRIplc Medical, was able to secure two concession agreements for the construction and maintenance of Z1P2 and Z1P3 of UiTM Puncak Alam Campus, respectively. These concession agreements are tripartite contracts between TRIplc and the Government which is represented by the Ministry of Higher Education, and UiTM. The two concession agreements have a concession period of 23 years and 25 years respectively, comprising three years for construction and the remaining years for maintenance services. The Z1P2 Concession Agreement was awarded to TRIplc in 2010, while the Z1P3 Concession Agreement was awarded in 2016. Please refer to Section 2.1 of this Appendix for details on the concessions held by TRIplc.

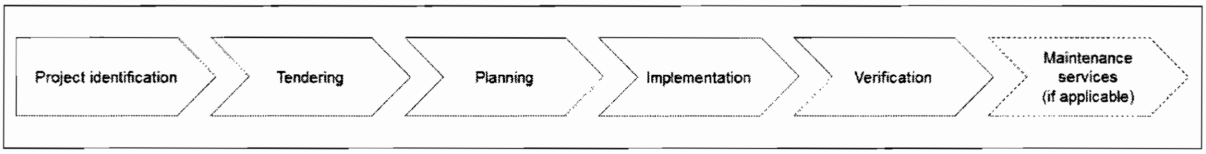
4. Seasonality

TRIplc does not experience any significant seasonality in its business as the demand for construction and project management services, and maintenance services are not subject to seasonal fluctuations.

Nonetheless, the provision of construction and project management services is dependent on the construction industry and property development activities. The construction industry and property development activities are cyclical in nature and dependent on a nation's general economic conditions. Construction and property development activities typically move in tandem with the economy, where strong economic growth coupled with fiscal stimulus by the Government spurs the growth of the construction industry and property development activities. The construction industry and property development activities in Malaysia are not seasonal in nature.

5. **Process flow of service delivery**

The process flow for TRIplc's project management, construction services and maintenance activities, including services performed under the Z1P2 Concession Agreement and the Z1P3 Concession Agreement, are as described below:



Project identification

TRIplc works closely with the customers to first identify the details of the project, such as the intended use of the development and its location. TRIplc will undertake surveys and studies to establish the technical and financial feasibility of the project, and include topographical survey, geotechnical study, utilities mapping, infrastructure conditions survey, preliminary financial modelling, financial feasibility study and risk assessment/management. An environmental impact assessment may also be undertaken to assess any impacts to the environment caused by the project and identifies mitigating efforts to be carried out. These surveys and studies may either be undertaken directly by TRIplc or TRIplc will engage external consultants to carry out these surveys and studies.

If a project is feasible, TRIplc will prepare a master development plan based on the customer's requirements and the results of the undertaken surveys and studies. The master development plan outlines the development plan for the project development area over a specific period of time. The master plan will be submitted to the customer for approval.

Tendering

Upon receipt of an invitation for tender, TRIplc will review the tender documents to ensure the information contained in the tender documents is sufficient and clear for the preparation of the tender submission documents. TRIplc will conduct a preliminary assessment of the profitability and manageability of the project. TRIplc will also estimate the level of work required and ensure that it has sufficient resources to complete the project, including the financial resources to finance the initial outlay for the new project and the availability of competent subcontractors under its pre-approved list of subcontractors, before deciding to bid for the project.

The tender submission documents will be prepared by TRIplc in accordance with the requirements and specifications as set out in the tender documents. TRIplc will take into account various factors including the site conditions, expected construction period, resources required, as well as subcontractor fees in preparing the tender submission documents.

The completed tender submission documents are approved by the Managing Director of TRIplc prior to submission to the customer.

Planning

Once TRIplc's tender is accepted by the customer, a letter of award is issued by the customer to TRIplc prior to the signing of contract documents. TRIplc will establish a dedicated project management team for the overall management of the construction project. The project team will prepare a detailed project implementation plan which covers factors such as project resources (i.e. resource allocation, subcontractor selection criteria and project costing), roles and responsibilities of project team members, work schedules, project deliverables, control and monitoring mechanisms and quality requirements.

Implementation

TRIplc is responsible for the overall project implementation, which includes arranging the selection of design consultants and subcontractors for construction works, providing technical know-how required for the works and carrying out the required project management such that the works conform to the contractual standard and meet the customers' expectations and timetable. TRIplc coordinates with its customers and their consultants, such as architects and engineers, to obtain all necessary permits and licences prior to commencement of the relevant construction works. TRIplc oversees the carrying out of the construction works by its subcontractors in order to ensure that the construction works will be completed in accordance with the terms, conditions, specifications and timeframe under the construction contract.

Regular site meetings are held among TRIplc, representatives from the customer and/or the project consultants to review the progress of the project and to identify and resolve any issues which may arise during the course of construction works.

Verification

The verification involves complete checks that are carried out by TRIplc's customers and/or the project consultants. This is to ensure that TRIplc has met the specifications of the project. The construction works are deemed completed once TRIplc has received a certificate of practical completion.

Maintenance services

Specific to the concessions, TRIplc will deliver maintenance services involving the maintenance of assets, facilities and infrastructure for Z1P2 and Z1P3 of UiTM Puncak Alam Campus. TRIplc's scope of works for maintenance services under the Z1P2 Concession Agreement are set out in the table in Section 2.2 of this Appendix.

TRIplc's scope of works for maintenance services under the Z1P3 Concession Agreement also includes similar tasks under the Z1P2 Concession Agreement and additionally, includes hospital asset management.

6. Quality assurance

TRIplc places strong emphasis on quality management to ensure that the quality of its projects comply with relevant regulations and to maintain its reputation and market standing.

To ensure the quality of its construction and maintenance services projects, TRIplc ensures that its subcontractors, technical consultants and other building professionals have the relevant experience, track record and financial strength. For TRIplc's construction projects, at each stage of the construction up to project handover, TRIplc conducts regular inspections to ensure that each stage is constructed according to the specifications and the prescribed procedures and methods.

TRIplc provides maintenance services for Z1P2 of UiTM Puncak Alam Campus. To ensure the quality of its maintenance services, TRIplc carries out inspections and submits periodical reports to UiTM that serve as indicators of TRIplc's performance. These periodical reports assess TRIplc's performance across various parameters such as the number of complaints received from the management of UiTM, faculty members, students and visitors; TRIplc's response time to complaints; and customer feedback.

As a testament to quality commitment, TRIplc, TRIplc Ventures and TRIplc Resources have been certified compliant to ISO9001:2015. Please refer to Section 1.2 of this Appendix for details of the ISO certification.

7. Occupational safety, health and environment

TRIplc is committed to complying with all relevant occupational safety, health and environmental requirements. TRIplc has a monthly site safety report for its maintenance services, where this report provides specifics on maintenance activities carried out by TRIplc which relates to safety, health and the environment.

The monthly site safety report provides details such as the number of man hours achieved without loss time injury, the number of incident or accident reports, number of new workers induction and the number of briefings conducted. Further, the monthly site safety report also provides the frequency of certain activities relating to maintenance services, where these activities include fogging, larviciding and environment monitoring. TRIplc's Z1P2 of UiTM Puncak Alam Campus project is the company's most recent project with completed construction works. The construction works period for Z1P2 of UiTM Puncak Alam Campus was carried out over a period of three years from April 2011 to April 2014. Over this period, TRIplc recorded approximately 4.4 million man-hours without loss time injury.

TRIplc's Z1P3 of UiTM Puncak Alam Campus project, which the construction works commenced in April 2017, has recorded approximately 96,000 man-hours without loss time injury, as at the LPD.

8. Types, sources and availability of raw materials

TRIplc does not directly purchase raw materials and supplies. Instead, TRIplc relies on its subcontractors to procure the necessary raw materials and supplies where needed.

9. Key equipment and machinery

As at the LPD, TRIplc FMS owns ancillary equipment which it utilises for its maintenance services business. These equipment include tool sets, spare parts, mobile air conditioners, transportation vehicles and security patrol vehicles.

10. Business development

TRIplc sources for new projects through public and private tenders through its business development efforts, where its efforts are strengthened by its track record and reputation in the construction and maintenance services industries. This is evidenced by the various construction and maintenance services projects that TRIplc has delivered.

As TRIplc submitted the master development plan for UiTM Puncak Alam Campus, it is well positioned to secure future contracts pertaining to the development of the remaining undeveloped zones for UiTM Puncak Alam Campus. Please refer to Section 13 of this Appendix for further details.

11. Major customer

TRIplc Group's major customer (being those contributing more than 10% of its total revenue) for FYE 31 May 2015, FYE 31 May 2016 and FYE 31 May 2017 is as follows:-

Major customer	FYE 31 May 2015		FYE 31 May 2016		FYE 31 May 2017		Length of business relationship (as at the LPD)
	RM '000	[2] %	RM '000	%	RM '000	%	
UiTM, relating to:							
Z1P1 of UiTM Puncak Alam Campus [1]	0	0.00	6,288	12.45	0	0.00	14 years
Z1P2 of UiTM Puncak Alam Campus	49,854	99.24	43,875	86.88	42,997	60.64	14 years
Z1P3 of UiTM Puncak Alam Campus	0	0.00	0	0.00	27,554	38.86	14 years
Total	**49,854**	**99.24**	**50,163**	**99.33**	**70,551**	**99.49**	

Notes:

(1) Relating to finalisation of total contract sum of Z1P1 of UiTM Puncak Alam Campus
(2) As a percentage of the restated revenue for FYE 31 May 2015

The TRIplc Group is dependent on UiTM as the concession for Z1P2 of UiTM Puncak Alam Campus accounted for 99.24% of its revenue for FYE 31 May 2015, 86.88% of its revenue for FYE 31 May 2016, and 60.64% of its revenue for FYE 31 May 2017. The Z1P2 of UiTM Puncak Alam Campus concession has a remaining period of approximately 16 years. In addition, the TRIplc Group is also the holder of the Z1P3 of UiTM Puncak Alam Campus concession, a 25-year concession, which in accordance with the terms and conditions of the Z1P3 Concession Agreement, the construction commencement date was 11 April 2017. The concession for Z1P3 of UiTM Puncak Alam Campus accounted for 38.86% of the TRIplc Group's revenue for FYE 31 May 2017.

12. Major suppliers

TRIplc Group's major suppliers comprise consultant and subcontractors (being those contributing more than 10% of its total costs), for the FYE 31 May 2015, FYE 31 May 2016 and FYE 31 May 2017 are as follows:

Major suppliers	Nature of services provided	FYE 31 May 2015		FYE 31 May 2016		FYE 31 May 2017		Length of business relationship (as at the LPD)
		RM '000	%	RM '000	%	RM '000	%	
Haluan Prisma Sdn Bhd	Provision of construction services for Z1P1 of UiTM Puncak Alam Campus	0	0.00	[1] 7,833	53.90	0	0.00	16 years

BUSINESS OVERVIEW OF THE TRIplc GROUP *(cont'd)*

Major suppliers	Nature of services provided	FYE 31 May 2015		FYE 31 May 2016		FYE 31 May 2017		Length of business relationship (as at the LPD)
		RM '000	%	RM '000	%	RM '000	%	
Semarak Niaga Lanskap Sdn Bhd	Provision of maintenance services for Z1P2 of UiTM Puncak Alam Campus	1,880	19.87	2,161	14.87	1,762	6.03	3 years
DBA Akitek Sdn Bhd	Provision of consultancy services as lead consultant for Z1P3 of UiTM Puncak Alam Campus project	0	0.00	0	0.00	8,758	29.95	15 years

Note:

(1) Relating to the finalisation of contract sum for Z1P1 of UiTM Puncak Alam Campus

TRIplc Group engages consultants and subcontractors for its construction and project management businesses and various intensive labour works pertaining to its maintenance services projects. These include specialised subcontractors for design, foundation works, structural works, civil works, as well as mechanical and electrical works under its construction and project management business. Under its maintenance services business, TRIplc Group engages subcontractors for services such as cleaning and landscaping.

TRIplc Group has developed stringent policies and procedures that guide its selection of subcontractors and suppliers. All selected subcontractors and suppliers are evaluated in terms of financial performance, production capacities, ability to deliver products that meet quality requirements, and ability to deliver in a timely manner. TRIplc Group will appoint experienced subcontractors that are reliable and financially secure to ensure the quality of services that TRIplc Group delivers to its customers.

13. Future plans, strategies and prospects

(i) TRIplc intends to further grow its project management services for construction projects

TRIplc entered into the Z1P3 Concession Agreement in 2016. In accordance with the terms and conditions of the Z1P3 Concession Agreement, the construction commencement date was 11 April 2017 and the construction is expected to complete in three years. Please refer to Section 2.1 of this Appendix for further details on the Z1P3 of UiTM Puncak Alam Campus project.

The UiTM Puncak Alam Campus development comprises 1,085 acres, upon which earthworks and infrastructure have been developed on 350 acres of land. TRIplc intends to further grow its project management services by securing additional contracts for further development of UiTM Puncak Alam Campus. TRIplc intends to submit proposals for the further development of UiTM Puncak Alam Campus, where new facilities such as a mosque, a hall, student centre, integrated science centre, library, administrative and faculties buildings and additional hostel accommodation may be developed over the next three to five years.

At this juncture, TRIplc is unable to ascertain the financial resources required for the further development of UiTM Puncak Alam Campus as it is still at the early planning stages. Nevertheless, TRIplc will explore funding the abovementioned development of UiTM Puncak Alam Campus at the appropriate time either via internally generated funds, bank financing or by tapping into the debt and equity capital markets.

(ii) TRIplc aims to enhance its maintenance services

TRIplc presently carries out maintenance services for Z1P2 of UiTM Puncak Alam Campus, and has secured the Z1P3 Concession Agreement to carry out maintenance services for Z1P3 of UiTM Puncak Alam Campus. Please refer to Section 2.2 of this Appendix for further details of TRIplc's maintenance services.

The management of TRIplc places emphasis on developing its maintenance services. TRIplc intends to enhance its maintenance services business through the recruitment of additional experienced and capable maintenance services team, training and development programmes to improve its employees' maintenance services skills and knowledge, as well as through the strengthening of its asset base.

As part of the initiatives to improve its maintenance services, TRIplc's employees have attended training for emergency elevator access, electrical maintenance, landscaping, basic safety and ISO 9001:2015 awareness. The certification for emergency elevator access will equip its employees with the necessary skills for the safe release of trapped passengers in elevators, while training for electrical maintenance and landscaping enable its employees to further improve their delivery of maintenance services. The training on basic safety will equip its employees with the udpdated knowledge and skills to handle safety matters. ISO 9001:2015 awareness training enables its employees to acquire information on the quality standards. As a result, TRIplc will be able to carry out its maintenance services more efficiently.

Moving forward, TRIplc will continue to enrol its employees in training for emergency elevator access, electrical maintenance and landscaping. TRIplc also intends to enroll its employees in functional training to acquire skills in building automation systems, fire-fighting, air-condition maintenance, supervisory control and data acquisition (SCADA) system training, as well as soft skills in customer service. Further, TRIplc will strive to enhance its capabilities in maintenance services through on the job training with its current maintenance service providers and other training providers.

Further, TRIplc intends to strengthen its assets base for its maintenance business through the purchase of new equipment and vehicles over the next five years. These equipment and vehicles include office equipment, maintenance-related tools and equipment such as asset tagging bar code, maintenance software, accounting software and vehicles such as motorcycles and van which would enable its maintenance team to carry out their jobs more efficiently.

TRIplc also intends to utilise information and communication technology ("**ICT**") through the implementation of an inventory management programme for the management of consumables, field equipment and spare parts used in the provision of its maintenance services. TRIplc presently uses a computerised asset management system for inventory management. Moving forward, TRIplc intends to leverage and enhance on this computerised asset management system for the predictive scheduling and procurement of consumables, field equipment and spare parts, based on historical maintenance and repair records collated since TRIplc commenced maintenance services for Z1P2 of UiTM Puncak Alam Campus in April 2014. The capital expenditure required to acquire the additional software module of the said system is estimated at approximately RM200,000 which will be funded by TRIplc Group's internally generated funds. The use of ICT will enable the TRIplc Group to trace, track and monitor the utilisation of consumables, field equipment and spare parts for greater cost optimisation.

In addition, TRIplc intends to commit approximately RM750,000 in investments to strengthen its asset base for maintenance services of Z1P2 of UiTM Puncak Alam Campus by the end of FYE 31 May 2018. The allocation of this investment is as follows:

Description	Units	Total estimated investment (RM)
Motorcycles	9	70,000
Van	1	100,000
Scaffolding and portable material lift	2	60,000
Site office, workshop and storage facility	1	370,000
Office furniture, fittings and equipment	-	150,000
	Total	**750,000**

TRIplc intends to fund the capital expenditure of RM750,000 through its internally generated funds.

(iii) TRIplc intends to develop its existing land banks

TRIplc intends to develop its existing land banks as it has 385.13 acres of land bank for future property development in Puncak Perdana, Shah Alam and Mukim Serendah, Selangor.

TRIplc's land banks in Mukim Serendah and Puncak Perdana are located near the Sungai Buaya exit of the PLUS North-South highway and the Damansara – Shah Alam Highway (DASH Highway, which is currently under construction) respectively. The close proximity of these land banks to the highways provides easy accessibility, thus increasing potential for the future development of these land.

The land bank in Puncak Perdana, Shah Alam comprises two parcels of land measuring 3.63 acres and 25.65 acres.

TRIplc is currently in the planning stages for the proposed residential development at its 3.63 acres land in Puncak Perdana. Strictly for information purpose only, in arriving at the market value of the property, Khong & Jaafar has assumed that the gross development costs ("**GDC**") and gross development value ("**GDV**") for the two block medium-cost apartment are approximately RM17.80 million (excluding land acquisition cost and including developer's profit) and RM25.00 million, respectively based on the existing approved site layout plan dated 29 November 2001.

TRIplc intends to revise the existing approved plan dated 29 November 2001 that will allow TRIplc to develop affordable housing on its 3.63 acres land in Puncak Perdana. Accordingly, the GDC and GDV are likely to differ. However, the revised GDC and GDV cannot be determined at this juncture. The revised amended plan outlines changes to the total units and stories of the planned affordable housing development for approval by the relevant authorities. The planned affordable housing development is anticipated to be launched within two years of obtaining the requisite approvals from regulating authorities on the revision of the amended plan. TRIplc expects to finance the GDC (or such revised GDC) via its internally generated funds and borrowings in future.

TRIplc intends to develop the 25.65 acres land bank in Puncak Perdana and its land bank in Mukim Serendah over the next five to ten years.

Property demand in Selangor increased from RM17.4 billion in 2006 to RM33.8 billion in 2016 at a CAGR of 6.8%. In Selangor, the residential property segment witnessed the highest growth rate, increasing from RM11.0 billion in 2006 to RM21.9 billion in 2016 at a CAGR of 7.1%.

*(Source: Independent Market Research ("**IMR**") Report by Smith Zander)*

TRIplc will be able to reap the benefits by developing its land banks in the long term, in tandem with the recovering property sector in Malaysia.

(iv) Future prospects of the enlarged Group

Following the disposal of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) and Syarikat Bekalan Air Selangor Sdn Bhd by Puncak Niaga to Pengurusan Air Selangor Sdn Bhd in October 2015, the Board of Puncak Niaga has been actively exploring opportunities to increase its revenue streams to minimise dependency on the Group's existing businesses in the water and wastewater related and oil and gas segments with the aim to creating long-term sustainable value for the Group.

(a) Acquisition of Danum Sinar

As part of the efforts, Puncak Niaga Group has acquired a 90.00% equity interest in Danum Sinar on 3 July 2017, which marked its venture into oil palm plantation business. Danum Sinar was previously involved in the development of oil palm plantation and reforestation activities. However, prior to the completion of the acquisition, Danum Sinar had ceased its reforestation activity pursuant to the agreement between the vendor and Puncak Niaga. Following which, Danum Sinar will be principally involved in the development of oil palm plantation activity only.

The newly ventured oil palm plantation business consists of a total area of approximately 46,674 hectares in Sarawak, as detailed below:

	As at November 2017	
Land condition	**Area (Hectare)**	**Area (%)**
Planted	10,615	22.74
Not cleared and unplanted	36,059	77.26
Total	**46,674**	**100.00**

The planted portion of the land as at November 2017 can be analysed as follow:

Age of oil palm tree	Area (Hectare)	Area (%)
Mature	3,318	31.26
Immature	5,584	52.60
Area ready to plant	1,713	16.14
	10,615	**100.00**

The average monthly production of fresh fruit bunches since July 2017 up to November 2017 is approximately 2,600 metric tonnes per month.

Based on the latest audited financial statements of Danum Sinar for FYE 30 June 2017, the company recorded revenue of RM16.42 million and LAT of RM20.02 million. In the same financial year, Danum Sinar had written off its property, plant and equipment (including its biological assets) amounting to RM7.07 million, which was mainly due to the cessation of its reforestation activity.

However, the financial results mentioned above may not be a good representation of Danum Sinar's future business operation and financial performance in view of the following:

- prior to the acquisition of Danum Sinar by Puncak Niaga Group, it was a private entity. As permitted by the MASB, the former management of Danum Sinar prepared its audited financial statements for FYE 30 June 2017 in accordance with the MPERS. However, subsequent to the acquisition, Danum Sinar is required to adopt the MFRS which will result in the company reporting certain incomes and/or expenses differently; and

- Danum Sinar has ceased its reforestation activity.

The newly ventured plantation business is not expected to materially contribute to Puncak Niaga Group's earnings as most of the oil palm trees are still immature while the matured oil palm trees have yet to reach the prime production age. However, Puncak Niaga Group envisages that the plantation segment will breakeven in the next five years and contribute to the Group's earnings in the long term.

The acquisition of Danum Sinar is in line with the overall vision of the Board of Puncak Niaga to create long-term sustainable value to the Group with involvement in the oil palm plantation sector with the view to generating sustainable income to the Group, similar with other developed plantation companies in Malaysia.

(b) Proposed Acquisition of TRIplc

Puncak Niaga Group believes that the Proposed Acquisition provides a platform for the Group to enhance its revenue streams and gain immediate access into a profitable group, i.e. TRIplc Group which currently holds two concessions awarded by the Government and UiTM. Upon completion of the Acquisition, the earnings contribution from TRIplc Group is envisaged to reduce Puncak Niaga Group's losses, particularly from the Z1P3 of UiTM Puncak Alam Campus project, which the construction works had commenced since April 2017. In the long term, the two concessions of TRIplc will provide a steady revenue stream which will improve Puncak Niaga Group's financial performance.

Puncak Niaga intends to retain TRIplc's existing management team upon completion of the Proposed Acquisition to ensure that the enlarged Group will have qualified employees and sufficient resources available to carry out TRIplc Group's future plans to further expand its project management services for construction projects and enhance its maintenance services.

Please refer to Section 4.1, Part A of this Circular for the rationale of the Proposed Acquisition.

(c) Other ventures by Puncak Niaga Group

Further, Puncak Niaga will expand its existing water related businesses, which it has the track record and expertise in the development and construction of water related and sewerage facilities. The business development efforts to secure new water concession business in Kelantan and other states in Malaysia are still at the preliminary stage. Puncak Niaga believes that the construction sector, particularly the water and wastewater sector will continue to exhibit growth in the future based on the Government's emphasis to improve and upgrade the services.

Upon completion of the Proposed Acquisition, the enlarged Group will not only have the construction, water and wastewater, oil and gas and plantation businesses, but also provision of project management services for construction projects and maintenance services. Furthermore, the land banks of Puncak Niaga Group will increase from approximately 311 acres to approximately 696 acres for future property development as detailed in Section 4.2, Part A of this Circular.

14. Profiles of Directors

Dato' Yusof Bin Badawi

Dato' Yusof Bin Badawi, aged 55, is TRIplc's Managing Director. He was appointed to the Board of TRIplc on 10 June 2015. He graduated with a Bachelor of Science in Civil Engineering in 1984 from Southern Illinois University, United States of America. He is currently a member of the Board of Engineers Malaysia, the Malaysia Institute of Management and the Malaysian Water Association. He is also a member of the Executive Committee of TRIplc, where the Executive Committee is responsible for reviewing and providing the necessary approvals for the operations of TRIplc.

Dato' Yusof Bin Badawi began his career as a Project Engineer in Setiawannis Sdn Bhd, a class B civil contracting company in February 1986. In June 1990, he joined Perangsang International Sdn Bhd, a class A contracting company, as a Project Engineer and was seconded to Hazama Corporation, an international contracting company based in Japan. During his secondment to Hazama Corporation from June 1990 to December 1992, he was involved in civil engineering activities for Phase 1 Stage 1 of the Sungai Selangor Water Supply Scheme, whereby Hazama Corporation and Perangsang International Sdn Bhd together with LGB Sdn Bhd were in a consortium for this project. During his secondment, he acted as the representative of Perangsang International Sdn Bhd at the project site.

He was subsequently seconded to LGB Sdn Bhd, a contracting company, in January 1993 as Assistant Site Agent. Perangsang International Sdn Bhd and LGB Sdn Bhd were joint venture partners for Phase 1 Stage 2 of the Sungai Selangor Water Supply Scheme project.

He left Perangsang International Sdn Bhd in May 1996 and joined Hazama Corporation as Chief Civil Engineer, where he was involved in the Phase 2 of the Sungai Selangor Water Supply Scheme project. He left Hazama Corporation in September 1998.

In October 1998, he joined Puncak Niaga (M) Sdn Bhd (now known as PNSB Water Sdn Bhd), a concessionaire and operator of water treatment plants in Selangor, Kuala Lumpur and Putrajaya, as a Senior Manager, and was subsequently promoted to Assistant General Manager and left the company in July 2001. In August 2001, he joined Konsortium YGP-SKC-CE Sdn Bhd, the special purpose vehicle company, as Chief Executive Officer / Project Director, where he managed the implementation of a RM500 million contract for the maintenance and upgrading of schools in Peninsular Malaysia under the umbrella concept for the Ministry of Education.

In September 2002, he left Konsortium YGP-SKC-CE Sdn Bhd and joined Beta Strategy Sdn Bhd the following month, a project management company, as Director, Operations. He left the company in April 2003. In May 2003, Dato' Yusof Bin Badawi was appointed as Chief Executive Officer of Merge Energy Berhad, an investment holding company. During his tenure as Chief Executive Officer, he successfully completed numerous projects, including completing the upgrading of various water treatment plants in Selangor and Kuala Lumpur, construction of the Jelutong Sewage Treatment Plant in Penang, and construction of the water sludge treatment plant in Wangsa Maju. Further, he helped to turn Merge Energy Berhad from a loss making company into a profitable group in the FYE 31 January 2006 through securing more and sizable construction contracts and building up the team to undertake these projects, streamlining costs and improving the efficiency of the operations team. Besides, he also initiated a debts restructuring exercise, negotiated and settled debts with creditors and also built up relationship with suppliers and contractors.

In April 2011, he left Merge Energy Berhad and joined Syarikat Bekalan Air Selangor Sdn Bhd the following month, the provider of water supply services to Selangor, Kuala Lumpur and Putrajaya, as Executive Director. He left Syarikat Bekalan Air Selangor Sdn Bhd in April 2015 and joined TRIplc as Deputy Managing Director in June 2015. He subsequently assumed the role of Managing Director of TRIplc in November 2015.

Presently, as Managing Director, Dato' Yusof Bin Badawi is responsible for managing TRIplc's overall business. He has 31 years of experience in the construction industry, where he was involved in the management and implementation of various construction, infrastructure, waterworks and maintenance projects.

Ar Mohd Khalid Bin Mohammed Yusuf

Ar Mohd Khalid Bin Mohammed Yusuf, aged 64, is TRIplc's Chief Operating Officer. He was appointed to the board of TRIplc as Executive Director, Operations, on 7 April 2008 and was re-designated as Chief Operating Officer with effect from 1 June 2012. In 1998, he registered as a professional architect on the Board of Architects Malaysia, Malaysian Institute of Architects. He is also a member of the Executive Committee of TRIplc.

Ar Mohd Khalid Bin Mohammed Yusuf graduated with a Bachelor of Science in Architecture with honours in 1977 from Polytechnic of North London (now known as London Metropolitan University), United Kingdom. Subsequently, in 1980, he graduated with a post graduate Diploma in Architecture from Polytechnic of North London (now known as London Metropolitan University), United Kingdom.

Upon his graduation, Ar Mohd Khalid Bin Mohammed Yusuf joined Messrs Project Design Partnership, an architectural, civil, structural and quantity surveying consultancy services firm, in the United Kingdom as an Architectural Assistant in 1980 to gain further practical experience as part of the process to become a fully qualified architect. Subsequently, in 1983, he returned to Malaysia and joined Messrs Nik James Ferrier Arkitek & Project Design, an architectural firm, as a Project Architect. He then joined Kumpulan Akitek & Dayabina Akitek, an architectural firm, as Chief Resident Architect in 1988. Subsequently, he joined Konsortium Project Management Sdn Bhd, a project management company, as a Project Architect in January 1990 and left in July 1992. In August 1992, he joined Martego Sdn Bhd, a property development company, as a Senior Project Manager and left in August 1994.

In September 1994, he joined Faber Hotels Holdings Sdn Bhd, a project management and procurement company, as a Director / Project Manager. He left the company in October 1995 and joined Capital Land Sdn Bhd as a General Manager in December 1995. In December 1997, he left Capital Land Sdn Bhd and joined Senibina Akitek / Progressive Design Sdn Bhd as Managing Director. He then joined Beta Strategy Sdn Bhd in April 2003, a project management company, as a Senior General Manager. He left the company in April 2005.

In May 2005, he joined U-Wood Sdn Bhd, a construction company which is a subsidiary of TRIplc, as a Senior General Manager. He then joined Insa Alliance Sdn Bhd, which is also a subsidiary of TRIplc, as Project Director in December 2006. In April 2008, he was appointed as Executive Director, Operations, of TRIplc. Prior to his appointment on the Board of TRIplc, he was involved in overseeing the development of the Satellite B works in Z1P1 of UiTM Puncak Alam Campus.

Presently, as Chief Operating Officer, Ar Mohd Khalid Bin Mohammed Yusuf is responsible for overseeing TRIplc's overall operations. He has 38 years of experience (including four years of practical experience which was required to become a fully qualified architect) in building consultancy work and in the construction industry.

Shamshiah Binti Hashim @ Abu Bakar

Shamshiah Binti Hashim @ Abu Bakar, aged 48, is TRIplc's Executive Director, Finance. She was appointed to the Board of TRIplc on 1 February 2016. She graduated with a Bachelor of Arts in Accounting and Finance with honours in 1992 from Manchester Polytechnic (now known as Manchester Metropolitan University), United Kingdom. She is also a member of the Executive Committee of TRIplc.

Shamshiah Binti Hashim @ Abu Bakar began her career as an Accounts Executive in Kabelcom Construction Sdn Bhd, a construction company, in October 1992 until 1994. She then joined Builttrend BSC (M) Sdn Bhd, a company that was involved in the provision of hotel and office renovation services and supply of sanitary ware, as an Accounts Executive in 1994 until June 1995. From July 1995 to April 1996, she was with Sejati Office Furniture Sdn Bhd, a company involved in the supply of furniture for hotels and offices, and provision of renovation services for hotels and offices, as a Senior Accounts Executive. She then joined WWE Holdings Bhd, a company involved in the construction of water and wastewater treatment plants and the provision of engineering services, as an Assistant Accountant in May 1996. She was subsequently promoted to Assistant General Manager of the Finance and Accounts Department in April 2006.

In March 2012, she left WWE Holdings Bhd and joined TRIplc as General Manager of Corporate Finance and Accounts in April 2012, where she was responsible for TRIplc's corporate finance and accounts.

She was promoted to Executive Director, Finance in February 2016 and is responsible for overseeing the overall financial, accounting, compliance and internal control functions of the TRIplc Group. This includes corporate banking and treasury management, debts and corporate restructuring, tax planning, corporate finance and projects cash flow proposals and projections, as well as financial reporting.

Shamshiah Binti Hashim @ Abu Bakar was appointed as the director of Pimpinan Ehsan Berhad in July 2016.

15. Key management profiles

Shaiful Azhar Bin Ahmad

Shaiful Azhar Bin Ahmad, aged 46, is TRIplc's Senior General Manager, Corporate Affairs. He graduated with a Bachelor of Laws with honours in 1994 from the International Islamic University, Malaysia. Subsequently, in 1995, he was admitted to the Malaysian Bar as an advocate and solicitor. In 2012, he graduated with a Master of Business Administration from the Nottingham Trent University. He obtained the company secretary license in 2002.

Shaiful Azhar Bin Ahmad began his career as a Legal Assistant in Messrs Shahinuddin & Ranjit, a legal firm, in April 1995. He joined Messrs Khatijah Rauf & Co, a legal firm, in March 1996 until July 1998 as a Legal Assistant, where he was involved in litigation cases.

In August 1998 until August 2003, he was with the Kuala Lumpur Stock Exchange (now known as Bursa Securities) as a Manager of the Corporate Secretarial Division where his role involved assisting the Head of Secretarial Affairs Department and the Head of Department/Company Secretary, providing legal and corporate secretarial support, preparing and maintaining the department's operational manual and liaising with the relevant authorities.

In September 2003, he joined Redmax Sdn Bhd, a construction company, as a Company Secretary/Legal Advisor, where he was responsible for corporate secretarial and legal affairs such as redemption of bonds. He was also involved in the preparation for the issuance of bonds as part of the due diligence working group, and the perusal and vetting of legal documents for term loan exercises. He left the company in February 2007.

From March 2007 until May 2008, he was with Malaysian Technology Development Corporation Sdn Bhd, a venture capital firm, as the Vice President/Head of the Legal and Secretarial Division. He joined Pesaka Ventures Sdn Bhd in June 2008 until August 2008, an investment holding company, as Vice President of Legal and Corporate Affairs, where he was responsible for corporate secretarial and legal affairs. In February 2009, he rejoined Redmax Sdn Bhd as a Legal Manager until December 2009. In January 2010, he joined MMC Corporation Berhad, a utilities and infrastructure group, as Manager of the Corporate Secretarial Division until January 2011. He then joined Malayan Banking Berhad, a financial services group, as the Assistant Vice President of the Board Secretariat and Head of the Group Corporate Secretarial from February 2011 to September 2016.

In October 2016, he assumed his current position as TRIplc's Senior General Manager, Corporate Affairs, where he leads the Corporate Affairs Division comprising legal, corporate secretarial and property.

Taufik Afendy Bin Othman

Taufik Afendy Bin Othman, aged 48, is currently TRIplc's General Manager, Human Resources and Administration. He graduated with a Bachelor of Chemical Engineering from Universiti Teknologi Malaysia in September 1992 and obtained his Master of Industrial Safety Management from Universiti Kebangsaan Malaysia in September 2011.

In May 1992, Taufik Afendy Bin Othman began his career at Malaysian Sheet Glass (M) Sdn Bhd as a Production Engineer for the production maintenance group until he resigned in November 1994. He worked at H&R Johnson (M) Sdn Bhd as a Maintenance Improvement Engineer from December 1994 until March 1997.

In April 1997, he joined Puncak Niaga (M) Sdn Bhd as an engineer and was responsible for the maintenance works at Sungai Selangor Phase 2 Water Treatment Plant. In February 2003, he was promoted to Health, Safety and Quality Management Assistant Manager. In January 2005, he was promoted to Health, Safety and Quality Management Manager. He was responsible for implementing the ISO 9001, ISO 14001 and OHSAS 18001 at all water treatment plants of the company. He left the company in May 2005.

In June 2005, he joined Syarikat Bekalan Air Selangor Sdn Bhd as the Secretary of Work of Hulu Langat District. He assisted the Head of District in evaluating and improving management practices, conducting assessment and audit on the company's business processes. In January 2011, he was promoted to Assistant General Manager, Health, Safety and Environmental Department. In April 2013, he was promoted to General Manager, Administration Department and was responsible for the company's administration affairs including transportation, inventory, facilities upkeeping, insurance, building maintenance and renovation. He left the company in September 2013.

From October 2013 to September 2017, he was the Managing Director of Arena Terbaik Sdn Bhd and was responsible for overseeing the company's automobile workshop business.

In October 2017, he joined TRIplc Berhad as General Manager, Human Resources and Administration. He is responsible for monitoring, developing and implementing the human resource and administrative policies and programmes for TRIplc Group.

Dato' Jamaludin Bin Buyong

Dato' Jamaludin Bin Buyong, aged 54, is currently TRIplc's General Manager, Facilities Management Services. He joined Insa Alliance Sdn Bhd, a subsidiary of TRIplc, as General Manager on 20 September 2010. He graduated with a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia in 1986, and subsequently in 1996, he graduated with an Advanced Diploma in Mechanical Engineering from MARA Institute of Technology (now known as UiTM). In 2008, he graduated with a Master of Science in Facilities Management from UiTM. He is registered as a member with the Board of Engineers Malaysia.

Upon his graduation in 1986, Dato' Jamaludin Bin Buyong enrolled into the *Skim Khidmat Siswazah*, a scheme introduced by the Government to assist graduates, and through the scheme, he worked with the Department of Irrigation and Drainage in Temerloh, Pahang, on a temporary basis. Subsequently, in 1988, he began working for the department as an Assistant Engineer on a full time basis until July 1996. As an Assistant Engineer, his role involved assisting the District Engineer in the implementation and maintenance of infrastructure projects. In August 1996, he joined Pamara Sdn Bhd, a class A contracting company, as a Project Manager for the Mechanical and Electrical Department, where he supervised and coordinated mechanical and electrical works in projects such as the Water Supply Project (Phase 1) involving a water treatment plant in Cameron Highlands, Pahang, as well as the expansion of *Sekolah Menengah Agama Rompin* in Pahang. He left the company in December 1997.

In January 1998, he joined Radicare (M) Sdn Bhd, a provider of hospital support services for government hospitals, as Head of Project Development, where he was in-charge of monitoring the development of the Hospital Kuala Lumpur project involving the upgrade of the Intensive Care Unit, Burn Unit, Accident and Emergency Department and Ear, Nose and Throat Clinic; and the building of a new operation theatre complex for the Urology Department. During his tenure with Radicare (M) Sdn Bhd, in March 1999, he was transferred to become the Facilities Manager of Hospital Kuala Lumpur, where he was in-charge of the day to day operations of the facilities management of the hospital.

In July 2005, he joined Sistem Hospital Awasan Taraf Sdn Bhd, a consulting company, as a Principal Consultant, where his duties involved monitoring the maintenance services of concession companies and reviewing and verifying the variation order submission by concession companies for approval from the Ministry of Health. He also assisted the Engineering Division of the Ministry of Health in the implementation of hospital support services until September 2007. In October 2007, he joined Kemuncak Facilities Management Sdn Bhd, a facilities management company, as the Associate Director, where he was in-charge of the day to day operations of the company in managing defect liability period projects for nine Government hospitals for the Public Works Department. He was also responsible for assisting the Public Works Department in managing main contractor claims during the defect liability period as well as liaising with the technical teams, clients, senior management and stakeholders.

In September 2010, he left Kemuncak Facilities Management Sdn Bhd and joined TRIplc, as General Manager, Facilities Management Services, where he is responsible for overseeing TRIplc's maintenance services business. He has 29 years of experience in facilities management and maintenance services, including hospital maintenance.

Zaidi Bin Mohamed Noor

Zaidi Bin Mohamed Noor, aged 49, is TRIplc's Assistant General Manager, Operations. He joined U-Wood Sdn Bhd on 1 June 2005. He graduated with a Bachelor of Science in Mechanical Engineering in 1991 from the University of Wisconsin-Madison, United States of America.

Zaidi Bin Mohamed Noor began his career as an Engineering Executive in Associated Motor Industries (M) Sdn Bhd, a manufacturer and assembler of passenger and commercial vehicles, in June 1992, where his duties included monitoring the daily operations of the production lines of passenger and commercial vehicles, and troubleshooting issues which may arise. In March 1993, he left and joined Sukitronics Sdn Bhd, a fire protection system, air condition and mechanical ventilation contracting company, as a Project Engineer, where he was responsible for project planning and tender submissions; preparing system designs, shop drawings, technical reports, monthly progress reports and progress claims; carrying out preventive maintenance; and the testing and commissioning of mechanical and electrical works. He left the company in July 1997.

Subsequently, he joined Jasatera Sdn Bhd, a contracting company, and Projass Enecorp Sdn Bhd, an oil and gas contracting company, as a Mechanical and Electrical Site Engineer in August 1997 to December 1998 and January 1999 respectively. As a Mechanical and Electrical Site Engineer, he was responsible for liaising with the departments and individuals for the smooth implementation of projects, site supervision, preparing monthly progress reports and progress claims, carrying out preventive maintenance, and the testing and commissioning of mechanical and electrical works.

From September 1999 to July 2001, he was with EKD Construction Sdn Bhd, a contracting company, as a Senior Mechanical and Electrical Engineer, Depot, where he managed the Combined Services Department which was responsible for the coordination of civil and structural, mechanical and electrical, and telecommunication services. He also carried out preventive maintenance, liaised with the departments and individuals for the smooth implementation of projects, and carried out the testing and commissioning of mechanical and electrical works. He then joined MGI Medical Services & Engineering (M) Sdn Bhd, a medical gas piping system contracting company, as an Assistant Project Manager from August 2001 to September 2002, where he was responsible for the planning and coordination of projects, provision of technical support, overall troubleshooting, preparation of monthly progress reports and progress claims, preventive maintenance works and the testing and commissioning of mechanical and electrical works.

In September 2002, he joined Beta Strategy Sdn Bhd, a project management company, as a Senior Mechanical Engineer where his duties included the planning and coordination of projects, provision of technical support, liaising with the departments and individuals for the smooth implementation of projects, and the preparation of system design, shop drawings (drawings produced by the contractor, supplier, manufacturer, subcontractor or fabricator) and technical reports.

In May 2005, he left Beta Strategy Sdn Bhd and joined U-Wood Sdn Bhd in June 2005 as a Senior Mechanical Engineer. He then joined Insa Alliance Sdn Bhd, a subsidiary of TRIplc, as a Senior Mechanical Engineer in May 2009. Subsequently, in January 2012, he was transferred to TRIplc Industries Sdn Bhd, a subsidiary of TRIplc, as a Senior Project Manager, where he was responsible for the planning and coordination of projects, provision of technical support, and liaising with the departments and individuals for the smooth implementation of projects.

In January 2014, he assumed his current position as Assistant General Manager, Operations, and he was, co-ordinating the implementation of the construction of Z1P2 of UiTM Puncak Alam Campus project. He is currently involved in the contractual and construction implementation of Z1P3 of UiTM Puncak Alam Campus project.

16. Employees

As at the LPD, TRIplc has a total workforce of 94 employees, where 29 employees are permanent employees and 65 are contract staff.

The functional distribution of TRIplc's permanent employees by job grades for FYE 31 May 2015, FYE 31 May 2016, FYE 31 May 2017 and up to the LPD is set out below:

	No. of employees				Year(s) of service as at LPD			
	As at FYE 31 May			As at LPD	< 1 year	1 – 5 years	6 – 10 years	> 10 years
	2015	2016	2017					
Managing Director's office	4	4	3	3	0	0	0	3
Finance	11	15	16	15	5	2	2	6
Corporate affairs	0	2	3	3	1	1	0	(1) 1
- Legal	3	0	0	0	0	0	0	0
- Secretarial	2	1	1	1	0	1	0	0
- Property	0	0	0	2	0	0	0	2
Human resources and administration	0	0	0	2	1	0	0	1
- Human resources	2	2	2	2	0	1	0	1
- Administration	8	5	6	7	2	2	1	2
- Security	9	8	8	8	0	2	1	5
- IT	1	1	1	1	0	1	0	0
Internal audit	2	1	1	1	0	1	0	0
Operations:								
- Chief Operating Officer's office	23	8	8	13	0	4	2	7
- Z1P3 of UiTM Puncak Alam Campus	0	7	17	13	9	4	0	0
- Maintenance services	0	(2) 18	20	27	10	(2) 16	(2) 1	0
Cost and contracts	5	0	0	0	0	0	0	0
Property and business development	5	3	2	0	0	0	0	0
Project planning	2	0	0	0	0	0	0	0
Total workforce	**77**	**75**	**88**	**98**	**28**	**35**	**7**	**28**

Notes:

(1) The personnel was transferred from the "Property and Business Development" department in October 2017.

(2) The department was newly set up during FYE 31 May 2016. There were several employees transferred from the "Chief Operating Officer's office" to the department thereafter.

TRIplc's employees do not belong to any labour unions.

As at the LPD, TRIplc has not been involved in, or is aware of any potential judicial or administrative disputes with its employees.

SALIENT TERMS OF THE Z1P2 CONCESSION AGREEMENT AND THE Z1P3 CONCESSION AGREEMENT

1. Z1P2 CONCESSION AGREEMENT

1.1 CONCESSION

Under the Z1P2 Concession Agreement, TRIplc Ventures was granted a 23-year concession to carry out:

(a) the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the Z1P2 Facilities and Infrastructure (defined in this **Paragraph 1.1** below) for UiTM, Puncak Alam Campus, Selangor Darul Ehsan ("**Z1P2 Construction Works**"); and

(b) the services and works in relation to the maintenance of the Z1P2 Facilities and Infrastructure ("**Z1P2 Maintenance Services**").

The facilities and infrastructure for Z1P2 of UiTM Puncak Alam Campus consist of academic facilities for three faculties, namely the Faculty of Accountancy, Faculty of Business Administration and Faculty of Hotel and Tourism Management, common facilities, students accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre ("**Z1P2 Facilities and Infrastructure**").

The Z1P2 Construction Works had commenced in April 2011 and were completed in April 2014. The Z1P2 Maintenance Services is for 20 years from the commencement date of 11 April 2014 ("**Z1P2 Maintenance Period**").

1.2 CONSIDERATION

UiTM will pay the following charges to TRIplc Ventures during the Z1P2 Maintenance Period:

(a) the availability charges; and

(b) the maintenance charges,

1.2.1 AVAILABILITY CHARGES

The availability charges represent the sub-lease rental payable by UiTM to TRIplc Ventures for the availability of the Z1P2 Facilities and Infrastructure. TRIplc Ventures is entitled to the availability charges by way of monthly payments in arrears. The first availability charges is due from UiTM to TRIplc Ventures one month after the commencement date of the Z1P2 Maintenance Period. Thereafter, the availability charges are due on the same date of each month throughout the Z1P2 Maintenance Period. The last payment is due one month after the expiry date of the concession.

1.2.2 MAINTENANCE CHARGES

The maintenance charges represent the agreed charges payable by UiTM to TRIplc Ventures for the Z1P2 Maintenance Services. TRIplc Ventures will be entitled to the maintenance charges by way of monthly payments in arrears. The first maintenance charges is due one month after the commencement date of the Z1P2 Maintenance Period. Thereafter, the maintenance charges are due on the same date of each month throughout the Z1P2 Maintenance Period. The last payment is due one month after the expiry date of the concession.

SALIENT TERMS OF THE Z1P2 CONCESSION AGREEMENT AND THE Z1P3 CONCESSION AGREEMENT *(cont'd)*

1.2.3 MAINTENANCE RESERVE FUND

During the Z1P2 Maintenance Period, UiTM will contribute to the maintenance reserve fund for the replacement of assets in respect of the Z1P2 Facilities and Infrastructure by way of fixed monthly payments in arrears. The amount of contribution to the maintenance reserve fund is 20% of the maintenance charges.

1.3 TERMINATION

(a) UiTM will be entitled to terminate the Z1P2 Concession Agreement with immediate effect by giving notice to TRIplc Ventures if during the Z1P2 Maintenance Period, TRIplc Ventures does any of the following and fails to remedy such default within the period specified in a written notice given by UiTM to TRIplc Ventures:

(i) TRIplc Ventures fails to provide the Z1P2 Maintenance Services;

(ii) TRIplc Ventures fails to achieve the agreed service level. Please refer to Section 3(ii) of Appendix I(B) of this Circular for information on the assessment on TRIplc Ventures' performance under the Z1P2 Maintenance Services;

(iii) TRIplc Ventures causes the sub-lease agreements relating to the project land, to be terminated; or

(iv) TRIplc Ventures breaches any of its obligations or fails to comply with any provisions under the Z1P2 Concession Agreement.

If the Z1P2 Concession Agreement is terminated by UiTM, amongst others, UiTM will:

(A) be entitled to all monies in the maintenance reserve fund; and

(B) pay to TRIplc Ventures the outstanding amount relating to the loan obtained by TRIplc Ventures for the purpose of financing the Z1P2 Construction Works.

(b) The Government will be entitled to terminate the Z1P2 Concession Agreement in the following events:

(i) by giving immediate written notice to TRIplc Ventures if TRIplc Ventures, its personnel, servants or employees is convicted by a court of law for corruption or unlawful or illegal activities in relation to the Z1P2 Concession Agreement or any other agreement that TRIplc Ventures may have with the Government.

If the Z1P2 Concession Agreement is terminated by the Government during the Z1P2 Maintenance Period, the relevant provisions relating to termination in the Z1P2 Concession Agreement will apply; or

(ii) by giving written notice to TRIplc Ventures to expropriate the rights vested in TRIplc Ventures, if the Government considers that such expropriation is in the national or public interest or national security.

If the Government expropriates the concession, the provisions relating to default by UiTM in the Z1P2 Concession Agreement will apply.

(c) TRIplc Ventures will be entitled to terminate the Z1P2 Concession Agreement by serving a written notice to UiTM, the termination of which will take effect 30 days after the date of such written notice, if UiTM fails to do any of the following and fails to remedy such default within the period specified in a notice issued by TRIplc Ventures to UiTM:

(i) UiTM fails to perform or fulfill any of its obligations which adversely affects the project to be carried out under the Z1P2 Concession Agreement ("**Z1P2 Project**"); or

(ii) UiTM fails to make payment to TRIplc Ventures for the availability charges and/or the maintenance charges or any part of it when it is due and payable by UiTM to TRIplc Ventures.

If the Z1P2 Concession Agreement is terminated by TRIplc Ventures, amongst others:

(A) UiTM will pay to TRIplc Ventures:

(1) the availability charges and/or maintenance charges which is due and payable by UiTM to TRIplc Ventures as at the termination date; and

(2) the present value of the availability charges for the remaining unexpired concession period discounted at weighted average cost of capital of TRIplc Ventures as at the termination date (less the amount which may be owed by TRIplc Ventures to UiTM as at the termination date); and

(B) TRIplc Ventures will be entitled to the balance in the maintenance reserve fund.

1.4 FINANCING AND REFINANCING REQUIREMENTS

TRIplc Ventures will be responsible for obtaining all financing, both debt and equity for the Z1P2 Project.

Subject to the approval by the Government, TRIplc Ventures will not obtain any refinancing of the construction cost for the Z1P2 Facilities and Infrastructure except if the refinancing will give rise to a refinancing gain greater than zero due to savings such as lower interest rates from the refinancing. Any refinancing gain will be shared equally by UiTM and TRIplc Ventures. UiTM will have the right to receive its share of any refinancing gain in the form of a reduction in the availability charges over the remaining term of the concession period.

2. Z1P3 CONCESSION AGREEMENT

2.1 CONCESSION

Under the Z1P3 Concession Agreement, TRIplc Medical was granted a 25-year concession to carry out:

(a) the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the Z1P3 Facilities and Infrastructure (defined in this **Paragraph 2.1** below) in UiTM, Puncak Alam Campus, Selangor Darul Ehsan ("**Z1P3 Construction Works**"); and

(b) the services and works in relation to the maintenance of the Z1P3 Facilities and Infrastructure and the replacement of assets for the management of the Z1P3 Facilities and Infrastructure ("**Z1P3 Maintenance Services**").

The facilities and infrastructure for Z1P3 of UiTM Puncak Alam Campus consist of a teaching hospital, academic facilities for the Medical Faculty, forensic and mortuary block, accommodation facilities, plant house and parking facilities and includes furniture, medical equipment and information and communication technologies equipment ("**Z1P3 Facilities and Infrastructure**").

The construction period for the Z1P3 Construction Works is 36 months from the commencement date of the Z1P3 Construction Works being 11 April 2017 ("**Z1P3 Construction Period**"). The period for the Z1P3 Maintenance Services commences on the date on which the certificate of acceptance is issued by UiTM ("**Z1P3 Asset Management Period**").

TRIplc Medical must, within seven days of the occurrence of any of the following events resulting in TRIplc Medical being unable to complete the Z1P3 Construction Works within the Z1P3 Construction Period, notify UiTM of the same:

(A) any delay on the part of the public utility authority provided that TRIplc Medical had acted expeditiously in doing all that is necessary to make the application and to facilitate the action of the public utility authority; or

(B) the cessation of work exceeding seven days as a result of the discovery of antiquities.

If UiTM is of the opinion that any of the above events exist, UiTM must grant to TRIplc Medical an extension of the Z1P3 Construction Period and extend the concession period provided that TRIplc Medical must try its best to prevent delay and do all that may be reasonably required to the satisfaction of UiTM to proceed with the Z1P3 Construction Works.

2.2 CONSIDERATION

UiTM will pay the following charges to TRIplc Medical during the Z1P3 Asset Management Period:

(a) the availability charges; and

(b) the asset management services charges comprising the maintenance service charges and the maintenance reserve fund,

2.2.1 AVAILABILITY CHARGES

The availability charges represent the sub-lease rental payable by UiTM to TRIplc Medical for the availability of the Z1P3 Facilities and Infrastructure. TRIplc Medical will be entitled to the availability charges by way of monthly payment in arrears. The first availability charges is due from UiTM to TRIplc Medical one month after the commencement date of the Z1P3 Asset Management Period. Thereafter, the availability charges are due on the same date of each month throughout the Z1P3 Asset Management Period. The last payment is due one month after the expiry date of the concession.

2.2.2 ASSET MANAGEMENT SERVICES CHARGES

The asset management services charges represent the agreed charges payable by UiTM to TRIplc Medical for the Z1P3 Maintenance Services. TRIplc Medical will be entitled to the asset management services charges by way of monthly payments in arrears. The first asset management services charges is due one month after the commencement date of the Z1P3 Asset Management Period. Thereafter, the asset management services charges are due on the same date of each month throughout the Z1P3 Asset Management Period. The last payment is due one month after the expiry date of the concession.

During the Z1P3 Asset Management Period, UiTM will contribute to the maintenance reserve fund for the replacement of assets in respect of the Z1P3 Facilities and Infrastructure by way of monthly payments in arrears in a fixed amount.

2.3 TERMINATION

(a) UiTM will be entitled to terminate the Z1P3 Concession Agreement with immediate effect by giving notice to TRIplc Medical if:

(i) at any time after the date of the Z1P3 Concession Agreement:

(A) execution is levied against a substantial portion of TRIplc Medical's assets, except where TRIplc Medical has commenced proceedings in good faith to set aside such execution;

(B) TRIplc Medical assigns the whole or any part of the Z1P3 Concession Agreement save and except in relation to the assignments permitted by the Government;

(C) an order is made against TRIplc Medical or a resolution is passed for the winding up of TRIplc Medical, except for the purpose of reconstruction or amalgamation not involving the realisation of assets; or

(D) TRIplc Medical enters into liquidation or receivership or has its goods taken in execution or becomes insolvent or compounds with or makes assignment for the benefit of its creditors or does any act which affects its ability to fulfil its obligations under the Z1P3 Concession Agreement.

If the Z1P3 Concession Agreement is terminated (1) prior to the commencement date of the Z1P3 Construction Works, (2) during the Z1P3 Construction Period or (3) during the Z1P3 Asset Management Period, the relevant provisions relating to termination in the Z1P3 Concession Agreement will apply;

(ii) before the commencement date of the Z1P3 Construction Works, TRIplc Medical fails to commence the Z1P3 Construction Works or breaches any of its material obligations or fails to comply with the provisions under the Z1P3 Concession Agreement, and further fails to remedy the default within the period specified in a written notice given by UiTM to TRIplc Medical.

If the Z1P3 Concession Agreement is terminated by UiTM, the relevant provisions relating to termination in the Z1P3 Concession Agreement will apply;

(iii) at any time during the Z1P3 Construction Period, TRIplc Medical does any of the following and fails to remedy such default within the period specified in a written notice given by UiTM to TRIplc Medical, or a substituted entity is not appointed by the lenders (which must be approved by the Government) to take over the concession in accordance with the terms of the Z1P3 Concession Agreement:

(A) TRIplc Medical fails to carry out the Z1P3 Construction Works in accordance with the Z1P3 Concession Agreement;

(B) TRIplc Medical suspends or abandons the whole or any part of the Z1P3 Construction Works for a continuous period of 30 days;

(C) TRIplc Medical fails to complete the Z1P3 Construction Works within the Z1P3 Construction Period or any extension period; or

(D) TRIplc Medical is in breach of any of its obligations or fails to comply with any of the terms and conditions of the Z1P3 Concession Agreement.

If the Z1P3 Concession Agreement is terminated by UiTM, amongst others, TRIplc Medical will pay to UiTM such costs and expenses incurred by UiTM arising from such default including those incurred by UiTM in having to complete the Z1P3 Construction Works in excess of the costs and expenses which would have been incurred by TRIplc Medical in completing the same; or

(iv) during the Z1P3 Asset Management Period, TRIplc Medical does any of the following and fails to remedy such default within the period specified in a written notice given by UiTM to TRIplc Medical:

(A) TRIplc Medical fails to provide any of the Z1P3 Maintenance Services for a continuous period of seven days;

(B) TRIplc Medical fails to carry out the asset replacement programme for the management of the Z1P3 Facilities and Infrastructure in accordance with the asset management services manual agreed by the parties. TRIplc Medical will carry out the following in relation to the Z1P3 Facilities and Infrastructure:

(1) replacement or remedial works relating to mechanical, electrical, civil, architectural and external works and information and communication technologies; and

(2) replacement of the medical equipment comprising, among others, magnetic resonance imaging equipment, X-ray imaging equipment, hydrotherapy pool equipment, operating surgical tables, medical beds, trolleys and chairs.

UiTM will contribute to the maintenance reserve fund for the replacement of assets in respect of the Z1P3 Facilities and Infrastructure by way of monthly payments in arrears in a fixed amount;

(C) TRIplc Medical fails to achieve the agreed key performance indicators and UiTM has deducted more than 25% of the asset management services charges each month for three consecutive months;

(D) TRIplc Medical causes the sub-lease agreements relating to the project land, to be terminated; or

(E) TRIplc Medical breaches any of its obligations or fails to comply with any provisions under the Z1P3 Concession Agreement.

If the Z1P3 Concession Agreement is terminated by UiTM, amongst others, UiTM will:

(1) be entitled to the balance of the money in the maintenance reserve fund (less any amount incurred by TRIplc Medical for the purpose of the replacement of assets);

(2) pay to TRIplc Medical not later than six months after the termination date, all availability charges and asset management services charges which are due and payable to TRIplc Medical by UiTM as at the termination date; and

(3) pay to TRIplc Medical the outstanding amount relating to the financing obtained by TRIplc Medical within six months from the termination date or any further period as the parties may mutually agree.

(b) The Government will be entitled to terminate the Z1P3 Concession Agreement in the following events:

(i) by giving immediate written notice to TRIplc Medical if TRIplc Medical, its personnel, servants or employees is convicted by a court of law for corruption or unlawful or illegal activities in relation to the Z1P3 Concession Agreement or any other agreement that TRIplc Medical may have with the Government.

If the Z1P3 Concession Agreement is terminated by the Government (A) prior to the commencement date of the Z1P3 Construction Works, (B) during the Z1P3 Construction Period or (C) during the Z1P3 Asset Management Period, the relevant provisions relating to termination in the Z1P3 Concession Agreement will apply; or

(ii) by giving written notice to TRIplc Medical to expropriate the rights vested in TRIplc Medical, if the Government considers that such expropriation is in the national or public interest or national security.

If the Government expropriates the concession, the provisions relating to default by UiTM in the Z1P3 Concession Agreement will apply.

(c) TRIplc Medical will be entitled to terminate the Z1P3 Concession Agreement by serving a written notice to UiTM, the termination of which will take effect 30 days after the date of such written notice, if UiTM fails to do any of the following and fails to remedy such default within the period specified in a notice issued by TRIplc Medical to UiTM:

(i) UiTM fails to perform or fulfill any of its obligations which adversely affects the project to be carried out under the Z1P3 Concession Agreement ("**Z1P3 Project**"); or

(ii) UiTM fails to make payment to TRIplc Medical for the availability charges and/or the asset management services charges or any part of it when it is due and payable by UiTM to TRIplc Medical.

If the Z1P3 Concession Agreement is terminated by TRIplc Medical, amongst others:

(A) UiTM will pay to TRIplc Medical:

(1) the availability charges and/or asset management services charges which is due and payable by UiTM to TRIplc Medical as at the termination date; and

(2) the present value of the availability charges for the remaining unexpired concession period discounted at weighted average cost of capital of TRIplc Medical as at the termination date (less the amount which may be owed by TRIplc Medical to UiTM as at the termination date); and

(B) TRIplc Medical will be entitled to the balance of the money in the maintenance reserve fund calculated based on total deposit as at the termination date (less any amount incurred by TRIplc Medical for the purpose of the replacement of assets).

2.4 FINANCING AND REFINANCING REQUIREMENTS

TRIplc Medical will be responsible for obtaining all financing, both debt and equity for the Z1P3 Project.

Subject to the approval by the Government, TRIplc Medical will not obtain any refinancing of the construction cost for the Z1P3 Facilities and Infrastructure except if the refinancing will give rise to a refinancing gain greater than zero due to savings such as lower interest rates from the refinancing. Any refinancing gain will be shared equally by UiTM and TRIplc Medical. UiTM will have the right to receive its share of any refinancing gain in the form of a reduction in the availability charges over the remaining term of the concession period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

1. RECLASSIFICATION OF CERTAIN ITEMS FOR FYE 31 MAY 2014 AND FYE 31 MAY 2015

TRIplc, through its wholly-owned subsidiary, TRIplc Ventures entered into the Z1P2 Concession with the Government of Malaysia, represented by the Ministry of Higher Education and UiTM in 2010. Construction works for Z1P2 of UiTM Puncak Alam Campus commenced in April 2011. As the TRIplc Group is involved in service concession, it is required to use IC Interpretation 12 Service Concession Arrangements ("**IC 12**") to account for its concession business.

TRIplc has been accounting Z1P2 Concession as per IC 12 since the commencement of its construction period in FYE 31 May 2012. The construction of Z1P2 of UiTM Puncak Alam Campus was completed in April 2014 and the maintenance period commenced thereafter.

Under Z1P2 Concession, there are three elements of income namely (i) construction contract; (ii) maintenance services; and (iii) finance income. In preparing the audited consolidated financial statements of TRIplc in FYE 31 May 2016, the management of TRIplc is of the view that finance income arising from concession arrangement should be classified as revenue because it forms part of the principal source of business income of the TRIplc Group and provides more relevant information on the performance of the TRIplc Group as a concession company. However, prior to FYE 31 May 2016, the finance income was classified as other income.

The purpose of reclassifying certain items in the statements of profit or loss and other comprehensive income and the statements of financial position of TRIplc for FYE 31 May 2014 and FYE 31 May 2015 is to provide a better comparison to the audited consolidated financial statements of TRIplc for FYE 31 May 2016 and the financial year/period subsequent thereto.

As such, for comparative purpose in this Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects, certain items in the statements of profit or loss and other comprehensive income and the statements of financial position of TRIplc for FYE 31 May 2014 and FYE 31 May 2015 have been restated ("**Restated Numbers**"). BDO has been appointed to give an opinion on whether the Restated Numbers have been properly compiled by TRIplc. BDO has conducted its engagement in accordance with *International Standard on Assurance Engagements ("**ISAE**") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. BDO has provided an opinion that:

(a) the reclassification has been properly compiled using the audited consolidated financial statements of TRIplc which are prepared in accordance with the MFRS and International Financial Reporting Standards, and in a manner consistent with the format and accounting policies adopted in TRIplc's audited consolidated financial statements for FYE 31 May 2016 and FYE 31 May 2017; and

(b) the reclassification are appropriate for the purposes of preparing the Restated Numbers.

For the avoidance of doubt, the Restated Numbers are merely for comparative purpose to the audited consolidated financial statements of TRIplc for FYE 31 May 2016 and the financial year/period subsequent thereto.

With the reclassification, the following items in the statements of profit or loss and other comprehensive income have been restated:

FYE 31 May 2014

	As audited RM'000	Reclassification RM'000	As restated RM'000
Revenue [(1)]	108,394	34,741	143,135
Cost of sales	(75,755)	-	(75,755)
Gross profit	32,639		67,380
Other income	37,758	(34,741)	3,017
Finance costs	(17,774)	-	(17,774)

FYE 31 May 2015

	As audited RM'000	Reclassification RM'000	As restated RM'000
Revenue [(1)]	16,655	33,579	50,234
Cost of sales	(9,242)	(217)[(2)]	(9,459)
Gross profit	7,413		40,775
Other income	36,635	(33,579)	3,056
Finance costs	(20,071)	217	(19,854)

Notes:

(1) The breakdown of revenue is set out below:

	Audited[(a)] FYE 2014 RM'000	Restated FYE 2014 RM'000	Audited FYE 2015 RM'000	Restated FYE 2015 RM'000
Revenue				
Concession income[(b)]	-	142,037	-	49,854
Construction contract	107,296	-	-	-
Maintenance services	-	-	16,275	-
Sale of land held for property development	678	678	-	-
Rental income	420	420	380	380
Total	**108,394**	**143,135**	**16,655**	**50,234**

(a) As extracted from Note 25 of the TRIplc's Annual Report 2015.

(b) Included in concession income are the following:

	Restated FYE 2014 RM'000	FYE 2015 RM'000
Concession income		
Construction contract	107,296	-
Maintenance services	-	16,275
Finance income	34,741	33,579
	142,037	49,854

(2) Representing the accretion of finance cost arising from the provision of replacement costs payable in respect of the maintenance services of Z1P2 Concession which only commenced in FYE 31 May 2015.

Following the completion of the construction of the facilities and finalisation of the project expenses with the subcontractors and suppliers for the Z1P2 Concession, the management of TRIplc has adopted a lower discount rate to determine the fair value of the concession receivables.

Prior to FYE 31 May 2016, TRIplc was exposed to completion and cost overrun risks arising from the Z1P2 Concession. Going forward, TRIplc would be exposed to mainly credit risk therefrom. As such, a lower discount rate was used effective from FYE 31 May 2016.

Arising from the above, the following items in the statement of financial position have been restated:

As at 31 May 2014

	As audited RM'000	Reclassification RM'000	As restated RM'000
Non-current assets			
Trade and other receivables	396,184	(4,513)	391,671
Current assets			
Trade and other receivables	31,232	4,513	35,745

As at 31 May 2015

	As audited RM'000	Reclassification RM'000	As restated RM'000
Non-current assets			
Trade and other receivables	382,747	(3,345)	379,402
Current assets			
Trade and other receivables	39,517	3,345	42,862

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(cont'd)*

2. SELECTED HISTORICAL FINANCIAL DATA

The table below sets out a summary of the Restated Numbers, the audited consolidated financial information for FYE 31 May 2016 and FYE 31 May 2017 as well as the unaudited consolidated financial information for 3-months FPE 31 August 2016 and 3-months FPE 31 August 2017. The Restated Numbers have been prepared in a manner consistent with the format and accounting policies adopted in the audited consolidated financial statements for FYE 31 May 2016 and FYE 31 May 2017.

	FYE 31 May				3-months FPE 31 August	
	2014(1) RM'000	2015(1) RM'000	2016(2) RM'000	2017(2) RM'000	2016 RM'000	2017 RM'000
Revenue	143,135	50,234	(3)50,503	70,911	10,865	22,381
Cost of sales	(75,755)	(9,459)	(3)10,211	(29,341)	(1,172)	(7,443)
Gross profit	67,380	40,775	60,714	41,570	9,693	14,938
Other income	3,017	3,056	3,879	3,013	418	258
Selling and marketing costs	(35)	(18)	(70)	(5)	-	-
Administrative expenses	(6,221)	(6,672)	(10,222)	(5,189)	(1,115)	(1,473)
Other expenses	(10,216)	(2,265)	(3,313)	(2,616)	(495)	(496)
Finance costs	(17,774)	(19,854)	(23,107)	(21,896)	(5,648)	(5,497)
PBT	36,151	15,022	27,881	14,877	2,853	7,730
Tax expense	(12,772)	(7,892)	(3,903)	(4,429)	(1,271)	(1,571)
PAT	23,379	7,130	23,978	10,448	1,582	6,159
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	23,379	7,130	23,978	10,448	1,582	6,159
Earnings before interest, taxes, depreciation and amortisation ("**EBITDA**")(4)	52,205	34,355	50,149	36,316	8,316	13,290
Weighted average number of TRIplc Shares in issue(5) ('000)	64,076	64,695	65,693	67,790	67,019	68,582
Adjusted weighted average number of TRIplc Shares in issue(6) ('000)	64,407	65,057	65,787	67,975	67,542	68,698
Adjusted gross profit margin (%)(7)	30.11	43.21	73.39	41.57	80.66	53.05
PBT margin (%)	25.26	29.90	55.21	20.98	26.26	34.54
PAT margin (%)	16.33	14.19	47.48	14.73	14.56	27.52
Gross EPS(8) (sen)	56.42	23.22	42.44	21.95	4.26	11.27
Net EPS(9) (sen)	36.49	11.02	36.50	15.41	2.36	8.98
Diluted net EPS(10) (sen)	36.30	10.96	36.45	15.37	2.34	8.97
NA per share	2.09	2.21	2.58	2.69	2.57	2.78
Total non-current assets	405,413	392,705	391,217	401,443	386,022	409,123
Total non-current liabilities	301,717	337,487	310,152	307,385	324,284	308,332
Total current assets	162,420	203,723	175,023	177,461	197,551	186,993
Total current liabilities	132,009	115,403	85,146	87,335	84,953	97,251
Total assets	567,833	596,428	566,240	578,904	583,573	596,116
Total liabilities	433,726	452,890	395,298	394,720	409,237	405,583
NA	134,107	143,538	170,942	184,184	174,336	190,533

Notes:

(1) Certain comparative figures for FYE 31 May 2014 and FYE 31 May 2015 have been restated in a manner consistent with the format and accounting policies adopted in the audited consolidated financial statements for FYE 31 May 2016 and the financial year/period subsequent thereto.

TRIplc has compiled the Restated Numbers and BDO has conducted its engagement in accordance with *ISAE 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"* on the Restated Numbers.

The effect arising from such restatement has been illustrated in section 1.0 of this Appendix.

(2) These figures were extracted from TRIplc's audited consolidated financial statements for FYE 31 May 2016 and FYE 31 May 2017, respectively.

(3) During FYE 31 May 2016, TRIplc Group had recognised revenue of RM6.29 million and negative cost of sales of RM16.92 million under its construction segment upon finalisation of the contract sums of its Z1P1 of UiTM Puncak Alam Campus project which the construction works were completed in 2009. The negative cost of sales recognised was resulted from reversal of cost of sales which was over-recognised in the previous financial years.

For illustrative purpose, if the said revenue and negative cost of sales relating to Z1P1 of UiTM Puncak Alam Campus project were not recognised, the revenue, cost of sales and gross profit of TRIplc Group will be as follows:

	FYE 31 May 2016		
	Audited RM'000	**Adjustment RM'000**	**Adjusted RM'000**
Revenue	50,503	(6,288)	44,215
Cost of sales	10,211	(16,920)	(6,709)
Gross profit	60,714	(23,208)	37,506

(4) Calculated based on PAT with interest expense, tax expense and depreciation added back and interest income deducted as set out below:

	FYE 31 May				3-months FPE 31 August	
	2014	**2015**	**2016**	**2017**	**2016**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
PAT	23,379	7,130	23,978	10,448	1,582	6,159
Interest income	(2,595)	(1,613)	(2,094)	(1,763)	(417)	(222)
Interest expense	17,774	19,854	23,107	21,896	5,648	5,497
Tax expense	12,772	7,892	3,903	4,429	1,271	1,571
Depreciation	875	1,092	1,255	1,306	232	285
EBITDA	52,205	34,355	50,149	36,316	8,316	13,290

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(cont'd)*

The TRIplc Group's EBITDA presented in this Appendix is a supplemental measure of the TRIplc Group's performance and liquidity and is not required by, or presented in accordance with the MFRS and should not be considered as an alternative to PAT, operating or any other performance measures derived in accordance with MFRS or as an alternative to the TRIplc's Group's cash flows or as a measure of the TRIplc Group's liquidity.

In addition, since EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be meaningful. Other companies may calculate EBITDA differently from the TRIplc Group, limiting its usefulness as a comparative measure.

The Board of the TRIplc Group believes that the presentation of EBITDA facilitates the operating performance comparisons from period to period by eliminating potential differences caused by variations in:

- capital structures (affecting finance costs and interest income);
- tax rates; and
- the age and depreciation/amortisation rate of tangible/intangible assets (affecting relative depreciation/amortisation expenses).

(5) Represents the weighted average number of TRIplc Shares in issue during the financial year.

(6) Represents the weighted average number of TRIplc Shares in issue during the financial year adjusted for the dilutive effects of potential TRIplc Shares to be issued arising from the exercise of share options under the ESOS.

(7) Details of computation in arriving at the adjusted GP Margin for the past four financial years up to FYE 31 May 2017 as well as 3-months FPE 31 August 2016 and 3-months FPE 31 August 2017 are set out below:

		FYE 31 May				3-months FPE 31 August	
		2014 RM'000	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**
Revenue		143,135	50,234	50,503	70,911	10,865	22,381
Less revenue attributed to:							
- Finance income	(i)	(34,741)	(33,579)	(19,006)	(20,825)	(4,806)	(6,528)
- Construction segment	(ii) & (iii)	-	-	(6,288)	-	-	-
		(34,741)	(33,579)	(25,294)	(20,825)	(4,806)	(6,528)
	A	108,394	16,655	25,209	50,086	6,059	15,853
Gross profit		67,380	40,775	60,714	41,570	9,693	14,938
(Less)/ add gross profit attributed to:							
- Finance income	(i)	(34,741)	(33,579)	(19,006)	(20,825)	(4,806)	(6,528)
- Construction segment	(ii) & (iii)	-	-	(23,208)	75	-	-
		(34,741)	(33,579)	(42,214)	(20,750)	(4,806)	(6,528)
	B	32,639	7,196	18,500	20,820	4,887	8,410
Adjusted GP Margin (%)	C = B/A	30.11	43.21	73.39	41.57	80.66	53.05

In arriving at the adjusted GP Margin, the following adjustments have been made:

(i) exclusion of finance income arising from the service concession as it has no corresponding cost of sales. The finance income represents accretion of the amount due from UiTM (which is collectible throughout the concession period) for the construction works performed for Z1P2 of UiTM Puncak Alam Campus project;

(ii) exclusion of GP from construction segment as TRIplc Group had recognised a negative cost of sales under this segment from finalisation of contract sum of Z1P1 of UiTM Puncak Alam Campus project during FYE 31 May 2016.

The contracts finalised were in respect of main infrastructure works, construction works for Z1P1 Satellite A and Satellite B in 2009 while the renovation works for laboratories were completed in 2012.

(iii) exclusion of cost of sales from construction segment amounting to approximately RM75,000 as the contract sum of Z1P1 of UiTM Puncak Alam Campus project had been finalised with the UiTM during FYE 31 May 2016, therefore there was no corresponding revenue recognised during FYE 31 May 2017.

The contract finalised with the sub-contractor was in respect of the renovation works for laboratories which were completed in 2012.

(8) Computed based on the PBT divided by the weighted average number of TRIplc Shares in issue.

(9) Computed based on the PAT divided by the weighted average number of TRIplc Shares in issue.

(10) Computed based on the PAT divided by the weighted average number of TRIplc Shares in issue adjusted for the dilutive effects of potential TRIplc Shares to be issued arising from the exercise of share options under the ESOS.

3. REVIEW OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following review of the financial condition and results of operations as set out in this Appendix have been made based on the TRIplc Group's Restated Numbers, the audited consolidated financial statements for FYE 31 May 2016 and FYE 31 May 2017 as well as the unaudited consolidated financial statements for 3-months FPE 31 August 2016 and 3-months FPE 31 August 2017.

This discussion and analysis contain forward-looking statements that involve risks and uncertainties. The actual results of the TRIplc Group may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those stated on the forward-looking statements include those discussed below and elsewhere in this Circular, particularly the risk factors as set out in Section 5 of this Circular.

3.1 Overview of the TRIplc Group operations

The TRIplc Group is principally engaged in the provision of project management services for construction projects, property development, property investment, property management and facilities maintenance services. Please refer to Appendix I(A) and Appendix I(B) of this Circular for further details of the principal business activities of the TRIplc Group.

During FYE 31 May 2016, TRIplc Group had finalised the contract sums of its Z1P1 of UiTM Puncak Alam Campus project, being its sole revenue stream under the construction segment. Moving forward, TRIplc Group's revenue stream is mainly focused on its service concession segment, i.e. Z1P2 and Z1P3 of UiTM Puncak Alam Campus projects.

The construction works for Z1P2 of UiTM Puncak Alam Campus was completed in April 2014 and its maintenance period commenced thereafter until April 2034.

In accordance with the terms and conditions of the Z1P3 Concession Agreement, the construction commencement date was 11 April 2017 and the construction is expected to complete in three years. The maintenance services will start after the completion of the construction of Z1P3 of UiTM Puncak Alam Campus for a 22-year period.

These two concessions are expected to provide recurring earnings and cash flows to the TRIplc Group. Please refer to section 2.1, Appendix I(B) of this Circular for further details on the said concessions.

All the TRIplc Group's revenues were derived from Malaysia for the past four financial years up to FYE 31 May 2017 as well as for 3-months FPE 31 August 2017. As such, no segmental information by geographical market has been disclosed.

3.2 Review of the TRIplc Group historical results

3.2.1 Revenue

For the four financial years under review up to FYE 31 May 2017 as well as 3-months FPE 31 August 2017, the revenue of the TRIplc Group was derived from the following segments:

(a) Construction

Revenue from this segment was derived from the construction of the facilities and infrastructure awarded by UiTM for Z1P1 of UiTM Puncak Alam Campus.

The TRIplc Group recognised construction revenue for this segment based on the percentage-of-completion method of accounting. On the percentage-of-completion method, revenue was recognised based on work done certified by quantity surveyors and architect up to a certain stage of completion. The stage of completion was assessed by reference to the proportion that contract costs incurred for work performed up to the end of the reporting period in proportion to the estimated total contract costs where outcome of the project can be estimated reliably. The percentage of completion was then applied to the contract value to determine the revenue recognised for the reporting period.

As highlighted in section 3.1 of this Appendix above, the revenue recognised under this segment for FYE 31 May 2016 was attributed to finalisation of the contract sums of Z1P1 of UiTM Puncak Alam Campus project which the construction works was completed in 2009.

The construction activities were carried out by TRIplc and TRIplc Resources.

(b) Service concession

The revenue from this segment was derived from concession agreements awarded by the Government and UiTM to its wholly-owned subsidiary as follows:

Subsidiary	**Concession agreement**	**Description of the concession agreement**
TRIplc Ventures	Z1P2 of Puncak Alam Campus	To undertake the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning and maintenance of academic facilities for three faculties, student accommodation, multipurpose hall, maintenance center, prayer hall, library, student center, cafeteria and health center for UiTM Puncak Alam Campus. The concession also gives the rights to carry out maintenance of the completed facilities and infrastructure. The construction commenced in 2011 and was completed in April 2014.
TRIplc Medical	Z1P3 of Puncak Alam Campus	To undertake the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning, maintenance and asset replacement of a teaching hospital, academic facilities and accommodation together with the specified facilities and infrastructure for UiTM Puncak Alam Campus. The concession also gives the rights to carry out maintenance of the completed facilities and infrastructure. The construction commenced in April 2017 and is expected to complete in April 2020.

The Z1P2 and Z1P3 of UiTM Puncak Alam Campus are under PFI i.e. the TRIplc Group obtains its own financing to fund the construction costs of the facilities and infrastructure under the concession agreements.

Under the concession arrangements, TRIplc Group recognises three elements of concession income namely:

(i) construction contract : Concession income recognised for the construction works carried out for Z1P2 and Z1P3 of UiTM Puncak Alam Campus. The construction works for Z1P2 of UiTM Puncak Alam Campus were completed in April 2014 while the construction works for Z1P3 of UiTM Puncak Alam Campus commenced in April 2017.

(ii) maintenance services : Concession income recognised for the maintenance works for Z1P2 of UiTM Puncak Alam Campus subsequent to the completion of construction.

(iii) finance income : The finance income is accrued on a time proportion basis taking into consideration the outstanding concession receivables and the discount rates, which would be paid by UiTM over the concession periods under the Z1P2 and Z1P3 Concession Agreements. The amounts were derived from the difference of the present value of future concession income and the total concession income recognised over the respective concession periods.

(c) Others

Revenue recorded under this segment was in respect of:

(i) Sale of a bungalow lot held at Perdana Heights during FYE 31 May 2014.

The activities were carried out by Suasa Integrasi (M) Sdn Bhd, which the company's principal activities are related to property development. Please refer to Section 2.3 of Appendix I(B) for further information on the activities carried out by TRIplc Group's property development division.

(ii) Rental income generated by the TRIplc Group for the leasing of its property in Jempol, Negeri Sembilan.

The activities were carried out by Prinsip Barisan Sdn Bhd.

The analysis of the revenue for the financial years and period under review is set out below:

Revenue by segments

	FYE 31 May							
	2014		**2015**		**2016**		**2017**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Construction	-	-	-	-	(1) 6,288	12.45	-	-
Service concession(2)	142,037	99.23	49,854	99.24	43,875	86.88	70,551	99.49
Others	1,098	0.77	380	0.76	340	0.67	360	0.51
Total	143,135	100.00	50,234	100.00	50,503	100.00	70,911	100.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(cont'd)*

	3-months FPE 31 August			
	2016		2017	
	RM'000	%	RM'000	%
Construction	-	-	-	-
Service concession(2)	10,775	99.17	22,291	99.60
Others	90	0.83	90	0.40
Total	10,865	100.00	22,381	100.00

Notes:

(1) The construction revenue represents finalisation of contract sum with UiTM for Z1P1 of UiTM Puncak Alam Campus project which the construction works were completed in 2009. The contracts finalised were in respect of main infrastructure works, construction works for Z1P1 Satellite A and Satellite B and renovation works for laboratories.

(2) The breakdown of the concession income from service concession segment are as follows:

	← FYE 31 May →				3-months FPE 31 August	
	2014	2015	2016	2017	2016	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Concession income						
Construction contract	107,296	-	-	25,951	-	9,924
Maintenance services	-	16,275	24,869	23,775	5,969	5,839
Finance income	34,741	33,579	19,006	20,825	4,806	6,528
Total	142,037	49,854	43,875	70,551	10,775	22,291

FYE 31 May 2014

During the financial year, the service concession segment contributed RM142.04 million or 99.23% of the total revenue of the TRIplc Group. The property development segment contributed RM0.68 million or 0.47% of the total revenue of the TRIplc Group and the remainder RM0.42 million or 0.30% of the total revenue of the TRIplc Group was contributed by the property investment segment.

The service concession segment revenue comprised revenue from construction contract of RM107.30 million and finance income of RM34.74 million attributable to Z1P2 of UiTM Puncak Alam Campus. The construction works for Z1P2 of UiTM Puncak Alam Campus were completed in April 2014.

The revenue contributed from the other segment of RM1.10 million were attributed to:

(i) the sale of a bungalow lot held at Perdana Heights amounted to RM0.68 million; and

(ii) the rental income of RM0.42 million arising from TRIplc Group's property in Jempol, Negeri Sembilan.

FYE 31 May 2015

Revenue for FYE 31 May 2015 decreased substantially by RM92.90 million or 64.90% to RM50.23 million (FYE 31 May 2014: RM143.14 million). During the financial year, service concession segment contributed RM49.85 million or 99.24% of the total revenue of the TRIplc Group while the property investment segment contributed RM0.38 million or 0.76% of the total revenue of the TRIplc Group.

The revenue under the service concession segment decreased substantially to RM49.85 million for the financial year (FYE 31 May 2014: RM142.04 million), representing a decrease of RM92.18 million or 64.90%. The said revenue comprised finance income of RM33.58 million and revenue arising from maintenance services of RM16.27 million. The decrease was mainly due to the completion of the construction works for Z1P2 of UiTM Puncak Alam Campus in the FYE 31 May 2014 and recognition of a lower finance income of RM33.58 million.

During the financial year, the TRIplc Group recorded rental income of RM0.38 million under its other segment.

FYE 31 May 2016

For FYE 31 May 2016, the TRIplc Group recorded total revenue of RM50.50 million, representing a marginal increase of RM0.27 million or 0.54% (FYE 31 May 2015: RM50.23 million).

During the financial year, the construction segment contributed RM6.29 million or 12.45% of the total revenue of the TRIplc Group, of which:

(i) RM2.42 million was derived from main infrastructure package; and

(ii) RM3.87 million from the Z1P1 Satellite A and Satellite B package,

due to the finalisation of contract sum of Z1P1 of UiTM Puncak Alam Campus, which the construction works were completed in 2009.

The service concession segment contributed RM43.88 million or 86.88% of the total revenue whereas the other segment contributed the remainder RM0.34 million or 0.67% of the total revenue of the TRIplc Group.

The revenue generated from the service concession segment decreased to RM43.88 million during the financial year (FYE 31 May 2015: RM49.85 million), representing a decrease of RM5.98 million or 11.99%. The said concession income comprised finance income of RM19.01 million and revenue arising from maintenance services of RM24.87 million. The decrease in finance income and increase in maintenance services revenue were mainly due to the adoption of a lower discount rate in the recognition of finance income to reflect the appropriate credit risk of the concession receivable which resulted in higher allocation of the fair value of revenue from finance income to maintenance services.

During the financial year, the TRIplc Group recorded rental income of RM0.34 million under its other segment.

FYE 31 May 2017

During FYE 31 May 2017, the TRIplc Group recorded total revenue of RM70.91 million, representing an increase of RM20.41 million or 40.41% (FYE 31 May 2016: RM50.50 million), which was mainly attributable to its service concession segment.

The service concession segment contributed RM70.55 million or 99.49% of the total revenue whereas the other segment contributed the remainder RM0.36 million or 0.51% of the total revenue of the TRIplc Group.

The revenue generated from the service concession segment increased to RM70.55 million during the financial year (FYE 31 May 2016: RM43.88 million), representing an increase of RM26.67 million or 60.80%. The TRIplc Group had recognised revenue from construction contract of RM25.95 million for its Z1P3 of UiTM Puncak Alam Campus project since the commencement of its construction works in April 2017.

During the financial year, the TRIplc Group recorded rental income of RM0.36 million under its other segment.

3-months FPE 31 August 2017

During 3-months FPE 31 August 2017, the TRIplc Group recorded total revenue of RM22.38 million, representing an increase of RM11.52 million or 105.99% (3-months FPE 31 August 2016: RM10.87 million), which the increase was entirely attributable to its service concession segment.

The service concession segment contributed RM22.29 million or 99.60% of the total revenue whereas the other segment contributed the remainder RM0.09 million or 0.40% of the total revenue of the TRIplc Group.

The increase in revenue during the financial period was mainly due to the ongoing construction works for the Z1P3 of Puncak Alam Campus project where the TRIplc Group had recognised concession income of RM11.74 million therefrom, represented by construction contract of RM9.92 million and finance income of RM1.82 million.

3.2.2 Cost of sales

The cost of sales for the operations and business activities of the TRIplc Group mainly comprised contractors, consultants, project development, maintenance services, and provision for replacement costs as well as cost of land held for property development. The fluctuations in the total cost of sales incurred closely mirrored the corresponding fluctuations in the construction works carried out by the TRIplc Group, including those under the service concession segment.

3.2.2.1 Contractors' cost

The TRIplc Group engages contractors for job scopes for the service concession and construction segments which includes piling and foundation, infrastructure, architectural, interior design, mechanical, electrical, ICT, audio visual, security system, landscape, furniture, fittings and equipment. All contractors nominated and appointed are specialists of their respective areas of expertise. They are locally sourced contractors and appointed based on their competitive strengths in both their respective skill sets and pricing. As contractors' cost constitutes one of the major components of the TRIplc Group's cost of sales, the TRIplc Group exercises prudent selection process prior to the engagement and appointment of the said contractors.

3.2.2.2 Consultants

During the bidding stage for the concession (which includes both the construction and the maintenance services), the TRIplc Group engages consultants such as architect, quantity surveyor as well as civil and mechanical engineers to undertake preliminary studies in order to prepare a quotation for submission to the relevant parties/government agencies. After being selected as the concessionaire, the TRIplc Group will engage solicitors and financial advisers to advise the TRIplc Group on the terms and conditions of the concession agreement and work towards finalising the concession agreement with the Government and the relevant government agencies. Prior to the commencement of the construction, the TRIplc Group would also need to appoint a lead consultant to obtain the necessary development order and building plan approvals. During the construction stage, the TRIplc Group will also engage architects and quantity surveyors. All the professional fees payable to these consultants are included in the cost of sales.

3.2.2.3 Project development expenses

The TRIplc Group's project development expenses mainly comprised benefits payable to employees who were directly involved in the construction and service concession segments of the TRIplc Group.

These staff costs were directly correlated with the number of working hours, salary grades, staff headcount and labour market conditions prevalent at the time of appointment.

Overheads and other costs comprised, among others, rental of site office, transportation cost, utilities and other contributions to the relevant local authorities.

3.2.2.4 Maintenance Services Costs

Maintenance services costs were inclusive of maintenance works, housekeeping and landscaping services, mechanical services, electrical services, civil work services, ICT services, manpower cost and overheads.

3.2.2.5 Provision for replacement costs

Provision for replacement costs represented the provision of the life cycle of equipment for the maintenance services of Z1P2 of UiTM Puncak Alam Campus over the 20 years of the maintenance period.

During the Z1P2 Maintenance Period, UiTM will contribute to the maintenance reserve fund for the replacement of assets in respect of the Z1P2 Facilities and Infrastructure by way of fixed monthly payments in arrears. The amount of contribution to the maintenance reserve fund is 20% of the maintenance charges.

The provision was reversed or utilised for the actual replacement of plants, machinery and equipment of facilities and infrastructure, parts, sub-assemblies of plants, machinery and equipment, refurbishment, remedial works to the facilities and infrastructure having reached its life-span or aging, wear and tear, damages or descent in visual appearance.

3.2.2.6 Cost of land held for property development

Cost of land held for property development represented cost associated with the acquisition of land and all cost that were directly attributable to development activities or that could be allocated on a reasonable basis to such activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(cont'd)*

The analysis of the cost of sales of the TRIplc Group for the financial years and period under review is set out below:

Cost of sales by segments

	FYE 31 May							
	2014		2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction	-	-	-	-	(1)(16,920)	*	75	0.26
Service concession	75,318	99.42	9,459	100.00	6,709	*	29,262	99.73
Others	437	0.58	-	-	-	*	4	0.01
Total	75,755	100.00	9,459	100.00	(1)(10,211)	*	29,341	100.00

	3-months FPE 31 August			
	2016		2017	
	RM'000	%	RM'000	%
Construction	-	-	-	-
Service concession	1,168	99.66	7,443	100.00
Others	4	0.34	-	-
Total	1,172	100.00	7,443	100.00

Cost of sales by types

	FYE 31 May							
	2014		2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Contractors	62,817	82.92	-	-	(2)(19,044)	*	6,133	20.90
Consultant	4,543	6.00	-	-	1,327	*	8,771	29.90
Project development expenses	7,958	10.50	617	6.52	(162)	*	6,242	21.27
Maintenance services costs	-	-	5,735	60.63	4,940	*	5,463	18.62
Provision for replacement costs	-	-	3,107	32.85	2,728	*	2,728	9.30
Cost of land held for property development	437	0.58	-	-	-	*	4	0.01
Total	75,755	100.00	9,459	100.00	(10,211)	*	29,341	100.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(cont'd)*

	3-months FPE 31 August			
	2016		2017	
	RM'000	%	RM'000	%
Contractors	-	-	4,668	62.72
Consultant	-	-	33	0.44
Project development expenses	-	-	847	11.38
Maintenance services costs	486	41.47	1,213	16.30
Provision for replacement costs	682	58.19	682	9.16
Cost of land held for property development	4	0.34	-	-
Total	1,172	100.00	7,443	100.00

Notes:

* Not applicable

(1) The reversal of the cost of sales was due to adjustment from the finalisation of the contract sums of Z1P1 of UiTM Puncak Alam Campus project. The contracts finalised were in respect of main infrastructure works, construction works for Z1P1 Satellite A and Satellite B and renovation works for laboratories.

(2) The details of the contractors costs are detailed as follows:

	RM'000
Z1P1 of UiTM Puncak Alam Campus project arising from the finalisation of the contract sums	(15,145)
Z1P2 of UiTM Puncak Alam Campus project arising from the finalisation of the contract sums	(3,899)
	(19,044)

FYE 31 May 2014

During the financial year, the TRIplc Group recorded cost of sales of RM75.76 million. The contractors' cost of RM62.82 million or 82.92% of the total cost of sales formed the bulk of the cost of sales. The other components of cost of sales comprised consultant cost amounting to RM4.54 million or 6.00% of the total cost of sales, project development expenses amounting to RM7.96 million or 10.50% of the total cost of sales and cost of land held for property development amounting to RM0.44 million or 0.58% of the total cost of sales.

The cost of sales attributed to the service concession segment was RM75.32 million or 99.42% of the total cost of sales of the TRIplc Group. This represented contractors, consultant and staff related costs which were mainly attributable to the construction works carried out for the Z1P2 of UiTM Puncak Alam Campus.

The other segment incurred RM0.44 million or 0.58% of the total cost of sales of the TRIplc Group representing mainly land cost of a bungalow lot at Perdana Heights, which was sold during the financial year.

FYE 31 May 2015

During the financial year, the TRIplc Group's cost of sales decreased significantly to RM9.46 million (FYE 31 May 2014: RM75.76 million), representing a decrease of RM66.30 million or 87.51%. This was mainly attributed to the decrease in:

(i) contractors' costs to nil (FYE 31 May 2014: RM62.82 million);

(ii) consultant costs to nil (FYE 31 May 2014: RM4.54 million); and

(iii) the project development expenses to RM0.62 million (FYE 31 May 2014: RM7.96 million).

The significant decrease of the aforementioned costs was due to the completion of the construction works for the Z1P2 of UiTM Puncak Alam Campus in April 2014.

TRIplc Group incurred maintenance services costs amounting to RM5.74 million under the Z1P2 of UiTM Puncak Alam Campus as the maintenance period has commenced.

In addition, the management of TRIplc Group made provision for replacement cost amounting to RM3.11 million during the financial year. This provision was made based on 20% of actual maintenance charges billed to UiTM as per the terms of the Z1P2 Concession Agreement. There was no provision for replacement costs made in FYE 31 May 2014.

The cost of sales incurred by the TRIplc Group for FYE 31 May 2015 was entirely in relation to its service concession segment only.

FYE 31 May 2016

During the financial year, TRIplc Group recorded cost of sales amounting to RM(10.21) million (FYE 31 May 2015: RM9.46 million) which was mainly attributed to:

(i) a write back adjustment of RM16.92 million under construction segment due to finalisation of the contract sum for Z1P1 of UiTM Puncak Alam Campus project;

(ii) a decrease in cost of sales under the service concession segment to RM6.71 million (FYE 31 May 2015: RM9.46 million), representing a decrease of RM2.75 million or 29.07%. The decrease was mainly due to the following:

   (a) write back adjustment from the finalisation of the contract sum for Z1P2 of UiTM Puncak Alam Campus project amounting to RM(0.95) million (FYE 31 May 2015: RM0.62 million), representing a decrease of RM1.57 million; and

   (b) decrease in maintenance services costs to RM4.94 million (FYE 31 May 2015: RM5.74 million) and, representing a decrease of RM0.80 million. This was mainly attributed to the decrease in the salary and staff related expenses (under the maintenance services costs). Subsequent to the completion of the construction works for Z1P2 of UiTM Puncak Alam Campus project, the salary and staff related expenses for employees under the said division was categorised under maintenance services costs, who were then retrenched in FYE 31 May 2016. Also, the Group has recognised an additional period of 1.5 months in FYE 31 May 2015 for the maintenance works carried out in the preceding year as the monthly maintenance claims to UiTM were only finalised in June 2014.

FYE 31 May 2017

During the financial year, the TRIplc Group recorded cost of sales amounting to RM29.34 million (FYE 31 May 2016: RM(10.21) million) which was mainly attributed to its service concession segment.

The cost of sales under the service concession segment had increased significantly to RM29.26 million (FYE 31 May 2016: RM6.71 million), representing an increase of RM22.55 million or 336.16%. The increase was mainly due to contractors costs, consultant costs and project developments costs in relation to construction works for Z1P3 of UiTM Puncak Alam Campus incurred during the financial year totaling to RM21.05 million.

3-months FPE 31 August 2017

During the financial period, the TRIplc Group recorded cost of sales amounting to RM7.44 million (3-months FPE 31 August 2016: RM1.17 million), representing an increase of RM6.27 million or 535.07% which was entirely attributed to its service concession segment.

The increase in cost of sales under the service concession segment was mainly attributed to the following:

(i) the ongoing construction works for the Z1P3 of UiTM Puncak Alam Campus project where the TRIplc Group had incurred RM5.55 million during the financial period (3-months FPE 31 August 2016: nil); and

(ii) the increase in maintenance services costs to RM1.21 million (3-months FPE 31 August 2016: RM0.49 million), as the defect liability period with the sub-contractors of Z1P2 of UiTM Puncak Alam Campus project has expired in April 2017 where the TRIplc Group incurred additional costs for maintenance works.

3.2.3 Adjusted Gross Profit ("GP") and Adjusted Gross Profit margin ("GP Margin")

For the purpose of analysis, certain adjustments have been made on the GP and GP Margin of TRIplc Group. Please see Note 7 of Section 2 of this Appendix for details of the adjustments. The breakdown of the adjusted GP and adjusted GP Margin by business segments and the explanatory notes on the adjustments made are set out below:

Adjusted GP by segments

	FYE 31 May							
	2014		2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction	-	-	-	-	(1) -	-	(1) -	-
Service concession(1)	31,978	97.97	6,816	94.72	(2) 18,160	98.16	(2) 20,464	98.29
Others	661	2.03	380	5.28	340	1.84	356	1.71
Total	32,639	100.00	7,196	100.00	18,500	100.00	20,820	100.00

	3-months FPE 31 August			
	2016		2017	
	RM'000	%	RM'000	%
Construction	-	-	-	-
Service concession(1)	4,801	98.24	8,320	98.93
Others	86	1.76	90	1.07
Total	4,887	100.00	8,410	100.00

Adjusted GP Margin by segments

	FYE 31 May				3-months FPE 31 August	
	2014	2015	2016	2017	2016	2017
	%	%	%	%	%	%
Construction	*	*	(1) -	(1) -	*	*
Service concession(1)	29.80	41.88	73.02	(2) 41.15	80.43	(2) 52.78
Others	60.20	100.00	100.00	98.89	95.56	100.00
Overall	30.11	43.21	73.39	41.57	80.66	53.05

Notes:

* Not applicable

(1) In arriving at the adjusted GP Margin, the following adjustments have been made:

(a) exclusion of finance income arising from the service concession; and

(b) exclusion of GP from construction segment.

Please refer to Note 7, Section 2.0 of this Appendix for details of the adjustments.

(2) The GP consisted of contribution from the construction contract and maintenance services for Z1P3 and Z1P2 of UiTM Puncak Alam Campus projects respectively. The GP contribution for both the construction contract and maintenance services were arrived at based on the fair value of revenues derived in accordance with the IC 12.

The discussion and analysis of the adjusted GP and adjusted GP Margins of TRIplc Group for FYE 31 May 2014 to FYE 31 May 2017 and 3-months FPE 31 August 2017 are as follows:

FYE 31 May 2014

During the financial year, the TRIplc Group recorded adjusted GP of RM32.64 million, mainly contributed by its service concession segment of RM31.98 million followed by its other segment of RM0.66 million.

The adjusted GP from service concession segment during the financial year was attributed to the gross profit recognised from the construction works carried out for Z1P2 of UiTM Puncak Alam Campus project. The adjusted GP Margin for the said service concession segment was 29.80%.

As for other segments, the TRIplc Group recorded adjusted GP of RM0.66 million, representing an adjusted GP Margin of 60.20% arising from sale of a bungalow lot located at Perdana Heights and the rental income from a factory building in Jempol, Negeri Sembilan. There have been no sales recorded in the subsequent financial years under review.

FYE 31 May 2015

During the financial year, the TRIplc Group recorded adjusted GP of RM7.20 million, representing a decrease of RM25.44 million or 77.95% (FYE 31 May 2014: RM32.64 million). The service concession segment contributed RM6.82 million or 94.72% of the total adjusted GP of the TRIplc Group while the other segment contributed RM0.38 million or 5.28% of the total adjusted GP of the TRIplc Group. The substantial decrease of adjusted GP was due to the completion of the construction works for the Z1P2 of UiTM Puncak Alam Campus in April 2014.

The revenue and cost of sales under the service concession segment recorded for FYE 31 May 2015 were entirely attributed to maintenance works whilst the revenue and cost of sales for FYE 31 May 2014 were entirely related to construction contract. In view that they are of different natures, it is not meaningful to compare the said adjusted GPs and adjusted GP Margins of RM6.82 million (FYE 31 May 2014: RM31.98 million) and 41.88% (FYE 31 May 2014: 29.80%) respectively. As the infrastructure and buildings of Z1P2 of UiTM Puncak Alam Campus was newly completed, therefore minimal maintenance costs were incurred during FYE 31 May 2015 and had resulted in adjusted GP margin of 41.88%.

FYE 31 May 2016

During the financial year, the TRIplc Group recorded adjusted GP of RM18.50 million, representing an increase of RM11.30 million or 157.09% (FYE 31 May 2015: RM7.20 million). The increase in adjusted GP was mainly attributable to the increase in adjusted GP to RM18.16 million (FYE 31 May 2015: RM6.82 million) under the service concession segment, representing an increase of RM11.34 million or 166.43% was mainly due to adoption of a lower discount rate in the recognition of finance income as explained in section 3.2.1 above.

The increase in overall adjusted GP Margins from 43.21% for FYE 31 May 2015 to 73.39% for FYE 31 May 2016 was due to the following:

(i) increase in maintenance services revenue under the service concession segment for FYE 31 May 2016 arising from adoption of a lower discount rate as explained in section 3.2.1 above; and

(ii) decrease in cost of sales under the service concession segment arising from write back adjustment from the finalisation of contract sum for Z1P2 of UiTM Puncak Alam Campus project and due to the completion of Z1P2 of UiTM Puncak Alam Campus project's construction works and the retrenchment exercise carried out during the year resulted in lower staff related expenses as explained in section 3.2.2 above.

FYE 31 May 2017

During the financial year, the TRIplc Group recorded an adjusted GP of RM20.82 million (FYE 31 May 2016: RM18.50 million), representing an increase of RM2.32 million or 12.54%. The increase was mainly attributable to the service concession segment as the construction works for the Z1P3 of UiTM Puncak Alam Campus project had commenced in April 2017, which contributed RM4.90 million to the TRIplc Group's total adjusted GP for FYE 31 May 2017.

The decrease in overall adjusted GP Margin to 41.57% for FYE 31 May 2017 (FYE 31 May 2016: 73.39%) was due to the following:

(i) higher maintenance services costs incurred for maintenance works for Z1P2 of UiTM Puncak Alam Campus project; and

(ii) additional source of revenue of RM25.95 million derived from the construction works for the Z1P3 of UiTM Puncak Alam Campus project since April 2017 which has a lower GP Margin as compared to the GP Margin of maintenance works for the Z1P2 of UiTM Puncak Alam Campus project. As the quantum of the said revenue was almost equivalent to the revenue from the maintenance services recorded during the financial year, therefore the overall adjusted average GP Margin was reduced.

3-months FPE 31 August 2017

During the financial period, the TRIplc Group recorded an adjusted GP of RM8.41 million (3-months FPE 31 August 2016: RM4.89 million), representing an increase of RM3.52 million or 72.09%. The increase was entirely attributed to the service concession segment where the TRIplc Group had recognised revenue from the Z1P3 of Puncak Alam Campus project since the commencement of its construction works in April 2017 contributing an adjusted GP of RM4.38 million to the total adjusted GP of TRIplc Group for 3-months FPE 31 August 2017.

The adjusted GP Margin under the service concession segment decreased to 52.78% for 3-months FPE 31 August 2017 (3-months FPE 31 August 2016: 80.43%) as the construction works for the Z1P3 of UiTM Puncak Alam Campus project has a lower GP Margin in comparison to the maintenance works for the Z1P2 of UiTM Puncak Alam Campus project as analysed in the commentary for FYE 31 May 2017 above.

3.2.4 Other income

The TRIplc Group's other income represented 2.11%, 6.08%, 7.68%, 4.25% and 1.00% of the revenue generated for the past four financial years up to FYE 31 May 2017 and 3-months FPE 31 August 2017, respectively. The breakdown of the other income for the financial years under review is as follows:

	FYE 31 May							
	2014		2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income from:								
- fixed deposits	2,285	75.74	1,026	33.57	1,545	39.83	1,350	44.80
- repo placement and bank accounts	310	10.28	587	19.21	549	14.15	413	13.71
Gain on disposal of investment properties	-	-	-	-	400	10.31	-	-
Others[(1)]	422	13.98	1,443	47.22	1,385	35.71	1,250	41.49
Total	3,017	100.00	3,056	100.00	3,879	100.00	3,013	100.00

	3- months FPE 31 August			
	2016		2017	
	RM'000	%	RM'000	%
Interest income from:				
- fixed deposits	177	42.34	172	66.67
- repo placement and bank accounts	240	57.42	50	19.38
Gain on disposal of investment properties	-	-	-	-
Others[(1)]	1	0.24	36	13.95
Total	418	100.00	222	100.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS *(cont'd)*

Note:

(1) Breakdown of others are as follows:

	FYE 31 May				3-months FPE 31 August	
	2014 RM'000	**2015 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**
Recovery of expenses previously charged out	-	1,315	850	-	-	-
Refund of tax penalty	117	-	-	-	-	-
Non-refundable deposit	-	-	-	450	-	-
Fair value gain on receivables	255	112	-	-	-	-
Reversal of accrual no longer required	-	-	520	375	-	-
Reversal of impairment loss	-	-	-	391	-	-
Miscellaneous income	50	16	15	34	1	36
	422	1,443	1,385	1,250	1	36

FYE 31 May 2014

During the financial year, the TRIplc Group recorded other income of RM3.02 million.

The other income mainly comprised interest income on the placement of fixed deposits and others, collectively amounted to RM2.60 million or 86.02% of total other income while the others comprised fair value gain on a trade receivable and tax refund of RM0.26 million and RM0.12 million, respectively.

FYE 31 May 2015

During the financial year, the TRIplc Group recorded other income of RM3.06 million, representing a minimal increase of RM0.04 million or 1.29% (FYE 31 May 2014: RM3.02 million).

The interest income had decreased to RM1.61 million (FYE 31 May 2014: RM2.60 million), representing a decrease of RM0.98 million or 37.84% as part of the fixed deposits and repo placement had been utilised for working capital requirements.

The income from others had increased to RM1.44 million (FYE 31 May 2014: RM0.42 million), representing an increase of RM1.02 million or 241.94%. This was mainly due to recovery of expenses by the TRIplc Group amounted to RM1.32 million. Such recovery sum consisted of claims receivable from the contractors appointed for Z1P1 of UiTM Puncak Alam Campus project in respect of the utilities expenses previously borne by the TRIplc Group and amount reimbursable from UiTM for Z1P2 of UiTM Puncak Alam Campus project for financing arrangement expenses.

FYE 31 May 2016

During the financial year, the TRIplc Group recorded other income of RM3.88 million (FYE 31 May 2015: RM3.06 million), representing an increase of RM0.82 million or 26.93%.

The interest income on the placement of fixed deposits and repo placement had contributed RM2.09 million (FYE 31 May 2015: RM1.61 million) to the total other income recorded during this financial year, representing an increase of RM0.48 million or 29.82%. This was mainly due to more fixed deposits placed in licenced banks throughout the financial year. However, prior to the financial year ended, the fixed deposits were withdrawn to pay contractors.

In addition, the TRIplc Group also recognised the following other income:

(i) disposal of a shop lot, located at Taman Subang Impian, Seksyen U5, Shah Alam, and thereby recording a gain of disposal of RM0.40 million;

(ii) recovery from the main contractors appointed for Z1P1 and Z1P2 of UiTM Puncak Alam Campus projects for the utilities expenses previously borned by TRIplc amounting to RM0.85 million; and

(iii) reversal of expenses amounting to RM0.52 million over recognised in prior financial years.

FYE 31 May 2017

During the financial year, the other income of TRIplc Group decreased to RM3.01 million (FYE 31 May 2016: RM3.88 million), representing a decrease of RM0.87 million or 22.33%.

The total interest income of TRIplc Group on placement of fixed deposits and repo placement decreased to RM1.76 million (FYE 31 May 2016: RM2.09 million), representing a decrease of RM0.33 million or 15.81% as the fixed deposits and repo placed had reduced for the following purposes:

(i) repayment of principal of MTN amounting to RM20.00 million in October 2016; and

(ii) working capital for the construction works for Z1P3 of UiTM Puncak Alam Campus since its commencement in April 2017.

In addition, TRIplc Group also recognised the following other income:

(i) non-refundable deposit received amounting to RM0.45 million pursuant to the HOA in relation to the Proposed Acquisition;

(ii) reversal of expenses amounting to RM0.38 million over recognised in prior financial years; and

(iii) reversal of impairment loss on other receivables amounting to RM0.39 million which the TRIplc Group had impaired in FYE 31 May 2016 and recovered subsequently.

3-months FPE 31 August 2017

During the financial period, the other income of the TRIplc Group decreased to RM0.22 million (3-months FPE 31 August 2016: RM0.42 million), representing a decrease of RM0.20 million or 46.89%.

The decrease was mainly attributed to a lower interest income from the repo placement and bank accounts as TRIplc Group had reduced its placement of fixed deposits and repo placement for working capital purposes since the construction works for Z1P3 of UiTM Puncak Alam Campus commenced in April 2017.

3.2.5 Administrative expenses

Administrative expenses represented 4.35%, 13.28%, 20.24%, 7.32% and 6.58% of the TRIplc Group's revenue for the past four financial years up to FYE 31 May 2017 and 3-months FPE 31 August 2017, respectively.

Administrative expenses for the financial years and period under review primarily consisted of management and administrative staff cost, ESOS and general office expenses.

FYE 31 May 2014

The TRIplc Group's administrative expenses of RM6.22 million for the financial year comprised staff costs, ESOS expenses and general office expenses amounting to RM2.86 million, RM1.69 million and RM1.67 million, respectively.

FYE 31 May 2015

The TRIplc Group's administrative expenses of RM6.67 million for the FYE 31 May 2015 mainly comprised staff costs, ESOS expenses and general office expenses amounting to RM2.62 million, RM1.54 million and RM2.51 million, respectively.

The increase in administrative expenses of RM0.45 million was mainly attributed to the increase in general office expenses to RM0.49 million for FYE 31 May 2015 (FYE 31 May 2014: RM0.07 million), representing an increase of RM0.42 million, as after the completion of Z1P2 of UiTM Puncak Alam Campus construction phase, the general office expenses such as insurance, utilities and telephone as well as stationery were charged to administrative expenses instead of cost of sales.

FYE 31 May 2016

The TRIplc Group's administrative expenses of RM10.22 million for the financial year mainly comprised staff costs, ESOS expenses, retrenchment expenses and general office expenses amounting to RM2.37 million, RM1.85 million, RM2.20 million, and RM3.80 million, respectively.

The increase in the administrative expenses of RM3.55 million was mainly attributed to the following:

(i) retrenchment expenses of RM2.20 million incurred for right sizing exercise involving a total of 18 employees, subsequent to the completion of construction works for Z1P2 of UiTM Puncak Alam Campus project;

(ii) increase in donation and zakat contribution to RM1.21 million (FYE 31 May 2015: RM0.49 million), representing an increase of RM0.72 million; and

(iii) increase in ESOS-related expenses to RM1.84 million (FYE 31 May 2015: RM1.54 million), representing an increase of RM0.30 million.

FYE 31 May 2017

The TRIplc Group's administrative expenses of RM5.19 million for the financial year mainly comprised staff costs and general office expenses amounting to RM2.06 million and RM3.13 million, respectively.

The administrative expenses decreased to RM5.19 million, representing a decrease of RM5.03 million or 49.24%, which was mainly attributed to the following:

(i) the TRIplc Group had not incurred any ESOS-related expenses (FYE 31 May 2016: RM1.84 million) and retrenchment expenses (FYE 31 May 2016: RM2.20 million) during the financial year;

(ii) a lower donation and zakat contributions of RM0.72 million made during the financial year (FYE 31 May 2016: RM1.21 million), representing a decrease of RM0.49 million or 40.20%; and

(iii) decrease in staff costs to RM2.06 million (FYE 31 May 2016: RM2.37 million), representing a decrease of RM0.31 million or 13.14% as one of the senior management personnel has retired during the financial year.

3-months FPE 31 August 2017

During the financial period, the TRIplc Group recorded a higher administrative expenses of RM1.47 million (3-months FPE 31 August 2016: RM1.12 million), representing an increase of RM0.36 million or 32.11%.

The increase in the administrative expenses was mainly attributable to a higher staff costs of RM0.78 million (3-months FPE 31 August 2016: RM0.51 million). as part of the managerial personnel costs, which were not directly related to the construction works for the Z1P3 of UiTM Puncak Alam Campus project, had been allocated to administrative expenses since its commencement in April 2017.

3.2.6 Other expenses

Other expenses represented 7.14%, 4.51%, 6.56%, 3.69% and 2.22% of the TRIplc Group's revenue for the past four financial years up to FYE 31 May 2017 and 3-months FPE 31 August 2017, respectively.

Other expenses for the financial years and period under review primarily consisted of depreciation of property, plant and equipment, directors' emoluments, professional fees such as auditors' remuneration and tax agent fees and other miscellaneous expenses.

FYE 31 May 2014

The TRIplc Group's other expenses during the financial year of RM10.22 million mainly comprised impairment loss of goodwill on consolidation, depreciation of property, plant and equipment, professional fees (inclusive of auditors' remuneration and tax agent fees) of RM8.45 million, RM0.85 million and RM0.46 million, respectively and other miscellaneous expenses.

The impairment loss of goodwill on consolidation was in respect of the TRIplc Group's subsidiary companies, i.e. Insa Alliance Sdn Bhd and Suasa Integrasi (M) Sdn Bhd as it was expected that the companies would not be generating revenue in the near future.

FYE 31 May 2015

The TRIplc Group's other expenses during the financial year decreased to RM2.27 million (FYE 31 May 2014: RM10.22 million), representing a decrease of RM7.95 million or 77.79%. The decrease was mainly due to the impairment loss of goodwill on consolidation of RM8.45 million recorded for FYE 31 May 2014.

FYE 31 May 2016

The TRIplc Group's other expenses increased to RM3.31 million during the financial year (FYE 31 May 2015: RM2.27 million), representing an increase of RM1.04 million or 45.81%. The increase was mainly attributed to the following:

(i) increase in depreciation of property, plant and equipment and investment properties to RM1.26 million (FYE 31 May 2015: RM1.09 million), representing an increase of RM0.17 million, which was due to acquisition of additional office equipment and fittings, motor vehicles and investment properties totalling to RM3.44 million during FYE 31 May 2016;

(ii) increase in legal and professional fees to RM0.99 million (FYE 31 May 2015: RM0.71 million), representing an increase of RM0.28 million which was due to additional legal and professional fees incurred in relation to financing arrangement for Z1P3 of UiTM Puncak Alam Campus; and

(iii) recognition of an impairment loss on other receivables amounting to RM0.39 million which was long outstanding.

FYE 31 May 2017

The TRIplc Group's other expenses during the financial year decreased to RM2.62 million (FYE 31 May 2016: RM3.31 million), representing a decrease of RM0.70 million or 21.04%. The decrease was mainly attributed to the following:

(i) there was no impairment loss recognised on other receivables during the financial year (FYE 31 May 2016: RM0.39 million); and

(ii) a lower professional fees of RM0.80 million incurred during the financial year (FYE 31 May 2016: RM0.99 million), representing a decrease of RM0.19 million or 18.98%.

3-months FPE 31 August 2017

During the financial period, the TRIplc Group recorded other expenses of RM0.50 million, representing a marginal movement vis-à-vis the 3-months FPE 31 August 2016. The other expenses incurred comprised mainly depreciation of property, plant and equipment, legal and professional fees and others.

3.2.7 Finance costs

The TRIplc Group's finance costs represented 12.42%, 39.52%, 45.75%, 30.88% and 24.56% of the TRIplc Group's revenue for the past four financial years up to FYE 31 May 2017 and 3-months FPE 31 August 2017, respectively. The finance costs of the TRIplc Group for the financial years under review were mainly attributable to interest expense on its borrowings, namely medium term notes ("**MTN**"), junior notes ("**JN**"), term loans and bank overdrafts as well as guarantee premium and fees ("**Guarantee Premium**") incurred in relation to the Financial Guarantee Insurance facility ("**FGI Facility**") for the MTN, which was payable to Danajamin Nasional Berhad ("**Danajamin**").

FYE 31 May 2014

The finance costs of the TRIplc Group amounted to RM17.77 million during the financial year mainly consisted of interest expenses in relation to the MTN, JN, term loans, and the Guarantee Premium amounted to RM10.57 million, RM2.98 million, RM0.62 million and RM3.50 million, respectively.

FYE 31 May 2015

The finance costs of the TRIplc Group increased to RM19.85 million during the financial year (FYE 31 May 2014: RM17.77 million), representing an increase of RM2.08 million or 11.71%.

During the financial year, the TRIplc Group was granted a new term loan facility of RM105.00 million ("**Term Loan II**"), of which the first tranche (out of two tranches) amounting to RM35.00 million had been drawn down in December 2014, thereby resulting in an increase in interest expense for term loans of RM0.72 million. RM5.00 million from the first tranche of the Term Loan II was for the purpose of partial repayment of the existing term loan balance of RM11.80 million and also financing for pre-operating working capital requirements for the Z1P3 of UiTM Puncak Alam Campus project.

In addition, the interest expense in relation to the MTN had increased to RM11.29 million (FYE 31 May 2014: RM10.57 million), representing an increase of RM0.72 million or 6.81% as the coupon rate of MTN had increased from 3.00% per annum to a range of 5.40% to 5.93% per annum at the end of its third anniversary, effective from October 2014 onwards.

FYE 31 May 2016

The finance costs of the TRIplc Group increased to RM23.11 million for the financial year (FYE 31 May 2015: RM19.85 million), representing an increase of RM3.26 million or 16.42%. The increase was mainly attributed to the following:

(i) increase in interest expense in respect of JN to RM4.97 million (FYE 31 May 2015: RM3.15 million), representing an increase of RM1.82 million or 57.78%, which was due to the change in the JN's terms governing its coupon payment which resulted in a higher effective interest rate, therefore an one-off adjustment was made during the financial year for such change;

(ii) increase in interest expense in respect of MTN to RM12.05 million (FYE 31 May 2015: RM11.29 million), representing an increase of RM0.76 million or 6.73%, which was due to a higher coupon rate imposed, effectively for a full financial year; and

(iii) increase in interest expense in respect of term loans to RM1.89 million (FYE 31 May 2015: RM1.34 million), representing an increase of RM0.55 million or 41.04%, which was due to higher effective interest rate of 6.22% per annum in respect of the Term Loan II granted in FYE 31 May 2015, of which RM35.00 million was drawn down in December 2014. The Term Loan II was for the purpose of financing the working capital of TRIplc and pre-operating expenses for Z1P3 of UiTM Puncak Alam Campus.

FYE 31 May 2017

During the financial year, the finance costs of TRIplc Group decreased marginally to RM21.90 million (FYE 31 May 2016: RM23.11 million), representing a decrease of RM1.21 million or 5.24%. This was mainly attributed to the following:

(i) decrease in the interest expense in respect of JN to RM3.36 million (FYE 31 May 2016: RM4.47 million), representing a decrease of RM1.12 million or 24.93%, which was due to the adjustment made for the change in the JN's terms governing its coupon payment in FYE 31 May 2016 as mentioned above;

(ii) decrease in the interest expense in respect of bank overdraft and revolving credit facilities from RM0.16 million and RM0.33 million to RM0.02 million and RM0.14 million respectively, which was due to a lower utilisation of bank overdraft facility and full repayment of the revolving facility during the financial year.

The decrease in the interest expense was partly offset by the additional interest expense incurred for the drawdown of the bridging loan amounting to RM0.36 million during the financial year.

3-months FPE 31 August 2017

During the financial period, the TRIplc Group recorded a lower finance cost of RM5.50 million (3-months FPE 31 August 2016: RM5.65 million), representing a marginal decrease of RM0.15 million or 2.67%, which was mainly attributed to the decrease in the interest expense in respect of MTN as the first principal repayment of MTN was made in October 2016, hence resulting in a lower outstanding principal.

3.2.8 PBT

The TRIplc Group recorded PBT of RM36.15 million, RM15.02 million, RM27.88 million, RM14.88 million and RM7.73 million for the past four financial years up to FYE 31 May 2017, and 3-months FPE 31 August 2017, respectively.

FYE 31 May 2014

For the financial year, the PBT of the TRIplc Group of RM36.15 million was derived from the GP of RM67.38 million and other income of RM3.02 million, after taking into account expenses (including selling and marketing costs, administrative expenses, other expenses and finance costs) of RM34.25 million. Included in the other expenses was an impairment loss on goodwill on consolidation amounting to RM8.45 million.

FYE 31 May 2015

The PBT of the TRIplc Group decreased to RM15.02 million for the financial year (FYE 31 May 2014: RM36.15 million), representing a decrease of RM21.13 million or 58.45%, which was primarily attributed to the decrease in GP to RM40.78 million (FYE 31 May 2015: RM67.38 million), representing a decrease of RM26.60 million or 39.48%. The decline in GP was due to the completion of the construction works in respect of Z1P2 of UiTM Puncak Alam Campus in April 2014.

The finance cost of the TRIplc Group increased to RM19.85 million for FYE 31 May 2015 (FYE 31 May 2014: RM17.77 million) mainly due to the following:

(i) drawdown of the Term Loan II amounting to RM35.00 million in December 2014; and

(ii) increase of MTN's coupon rate from 3.00% per annum to a range of 5.40% to 5.93% per annum effective from October 2014 onwards.

The decrease in PBT was due to a decrease in GP and partly offset by a lower other expenses of RM2.27 million (FYE 31 May 2014: RM10.22 million), representing a decline of RM7.95 million or 77.79% due to the impairment loss on goodwill on consolidation of RM8.45 million recognised in FYE 31 May 2014.

FYE 31 May 2016

The PBT of the TRIplc Group increased to RM27.88 million for the financial year (FYE 31 May 2015: RM15.02 million), representing an increase of RM12.86 million or 85.61%, which was primarily attributed to an increase in GP of RM19.93 million or 48.87% to RM60.71 million (FYE 31 May 2015: RM40.78 million). The increase was mainly due to reversal of the costs of RM16.92 million and RM0.95 million from the finalisation of the contract sums for Z1P1 and Z1P2 of UiTM Puncak Alam Campus respectively.

The increase in PBT was due to an increase in GP and partly offset by an increase in the administrative expenses, other expenses and finance costs to RM36.64 million for the financial year (FYE 31 May 2015: RM28.79 million) as analysed in the sub-sections above.

FYE 31 May 2017

The PBT of the TRIplc Group increased to RM14.88 million for the financial year (FYE 31 May 2016: RM4.67 million, excluding the non-recurring incomes recognised under the construction segment as highlighted in Section 3.2.1 of this Appendix), representing an increase of RM10.21 million or 68.62%. This was mainly attributed to the following:

(i) increase in gross profit from concession segment amounting to RM4.12 million which was mainly due to the commencement of construction works for the Z1P3 of UiTM Puncak Alam Campus project in April 2017; and

(ii) decrease in the administrative expenses, other expenses and finance costs of the TRIplc Group by RM6.94 million or 18.94% to RM29.70 million (FYE 31 May 2016: RM36.64 million) during the financial year as analysed in the sub-sections above.

3-months FPE 31 August 2017

The PBT of the TRIplc Group increased to RM7.73 million (3-months FPE 31 August 2016: RM2.85 million), representing an increase of RM4.88 million or 170.94%. This was mainly contributed from the Z1P3 of UiTM Puncak Alam Campus. Notably, the TRIplc Group also recorded a lower other income of RM0.26 million and a higher administrative expenses of RM1.47 million during the financial period as analysed in the sub-sections above.

3.2.9 Taxation

	FYE 31 May			
	2014 %	2015 %	2016 %	2017 %
Statutory tax rate	25.00	25.00	24.00	24.00
Effective tax rate	35.33	52.54	14.00	29.77

FYE 31 May 2014

The effective tax rate of 35.33% for the financial year was higher than the statutory tax rate mainly due to tax effects in respect of non-deductible expenses such as Guarantee Premium and unutilised capital allowances and tax losses of which deferred tax assets have not been recognised amounting to RM3.31 million and RM0.65 million, respectively.

FYE 31 May 2015

The effective tax rate of 52.54% for the financial year was higher than the statutory tax rate mainly due to under provision of the deferred tax expense in prior financial years amounting to RM2.04 million and tax effect in respect of non-deductible expenses such as Guarantee Premium and interest expense on loan amounting to RM2.04 million and RM1.66 million, respectively.

FYE 31 May 2016

The effective tax rate of 14.00% for the financial year was lower than the statutory tax rate mainly due to over provision of deferred tax expenses amounting to RM2.07 million in the prior financial years and tax effects in respect of income not subjected to tax mainly derived from fair value gain on service concession income and utilisation of deferred tax assets previously not recognised amounting to RM2.92 million and RM1.18 million, respectively.

FYE 31 May 2017

The effective tax rate of 29.77% for the financial year was higher than the statutory tax rate, which was mainly due to the following:

(i) recognition of tax expenses amounting to RM1.07 million which was under provided for in prior financial years;

(ii) tax effects in respect of non-deductible expenses of RM2.29 million, mainly consisted of the Guarantee Premium and interest expense on loan amounting to RM2.49 million and RM3.48 million, respectively;

(iii) tax effects in respect of deferred tax assets not recognised of RM0.49 million; and

(iv) partly offset by tax effects in respect of income not subjected to tax amounting to RM2.89 million.

4. SIGNIFICANT FACTORS AFFECTING THE FINANCIAL POSITION AND RESULTS OF THE TRIPLC GROUP

The TRIplc Group's financial position and results of operations have been, and will continue to be affected by, amongst others, the main factors which may not be within the TRIplc Group's control, as set out below:

(i) Key demand drivers for the construction, facilities management services and property development industry in Malaysia as set out in Appendix II of this Circular.

(ii) Number of projects awarded by public listed companies, private companies and the Government. However, the growth of the construction and property development industry as set out in Appendix II of this Circular is expected to benefit the TRIplc Group's overall business.

(iii) The TRIplc Group's ability to maintain the following registration/certificate with Construction Industry Development Board ("**CIDB**"):
- its Grade 7 contractor registration, the highest classification accorded by CIDB, which allows TRIplc to tender for contracts of unlimited value; and
- Government Works Procurement Certificate, which allows TRIplc to bid for Government and Government-related projects.

(iv) The TRIplc Group's ability to obtain the services provided by its contractors for its civil and construction works, mechanical and electrical engineering services and infrastructure development, civil and construction works. As contractors' cost is one of the major components of its project expenses, the TRIplc Group has periodically assessed its contractors' ability to deliver their services in a timely and satisfactory manner as any non-performance of works within the prescribed timeline may result in claims and damages and penalties against the TRIplc Group, which translates into lower profit margins from its projects.

Moreover, the TRIplc Group has historically leveraged on its long-term relationship with its customer, whereupon the TRIplc Group has obtained new projects from its existing customer. As the TRIplc Group engaged its contractors to provide various labour-intensive services, the TRIplc Group has constantly endeavoured to ensure that its contractors deliver their services within the projects timeline and specifications, as any failure to do so will inadvertently affect its relationship with its customer.

(v) Historically, the TRIplc Group's revenue was mainly contributed from its concession agreement, namely Z1P2 of UiTM Puncak Alam Campus which has a remaining concession period of approximately 17 years, and it was recently awarded another concession agreement, namely Z1P3 of UiTM Puncak Alam Campus which has a concession period of 25 years.

During the concession period, the Government may at any time, terminate the said concession agreements by expropriating the rights vested in the TRIplc Group under the concession agreements by giving not less than three months written notice to that effect, if the Government considers that such expropriation is in the national or public interest or national security.

The factors affecting the TRIplc Group's financial position and operations set out above are not exhaustive. Please refer to Section 5 of this Circular for additional factors that may have an impact on the TRIplc Group's financial position and results of operations.

5. EXCEPTIONAL AND EXTRAORDINARY ITEMS

There were no exceptional and extraordinary items for FYE 31 May 2014 to FYE 31 May 2017 and 3-months FPE 31 August 2017.

6. LIQUIDITY AND CAPITAL RESOURCES

6.1 Working capital

The business growth of the TRIplc Group has been financed through a combination of shareholders' equity, borrowings, and cash generated from the TRIplc Group's operations. Cash generated from operations is from the payments received under the Z1P2 Concession Agreement whilst the borrowings mainly comprise debt instruments namely MTN and JN to fund the construction cost of the infrastructure and facilities under the concession agreement.

As at 31 May 2017, the TRIplc Group's net current assets was RM90.13 million, comprising the following:

	31 May 2017 RM'000
Current assets	
Inventories	82,883
Trade and other receivables	31,164
Current tax assets	191
Cash and bank balances	63,223
	177,461
Current liabilities	
Trade and other payables	51,513
Provisions	931
Borrowings	34,292
Current tax liabilities	599
	87,335
Net current assets	90,126

The Board of TRIplc is of the opinion that, based on past financial performance and future prospects, after taking into account the cash and cash equivalents, the expected funds to be generated from operating activities, the borrowings and banking facilities available, the TRIplc Group will have adequate working capital for the operations of the TRIplc Group for a period of 12 months from the date of this Circular.

6.2 Cash flow

A summary of the TRIplc Group's statement of cash flows for FYE 31 May 2014 to FYE 31 May 2017 is set out below:

	FYE 31 May			
	2014 RM'000	2015 RM'000	2016 RM '000	2017 RM'000
Net cash (used in)/generated from operating activities	(66,314)	19,291	15,704	24,160
Net cash generated from/(used in) investing activities	3,986	(25,995)	17,833	(4,111)
Net cash (used in)/generated from financing activities	(12,781)	15,322	(33,890)	(17,727)
Net (decrease)/increase in cash and cash equivalents	(75,109)	8,618	(353)	2,322
Cash and cash equivalents at beginning of the financial year	106,174	31,065	39,683	39,330
Cash and cash equivalents at end of the financial year	31,065	39,683	39,330	41,652
Cash and cash equivalents comprise:				
Cash and bank balances	3,601	14,430	11,524	23,297
Short term funds	14	15	15	15
Fixed deposits with licensed banks	39,994	63,223	47,637	39,911
	43,609	77,668	59,176	63,223
Less:				
Bank overdraft	(2,317)	(1,992)	(2,150)	-
Fixed deposits placed with licensed banks with original maturity of more than three months	(9,163)	(34,899)	(17,013)	(20,868)
Deposits pledged to a licensed bank	(1,064)	(1,094)	(683)	(703)
	31,065	39,683	39,330	41,652

Save as disclosed below, there are no legal, financial or economic restrictions on the ability for the subsidiaries of the TRIplc Group to transfer funds to the TRIplc Group in the form of cash dividends, loans and advances to meet their cash obligations:

The covenants imposed on TRIplc Ventures, among others, concerning the transfer of funds pursuant to the issuance of MTN up to a nominal value of RM240.00 million ("**MTN Issuance Programme**") are set out below:

(i) TRIplc Ventures shall ensure all its shareholder's advances and JN shall be subordinated to the MTN;

(ii) TRIplc Ventures shall not, without the prior written consent of its noteholders, incur, assume, grant, lend, provide, extend or permit to exist, any loans, advances, credit accommodation, guarantee, indemnity or assurance against loss to or for the benefit of any person, enterprise or company, or act as surety or otherwise voluntarily assume any liability, whether actual or contingent except the FGI Facility, the advance facility provided by Danajamin ("**Advance Facility**") and the JN;

(iii) TRIplc Ventures shall not, without the prior written consent of its noteholders, obtain or permit to exist any loans or advances from its subsidiaries or associated companies (if applicable) unless such loans and advances are subordinated to the FGI Facility, Advance Facility, MTN and JN;

(iv) TRIplc Ventures shall not, without the prior written consent of its noteholders, declare or pay any dividends or pay any interest under the JN programme unless the following conditions are met:

   (a) no event of default has occurred and is subsisting or will occur at the time of such proposed declaration/payment;

   (b) the debt service coverage ratio after such payment will be at least 1.5 times; and

   (c) interest coupon on the JN shall not exceed 3% per annum (or such other higher rate as may be agreed by Danajamin) for such period that any MTN remains outstanding or the MTN programme remains available for utilisation;

(v) TRIplc Ventures shall not, without the prior written consent of its noteholders, make any loans to its directors, shareholders or its related or associated companies;

(vi) TRIplc Ventures shall not, without the prior written consent of its noteholders, make any repayment of loans or advances made to it by its directors, shareholders, subsidiaries, related or associated companies, other than redemption or repayment of the MTN, the FGI Facility, and the Advance Facility until all its liabilities and obligations arising from the MTN, the FGI Facility, the Advance Facility and/or the JN as the case may be have been discharged; and

(vii) TRIplc Ventures shall not, without the prior written consent of its noteholders, assign its rights or transfer its obligations under the MTN.

The significant covenants for the MTN and JN are set out as follows:

(i) debt service cover ratio (annual) of not less than 1.30 times throughout the tenure of the credit facilities of TRIplc Ventures for the covenant of MTN and JN;

(ii) debt service cover ratio (restricted distribution) of not less than 1.50 times after payment of JN interest and dividend throughout the tenure of the credit facilities of TRIplc Ventures for the covenant of MTN and JN; and

(iii) debt to equity ratio of not more than 80:20 throughout the tenure of the credit facilities of TRIplc Ventures for the covenant of JN.

The covenants imposed on TRIplc Medical, among others, concerning the transfer of funds pursuant to its Junior Sukuk Murabahah and Senior Sukuk Murabahah programmes are set out as follows:

(i) TRIplc Medical shall ensure that:

   (a) all loans/ or advances from its shareholders and/or related companies shall be subordinated to the Junior Sukuk Murabahah and Senior Sukuk Murabahah; and

   (b) there will be no repayment of loans and/or advances from its shareholders and/or related companies during the tenure of Junior Sukuk Murabahah and Senior Sukuk Murabahah save and except for the permitted distribution conditions are met;

(ii) TRIplc Medical shall not without the consent of the trustee, change the utilisation of proceeds from the Junior Sukuk Murabahah and Senior Sukuk Murabahah as stipulated in the respective issuance documents for which proceeds are to be utilised;

(iii) TRIplc Medical shall not without the consent of the trustee, incur, assume, make, grant, lend, provide extend or permit to exist any loans, advances, credit, accommodation, guarantee, indemnity or assurance against loss to or for the benefit of any person, enterprise or company, or act as surety or otherwise voluntarily assume any liability, whether actual or contingent, save and except for the indebtedness permitted to be incurred during the tenure of the Junior Sukuk Murabahah and Senior Sukuk Murabahah;

(iv) TRIplc Medical shall not without the consent of the trustee, sell, transfer, assign, lease, discount or otherwise dispose of the whole or any part of its present and future properties, assets, revenues and undertakings, save and except for transactions related to its normal course of business and on arms-length basis;

(v) TRIplc Medical shall not without the consent of the trustee, surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interest under the issuance documents and Z1P3 Concession Agreement;

(vi) TRIplc Medical shall not without the consent of the trustee, terminate, suspend or enter into negotiations to, in any way, alter, amend, change, vary, delete, waive or relinquish any of the terms or conditions of the Z1P3 Concession Agreement or grant any time or indulgence to or release or vary the liability of any person under the Z1P3 Concession Agreement save and except for the revision of the Availability Charges as required the Z1P3 Concession Agreement;

(vii) TRIplc Medical shall not without the consent of the trustee, enter into a transaction, whether directly or indirectly with its directors, major shareholders and chief executive officer ("**Interested Persons**") unless:

(a) such transaction shall be on terms that are no less favourable to TRIplc Medical than those which could have been obtained in a comparable transaction from persons who are not Interested Persons; and

(b) with respect to transactions involving an aggregate payment or value equal to or greater than the percentage ratio as provide in the Listing Requirements, TRIplc Medical obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

provided that (1) TRIplc Medical certifies to the trustee that the transaction complies with paragraph (a) above; (2) TRIplc Medical has received the certification referred to in paragraph (b) above (where applicable); and (3) the transaction has been approved by the majority of the TRIplc's Board or shareholders in general meeting as the case may require;

(viii) TRIplc Medical shall not without the consent of the trustee, declare or pay any dividends or make any distribution whether income or capital in nature to its shareholders or repay any profit and principal of any loans and/or advances from its shareholders and/or related companies or pay any profit payments and principal redemption of the Junior Sukuk Murabahah during the tenure of Senior Sukuk Murabahah unless the permitted distribution conditions are met at the time of the proposed declaration or payment;

(ix) TRIplc Medical shall not without the consent of the trustee, lend and/or advance any money to any party other than advances to contractors as required under the Z1P3 Concession Agreement;

(x) TRIplc Medical shall maintain the following financial covenants:

   (a) finance service cover ratio of at least 1.65 times during the Z1P3 Asset Management Period; and

   (b) permitted distribution finance service cover ratio of at least 1.65 times following any distribution made after the permitted distribution conditions are met.

Net cash (used in)/generated from operating activities

During FYE 31 May 2014, TRIplc Group's has used net cash of RM66.31 million in its operating activities which was mainly attributed to the following:

(i) cash paid for operating expenses for the purpose of payment to contractors for the construction of Z1P2 of UiTM Puncak Alam Campus project amounting to RM64.40 million; and

(ii) interest income received of RM2.89 million.

During FYE 31 May 2015, TRIplc Group generated net cash of RM19.29 million from its operating activities, which was mainly attributed to the following:

(i) cash received from UiTM for the service concession for Z1P2 of UiTM Puncak Alam Campus amounting to RM66.47 million;

(ii) cash paid for operating expenses and construction costs for Z1P2 of UiTM Puncak Alam Campus of RM48.74 million; and

(iii) interest income received of RM1.28 million.

During FYE 31 May 2016, the TRIplc Group generated net cash of RM15.70 million from operating activities which was mainly attributable to the following:

(i) cash received from UiTM for the construction of Z1P1 of UiTM Puncak Alam Campus and service concession for Z1P2 of UiTM Puncak Alam Campus amounting to RM62.66 million;

(ii) cash paid for operating expenses of RM6.14 million, construction costs for Z1P1 and Z1P2 of UiTM Puncak Alam Campus of RM39.20 million due to finalisation of the contract sums for Z1P1 and Z1P2 of UiTM Puncak Alam Campus, and consultant costs for Z1P3 of UiTM Puncak Alam Campus of RM0.20 million;

(iii) other income received of RM2.18 million;

(iv) tax paid of RM4.63 million; and

(v) tax refunded of RM0.40 million.

During FYE 31 May 2017, the TRIplc Group generated net cash of RM24.16 million from operating activities which was mainly attributable to the following:

(i) cash received from UiTM for the Z1P2 of UiTM Puncak Alam Campus project amounting to RM52.92 million;

(ii) cash paid for construction costs for Z1P1 and Z1P3 of UiTM Puncak Alam Campus project of RM2.61 million and RM16.58 million, respectively and other operating expenses of RM0.86 million; and

(iii) interest income received of RM1.87 million.

Net cash generated from/(used in) investing activities

Net cash generated from investing activities for FYE 31 May 2014 of RM3.99 million was mainly due to withdrawal of fixed deposits placed with licensed bank with maturity date of more than three months.

Net cash used in investing activities for FYE 31 May 2015 of RM26.00 million was mainly due to the placement of fixed deposits with licensed banks of RM25.74 million with maturity date of more than three months.

Net cash generated from investing activities for FYE 31 May 2016 of RM17.83 million was mainly due to the withdrawal of fixed deposits placed with licensed banks with original maturity of more than three months. The withdrawal was for the purpose of defraying the construction and development costs to the main contractors for Z1P1 and Z1P2 of UiTM Puncak Alam Campus after finalisation of the respective contract sums.

Net cash used in investing activities for FYE 31 May 2017 of RM4.11 million was mainly due to placement of fixed deposits with licensed banks with original maturity of more than three months of RM3.86 million and purchase of property, plant and equipment of RM0.33 million.

Net cash (used in)/generated from financing activities

Net cash used in financing activities for FYE 31 May 2014 of RM12.78 million was due to the following:

(i) payment of interest expense in respect of the MTN, term loans and overdraft facility amounting to RM12.72 million;

(ii) repayment of principal of term loans amounting to RM0.07 million;

(iii) repayment of principal and interest of hire purchase amounting to RM0.28 million; and

(iv) proceeds received from exercise of ESOS options amounting to RM0.29 million.

Net cash generated from financing activities for FYE 31 May 2015 of RM15.32 million was due to the following:

(i) payment of interest expense in respect of the MTN, term loans, revolving credit facility and overdraft facility amounting to RM15.15 million;

(ii) part draw down of the Term Loan II amounting to RM35.00 million;

(iii) repayment of principal of term loans amounting to RM5.07 million;

(iv) repayment of principal and interest expense of hire purchase amounting to RM0.22 million; and

(v) proceeds received from exercise of ESOS options amounting to RM0.76 million.

Net cash used in financing activities for FYE 31 May 2016 of RM33.89 million was mainly due to the following:

(i) payment of interest expense in respect of the MTN, JN, term loans, revolving credit facility and overdraft facility amounting to RM21.80 million;

(ii) repayment of principal of term loans amounting to RM13.48 million;

(iii) repayment of principal and interest expense of hire purchase amounting to RM0.20 million; and

(iv) proceeds received from exercise of ESOS options amounting to RM1.57 million.

Net cash used in financing activities for FYE 31 May 2017 of RM17.73 million was mainly due to the following:

(i) payment of interest expense in respect of the MTN, JN, term loans, revolving credit facility and overdraft facility amounting to RM20.15 million;

(ii) repayment of principal of MTN of RM20.00 million;

(iii) repayment of principal of term loans of RM9.53 million, which was offset by the drawdown of RM21.64 million;

(iv) repayment of principal of revolving credit of RM6.80 million; and

(v) repayment of principal and interest expense of hire purchase amounting to RM0.29 million,

which was partly offset by the drawdown of bridging loan and proceeds received from exercise of ESOS options amounting to RM14.61 million and RM2.79 million, respectively.

6.3 Borrowings

As at 31 May 2017, all the TRIplc Group's borrowings are interest bearing and are obtained from local financial institutions, details of which are as follows:

	As at 31 May 2017		
	Short term (due within 12 months) RM'000	**Long term (due after 12 months) RM'000**	**Total RM'000**
Secured			
MTN	19,327	197,060	216,387
JN	-	29,057	29,057
Term loan I	93	120	213
Term loan II	-	33,794	33,794
Hire purchase creditors	260	1,039	1,299
	19,680	261,070	280,750
Unsecured			
Bridging loan	14,612	-	14,612
Total interest-bearing borrowings	34,292	261,070	295,362
Gearing ratio			1.60

The TRIplc Group's term loans, hire purchase creditors, bridging loan and bank overdraft are exposed to interest rate fluctuations. The TRIplc Group's MTN and JN are not exposed to interest rate fluctuations. All the borrowings of the TRIplc Group are denominated in RM.

The details of the TRIplc Group's borrowings as at 31 May 2017 are set out below:

Type of borrowings	Tenure	Interest rate
MTN	15 years	Coupon rate of 3.0% per annum for the first three years and 5.40% to 5.93% per annum for the subsequent years of the tenure
JN	15 years	Coupon rate of 0% per annum for the first three years and 8.0% per annum (revised rate as approved by Danajamin) for the subsequent years of the tenure
Term loan I	20 years from date of first drawdown	Effective interest rate of 5% per annum
Term loan II	5 years from date of first drawdown	Effective cost of fund ("**ECOF**") + 1.75% per annum
Bank overdraft	Subject to annual review and payable on demand	Basic lending rate + 1% per annum
Hire purchase creditor	Repayable between 1 to 7 years	Effective interest rates ranging from 4.71% to 6.63% per annum
Bridging loan	Repayable at the earlier of: (i) 15 June 2018; or (ii) the first interest payment date after completion of the Proposed Acquisition.	Effective interest rate of 5.15% per annum

Borrowing	Repayment terms
MTN	(i) Repayment of RM20.00 million instalments each to be made from the fifth year to the tenth year from the issue date i.e. 10 October 2011; (ii) Repayment of RM25.00 million instalments each to be made from the eleventh to the fourteenth year from the issue date; and (iii) Final repayment of RM20.00 million to be made at the end of the fifteenth year from the issue date.
JN	Repayment of RM35.00 million to be made at the end of the fifteenth year from the issue date i.e. 1 June 2012

The details of the borrowings' maturity profile are set out below:

	FYE 31 May			
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Repayable as follows:				
- not later than one 1 year	14,370	16,535	30,090	34,292
- later than one 1 year and not later than 5 years	57,047	104,866	98,699	112,789
- more than 5 years	205,284	186,363	167,327	148,281
Total	276,701	307,764	296,116	295,362

The covenants for the MTN and JN are set out in section 6.2 of this Appendix.

The TRIplc Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past four financial years up to the LPD.

TRIplc , through its wholly-owned subsidiary, TRIplc Medical proposed to issue Junior Sukuk Murabahah and Senior Sukuk Murabahah programmes of up to nominal values of RM150.00 million and RM639.00 million, respectively for the purpose of financing the concession for Z1P3 of UiTM Puncak Alam Campus which has commenced on 11 April 2017.

On 23 October 2017, TRIplc Medical had:

(i) issued the Senior Sukuk Murabahah of RM639.00 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) with tenure of five years and up to 18 years from its date of issuance; and

(ii) made its first issuance of RM27.00 million in nominal value of an unrated Junior Sukuk Murabahah based on the Shariah principle of Murabahah (via Tawarruq arrangement) which has a tenure of 19 years.

The covenants for the Senior Sukuk Murabahah and Junior Sukuk Murabahah are set out in section 6.2 of this Appendix.

6.4 Breach of terms and conditions/covenants associated with credit arrangement/bank loans

As at the LPD, the TRIplc Group has not breached any terms and conditions or covenants associated with its credit arrangements or bank loans, which can materially affect its financial results or business operations, or the investments by holders of securities in TRIplc Group.

6.5 Financial instruments for hedging purposes

As at the LPD, the TRIplc Group does not have any financial instruments for hedging purposes.

6.6 Treasury policies and objectives

The TRIplc Group has been financing its operations through internally generated funds and external source of funds. Its external source of funds mainly comprises of borrowings, including bank borrowings and private debt securities.

The TRIplc Group also has short term bank borrowings facilities available. Its short term bank borrowings are bridging loan and bank overdraft, which are used to finance its working capital requirements. The interest rates for its bridging loan and bank overdraft are based on the prevailing cost of funds and base lending rate, respectively at the dates of the respective transactions as well as any additional margin added to or deducted from the prevailing cost of funds/base lending rate which was agreed upon by its bankers when the respective borrowing facilities were granted.

The TRIplc Group transacts its operations solely in RM and only maintains cash account in RM and as such, the TRIplc Group is not exposed to fluctuations in foreign exchange rates.

The TRIplc Group has not entered into any interest rate swap to hedge against the fluctuations in the interest rates. During the financial years under review and as at the LPD, the TRIplc Group is not exposed to any significant interest rate fluctuations.

6.7 Material commitments

As at the LPD, the Board of TRIplc confirms that there are no material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of the TRIplc Group.

6.8 Material litigation

As at the LPD, the TRIplc Group is not involved in any material litigation, claims or arbitration, pending or threatened, either as plaintiff or defendant, which has or would have a material and/or adverse effect on the financial position of TRIplc Group.

6.9 Contingent liabilities

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

6.10 Key financial ratios of the TRIplc Group

The key financial ratios of the TRIplc Group for FYE 31 May 2014 to FYE 31 May 2017 are as follows:

	← FYE 31 May			→
	2014	**2015**	**2016**	**2017**
Trade receivables turnover period (days)[(1)]	585	51	52	72
Trade payables turnover period (days)[(2)]	138	546	80[(3)]	34
Inventories turnover period (days)	#	#	#	#
Current ratio (times)	1.23	1.77	2.06	2.03
Gearing ratio (times)[(4)]	2.04	2.14	1.73	1.60

Notes:

\# Not applicable as the inventories of the TRIplc Group comprised land held for property development which it intends to develop as part of its future plan.

(1) The calculation in arriving the trade receivables turnover period can be depicted as follow:

$$\frac{\text{Trade receivables balances (net of impairment loss) in respect of maintenance services}^{(a)} + \text{rental income + sale of a bungalow lot}^{(b)}}{\text{Maintenance services revenue}^{(a)} + \text{rental income + revenue from sale of a bungalow lot}^{(b)}} \times 365$$

(a) Maintenance services revenue was only recognised from FYE 31 May 2015 onwards. Therefore, the trade receivable balance in respect of maintenance services was nil as at 31 May 2014.

(b) Revenue from the sale of a bungalow lot was only recognised in FYE 31 May 2014.

Please refer to Section 6.10.1 of this Appendix for justification for excluding other revenue and the trade receivable balance arising therefrom.

(2) The calculation in arriving at the trade payables turnover period can be depicted as follows:

$$\frac{\text{Total trade payables' balances} - (\text{retention sums} + \text{trade payables' balances in respect of construction segment})}{\text{Total cost of sales} - \text{cost of sales under construction segment}^{(a)}} \times 365$$

(a) Cost of sales under construction was only recognised in FYE 31 May 2016 and FYE 31 May 2017 which the construction works were completed in 2009.

(3) In arriving at the trade payables turnover period for FYE 31 May 2016, the trade payables' balances in respect of Z1P3 of Puncak Alam Campus project were excluded as there were no corresponding costs recognised given that its construction works had not commenced during the financial year.

(4) Calculated based on total interest bearing borrowings over shareholders' funds.

6.10.1 Trade receivables

The credit period granted by the TRIplc Group to its sole customer, namely UiTM is 30 days. As at the LPD, the TRIplc Group has not experienced any instances of significant bad debts for the financial years under review. The TRIplc Group will assess the impairment of trade receivables regularly and impair trade receivable balances which have been outstanding for more than 6 months.

For the purpose of analysing the TRIplc Group's trade receivables turnover period, we have only taken into consideration the trade receivables balances in respect of maintenance services, rental income and sale of a bungalow lot due to the following:

(i) exclusion of the amount due from a customer for contract works, i.e. UiTM for Z1P2 and Z1P3 of UiTM Puncak Alam Campus as it represented the present value of future concession income over the concession period which had yet become due as at the respective reporting dates. Correspondingly the revenue from construction contract and finance income under service concession have been excluded;

(ii) exclusion of the trade receivables balance in respect of availability charges under Z1P2 of UiTM Puncak Alam Campus project as the corresponding revenue i.e. the revenue from construction contract and finance income under service concession have been excluded as explained in (i) above; and

(iii) exclusion of the trade receivables balance in respect of Z1P1 of UiTM Puncak Alam Campus project and correspondingly its revenue as the contract sums of the said project were only finalised during FYE 31 May 2016 despite its completion took place in 2009.

The calculation in arriving at the trade receivables turnover period has been depicted under Section 6.10 of this Appendix.

The trade receivables turnover period of the TRIplc Group for FYE 31 May 2014 was 585 days and improved to 51 days and 52 days for FYE 31 May 2015 and FYE 31 May 2016 respectively. However, the trade receivables turnover period increased to 72 days for FYE 31 May 2017.

In FYE 31 May 2014, the trade receivables balances which contributed to high turnover period were as follows:

(i) project management fees of RM0.83 million owed by a property developer for a project which TRIplc was previously involved in; and

(ii) sale of a bungalow lot at Perdana Heights of RM0.66 million which was only collected in FYE 31 May 2015.

The trade receivables turnover period in FYE 31 May 2015 decreased significantly as TRIplc had:

(i) collected the balance in respect of the sale of a bungalow lot at Perdana Heights; and

(ii) started to recognise revenue relating to maintenance services, being the primary contributor to the denominator for trade receivables turnover period calculation.

The trade receivables turnover period in FYE 31 May 2016 has marginally increased to 52 days.

The trade receivables turnover period in FYE 31 May 2017 has increased to 72 days as TRIplc Group's trade receivables in respect of the maintenance services for Z1P2 of UiTM Puncak Alam Campus project increased to RM4.35 million (FYE 31 May 2016: RM3.31 million) as UiTM was in a transition period since the expiration of its Goods and Services Tax relief in March 2017. However, the collection from UiTM has subsequently regularised, evident by the subsequent collections received as at the LPD as illustrated below.

The trade receivables turnover periods for FYE 31 May 2015 and FYE 2016 were higher than the credit period of 30 days granted as the payment is subject to inspection and certification of the maintenance works performed.

The ageing analysis of the trade receivables of the TRIplc Group as at 31 May 2017 is as follows:

	Neither past due nor imparied (RM'000)	Past due, nor impaired				Past due and impaired (RM'000)	Total (RM'000)
		31-60 days (RM'000)	61-90 Days (RM'000)	91-210 days (RM'000)	More than 210 days (RM'000)		
Gross trade receivables	6,054	3,831	-	-	487	2,508	12,880
Less: impairment loss	-	-	-	-	-	(2,508)	(2,508)
Net trade receivables[(1)(2)]	6,054	3,831	-		487	-	10,372
Subsequent collections as at the LPD	(6,054)	(3,831)	-	-	(14)	-	(9,899)
Trade receivables net of subsequent collections as at the LPD	-	-	-	-	473	-	473

Notes:

(1) The balance is net of allowance for impairment loss, if any and excluding amount due from a customer for contract works.

(2) For the ageing analysis purpose, the balance in respect of Z1P2 of UiTM Puncak Alam Campus collectible from UiTM has been included in the net trade receivables.

Up to the LPD, 95.44% or RM9.90 million of the total trade receivables (excluding amount due from a customer for contract works) as at 31 May 2017 had been subsequently collected. The remaining RM0.47 million comprised mainly amount due from Joint Management Body ("**JMB**") since 2007. The amount due from JMB is collectible once strata titles are issued and transferred to the property owners.

The finance department of the TRIplc Group will follow up with the customer once it approaches the end of the credit period. The TRIplc Group will normally not impose any penalty for payments received past the due date. The TRIplc Group enjoys a good relationship with its customer, and this is evidenced by the recoverability of the trade receivables over the period from FYE 31 May 2014 up to FYE 31 May 2017.

The impairment loss on trade receivable of RM2.51 million above was mainly attributed to the sale of a piece of land in FYE 31 May 2011 by Suasa Integrasi (M) Sdn Bhd at Puncak Perdana for a consideration of RM2.79 million of which a deposit payment of RM0.30 million had been made. The outstanding amount of RM2.49 million is payable upon fulfilment of conditions precedent which has not been fulfilled as of to-date. Therefore, the said balance has been impaired in FYE 31 May 2012.

6.10.2 Trade payables

The normal credit terms granted to the TRIplc Group by its contractors is 30 days after certification while in the case of trade suppliers is 30 to 60 days. In view of the good relationship with its contractors and trade suppliers, the TRIplc Group enjoys credit period that are longer than the stipulated period. For FYE 31 May 2014 to FYE 31 May 2017, the TRIplc Group's trade payables comprised contractors and professional fees payable to consultants. While it is not a standard practice or contractual term, the TRIplc Group may occasionally negotiate with its contractors for payments to be made to the contractors upon collection of receivables from UiTM for the respective projects, depending on the cash flow requirements of the TRIplc Group and its projects.

The breakdown of the trade payables as at 31 May 2014, 31 May 2015, 31 May 2016 and FYE 31 May 2017 are as follows:

	31 May 2014 RM'000	31 May 2015 RM'000	31 May 2016 RM'000	31 May 2017 RM'000
Non-current				
Third parties	4,097	4,113	-	-
Current				
Third parties	70,756	52,629	21,475	18,943
Accruals	20,203	11,113	-	-
	90,959	63,742	21,475	18,943
Less: Retention sum	(29,902)	(24,645)	(4,947)	(4,317)
	61,057	39,097	16,528	14,626
Attributable to:				
Z1P1 of UiTM Puncak Alam Campus project	36,590	29,054	14,277	11,878
Z1P2 of UiTM Puncak Alam Campus project	23,666	9,645	1,466	1,141
Z1P3 of UiTM Puncak Alam Campus project	-	-	785	1,607
Others	801	398	-	-
	61,057	39,097	16,528	14,626

For the purpose of analysing the TRIplc Group's trade payables turnover period, we have adjusted for the following to arrive at a more reflective and meaningful indication of the time taken for the TRIplc Group to repay the debts due:

(i) exclusion of retention sum balances as it had not become payable until the creditors/contractors have been discharged from their obligations;

(ii) exclusion of trade payables balance in respect of Z1P3 of UiTM Puncak Alam Campus project as at 31 May 2016 in arriving at the trade payables turnover period for FYE 31 May 2016 as there were no corresponding costs recognised given that its construction works had not commenced during the financial year; and

(iii) exclusion of the trade payables balance and cost of sales in relation to the Z1P1 of UiTM Puncak Alam Campus as the project was completed in 2009 while its final contract sums were only finalised in FYE 31 May 2016 and FYE 31 May 2017 given that certain defects were not satisfactorily rectified.

The trade payables turnover period of the TRIplc Group for FYE 31 May 2014 was 138 days, which exceeded the normal credit period. This was primarily attributed to the high trade payables balances relating to the Z1P2 of UiTM Puncak Alam Campus project as the construction works were only completed in April 2014.

The trade payables turnover period of the TRIplc Group increased from 138 days for FYE 31 May 2014 to 546 days for FYE 31 May 2015 despite a decrease in adjusted trade payables from RM24.47 million to RM10.04 million given that TRIplc Group had made payments amounting to about RM23.48 million to its subcontractors for the Z1P2 of UiTM Puncak Alam Campus project. This increase in trade payables turnover period was mainly attributed to a lower cost of sales recognised in FYE 31 May 2015 subsequent to completion of the construction works for Z1P2 of UiTM Puncak Alam Campus project.

The trade payables turnover period of the TRIplc Group improved from 546 days for FYE 31 May 2015 to 80 days for FYE 31 May 2016. This was mainly due to the finalisation of the contract sum in relation to Z1P2 of UiTM Puncak Alam Campus, therefore enabling the TRIplc Group to commence repaying the relevant contractors. This has reduced the trade payables and accordingly, reduced the trade payables turnover period.

The trade payable turnover period of TRIplc Group further improved from 80 days for FYE 31 May 2016 to 34 days for FYE 31 May 2017. This was mainly due to the following:

(i) the TRIplc Group has incurred a higher cost of sales of RM29.26 million (FYE 31 May 2016: RM6.71 million) under its service concession segment since the commencement of construction works for Z1P3 of UiTM Puncak Alam Campus in April 2017; and

(ii) since the finalisation of the contract sums of Z1P1 of UiTM Puncak Alam Campus project, TRIplc Group has been paying its sub-contractors, thereby reducing its trade payables balance from RM14.28 million as at 31 May 2016 to RM11.88 million as at 31 May 2017.

As at 31 May 2017, the trade payables of the TRIplc Group net of retention sum which amounted to RM14.63 million can be analysed as follows:

	Within credit period (RM'000)	Exceeding credit period			Total (RM'000)
		0-30 days (RM'000)	31-60 days (RM'000)	>60days (RM'000)	
Trade payables	1,990	24	9	16,920	18,943
Less: retention sum	-	-	-	(4,317)	(4,317)
Trade payables	1,990	24	9	12,603	14,626
Subsequent payments as at the LPD	(1,990)	-	(9)	(275)	(2,274)
Trade payables net of subsequent payments as at the LPD	-	24	-	12,328	12,352

As at the LPD, the trade payables of RM12.35 million that remain outstanding comprised the following:

(i) Z1P1 of UiTM Puncak Alam Campus

As at 31 May 2017, the total outstanding trade payables attributable to Z1P1 of UiTM Puncak Alam Campus stood at RM11.88 million, of which the TRIplc Group and certain contractors had agreed on scheduled payments for RM0.25 million.

As at the LPD, the outstanding trade payables stood at RM11.60 million.

(ii) Z1P2 of UiTM Puncak Alam Campus

As at the LPD, the outstanding trade payables stood at RM0.75 million, which mainly comprise progress claims payable to the lead consultant.

The TRIplc Group will normally endeavour to make full settlement of trade payables within the allocated credit period. However, the TRIplc Group may arrange for a staggered or delayed payment to suppliers and contractors if collections on trade receivables are delayed for any reason and the cash flow requirements of the Group necessitates such arrangements.

As at the LPD, the TRIplc Group has not defaulted in payments. There were also no significant matters in dispute in relation to the trade payables and the Board of TRIplc is not aware of any actions, legal or otherwise, that have been taken against the TRIplc Group by its suppliers as at the LPD.

6.10.3 Inventory

As at the LPD, the inventories held by the TRIplc Group comprise only land held for property development with a total carrying value of RM82.88 million, of which RM81.44 million relates to land held by TRIplc Group for possible future development and as such, the computation of inventory turnover period is not applicable. The remaining land held by TRIplc Group of RM1.44 million relates to 53 unsold bungalow lots.

6.10.4 Current ratio

The TRIplc Group recorded a higher current ratio of 1.77 times for FYE 31 May 2015 as compared with 1.23 times for FYE 31 May 2014, as pursuant to the concession agreement in respect of the Z1P2 of UiTM Puncak Alam Campus, the payments from UiTM had commenced during FYE 31 May 2015, thereby resulting in a higher cash and bank balances of RM77.67 million as at 31 May 2015 vis-à-vis RM43.61 million as at 31 May 2014.

The current ratio increased to 2.06 times for FYE 31 May 2016. This was mainly due to decrease in trade and other payables as a result of:

(i) the reversal of the cost of sales amounting to RM16.92 million following finalisation of the contract sum for Z1P1 of UiTM Puncak Alam Campus project, which the contracts finalised were in respect of main infrastructure works, construction works for Z1P1 Satellite A and Satellite B and renovation works for laboratories; and

(ii) payments made to the trade payables for Z1P1 and Z1P2 of UiTM Puncak Alam Campus projects amounting to RM17.08 million and RM15.53 million, respectively.

The current ratio decreased marginally to 2.03 times for FYE 31 May 2017. This was mainly due to the increase in short-term borrowings to RM34.29 million (FYE 31 May 2016: RM30.09 million), attributable to the drawdown of the bridging loan of RM14.61 million, which was partly offset by the repayment of principal of MTN of RM20.00 million.

6.10.5 Gearing

The TRIplc Group recorded gearing of 1.73 to 2.14 times during the four financial years ended FYE 31 May 2017 mainly due to high reliance by the TRIplc Group on borrowings to finance the construction works for the concession projects undertaken. The method of financing opted is premised on the steady stream of cash flows from the concession agreements.

As highlighted in section 6.3 of this Appendix, TRIplc Medical had, on 23 October 2017, issued the Senior Sukuk Murabahah and Junior Sukuk Murabahah totalling up to RM666.00 million in nominal value. As such, the gearing ratio of TRIplc Group is expected to increase during FYE 31 May 2018. The issuance has not resulted in non-compliance with the existing covenants for the MTN and JN as such covenants are only imposed on TRIplc Ventures.

7. CAPITALISATION AND INDEBTEDNESS

The table below sets out the cash and cash equivalents, capitalisation and indebtedness of the TRIplc Group as at 31 August 2017.

	As at 31 August 2017 RM'000
Cash and bank balances	23,716
Fixed and short term deposits	48,025
	71,741
Fixed deposits with maturity more than three months	(5,496)
Fixed deposits pledged	(716)
Cash and cash equivalents	65,529
Indebtedness	
Long term	
MTN	197,240
JN	29,185
Term loans	33,896
Hire purchase creditors	972
Short term	
MTN	19,326
Term loans	90
Hire purchase creditors	264
Bridging loan	14,424
Bank overdraft	428
Total indebtedness	295,825
Capitalisation	
Total capitalisation (Shareholders' equity)	190,533
Total capitalisation and indebtedness	486,358

8. TREND INFORMATION

As at the LPD, the financial conditions and operations of the TRIplc Group has not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that it reasonably expects to have, a material favourable or unfavourable impact on the TRIplc Group's financial performance, position and operations other than those discussed in this section and in Appendix II of this Circular;

(b) material commitment for capital expenditure save as disclosed in Section 6.7 of this appendix;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the TRIplc Group save as disclosed in this section and in Section 5 of this appendix;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on the TRIplc Group's revenue and/or profits, save for those that had been disclosed in this section and Appendix II of this Circular; and

(e) known trends, demands, commitments, events or uncertainties that have had or that the TRIplc Group reasonably expects to have, a material favourable or unfavourable impact on its liquidity and capital resources and which are reasonably likely to make the TRIplc Group's historical financial statements not indicative of the future financial performance and position, other than those discussed in this section and in Appendix II of this Circular.

Information on the TRIplc Group's business and financial prospects, significant factors affecting the financial position and results of TRIplc Group are set out in Appendix I(B) of this Circular and Section 4 of this Appendix. Discussion on the overview of the industries in which the TRIplc Group operates in, its prospects and outlook are further elaborated in Appendix II of this Circular.

Based on the outlook of the industries that the TRIplc Group are involved in as set out in Appendix II of this Circular and the future plans and strategies and competitive advantages of TRIplc Group as set out in Section 3 of Appendix I(B) of this Circular, the Board of TRIplc is still positive about the future prospects of the TRIplc Group.

9. ORDER BOOK

Due to the nature of the business of TRIplc Group as a concessionaire, the TRIplc Group does not maintain any order book as the construction works for its concession projects are/will be fully outsourced. For further information on the on-going concessions of the TRIplc Group, please refer to section 2.1, Appendix I(B) of this Circular.

10. DIVIDEND POLICY

The TRIplc Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividend are subject to the discretion of the Board of TRIplc and any final dividend proposed is subject to the approval of the shareholders of TRIplc.

The ability to pay future dividends to the shareholders is subject to various factors such as the financial performance, cash flow requirements, availability of distributable reserves and financial covenants of the TRIplc Group.

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Ng Soe Kei
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TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

31 MAY 2017

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TRIplc BERHAD (242896 - A)

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TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2017.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and engaged in property construction and related activities. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	10,448	4,120
Attributable to:		
Owners of the parent	10,448	4,120
Non-controlling interests	-	-
	10,448	4,120

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the financial year ended 31 May 2017.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 66,349,085 units to 68,490,185 units by way of issuance of 2,141,100 new ordinary shares for cash arising from the exercise of options granted under the Company's Employees' Share Option Scheme.

The newly issued ordinary shares rank pari passu in all respects with the existing issued ordinary shares of the Company. There were no other issues of shares during the financial year.

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company implemented an Employees' Share Option Scheme on 30 December 2013 ("ESOS 2013/2018"). The ESOS 2013/2018 is administered by an ESOS Committee which comprises such persons as shall be appointed from time to time by the Board of Directors, and governed by the ESOS By-laws which were approved by the shareholders on 19 December 2013 ("ESOS By-laws").

The salient features of the ESOS 2013/2018 are as follows:

(a) The ESOS 2013/2018 is set up for the participation in ordinary shares of the Company only. The maximum number of new ordinary shares which may be made available under the ESOS 2013/2018 shall not exceed in aggregate 10% of the total issued and paid-up share capital of the Company at the point in time when an offer is made.

(b) The ESOS 2013/2018 is for a period of 5 years expiring on 28 December 2018 ("Original Expiry Date"), subject however to renewal for a period of up to a maximum of 5 years immediately from the Original Expiry Date upon recommendation by the ESOS Committee and to be determined by the Board on or before the Original Expiry Date, provided that the total duration of the ESOS 2013/2018 shall not exceed 10 years from the ESOS 2013/2018 effective date.

(c) Eligible Persons are those Directors and employees who have attained the age of 18 and are confirmed full time employees or contract staff who have been employed within the Group (save for subsidiaries which are dormant) for at least one (1) year, unless otherwise decided by the ESOS Committee at its discretion, and/or is under such categories and criteria that the ESOS Committee may from time to time decide at its discretion. In the case of a Director or an employee (who is the chief executive or a major shareholder of the Company) and persons connected to them, their specific allotments under the ESOS 2013/2018 shall be approved by the shareholders of the Company.

(d) The maximum number of new ordinary shares that may be offered to a selected eligible person shall be determined at the discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and length of service of the selected eligible person, subject to the following:

    (i) The Directors and senior management do not participate in the deliberation or discussion of their own allocation;

    (ii) The allocation to a selected eligible person, who either singly or collectively, through persons connected to the selected eligible person, holds 20% or more of the issued and paid-up share capital of the Company, must not exceed 10% of the new ordinary shares available under the ESOS 2013/2018; and

    (iii) Not more than 50% of the new ordinary shares made available under the ESOS 2013/2018 shall be allocated in aggregate to the Directors and senior management of the Group (save for subsidiaries which are dormant).

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EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (continued)

The salient features of the ESOS 2013/2018 are as follows (continued):

(e) The ESOS options granted under the ESOS 2013/2018 shall be incapable of being disposed, transferred and/or assigned, or subject to any encumbrances in any manner except in the event of the death of the grantee in accordance with the provisions of the ESOS By-laws, and are exercisable at any time(s) during the duration of the ESOS 2013/2018. Pursuant to the Listing Requirements, an eligible Director who is a Non-Executive Director of the Company and/or any of its subsidiaries shall not sell, transfer or assign the ordinary shares obtained through the exercise of the ESOS options granted to him within 1 year from the date of offer. Except for the Non-Executive Directors as mentioned above, the new ordinary shares allotted and issued to the grantees under the ESOS 2013/2018 will not be subject to any holding period or restriction on disposal, transfer and/or assignment. However, the ESOS Committee has the discretion in determining whether the exercise of the ESOS options or allotment and issuance of the new ordinary shares pursuant to the exercise of the ESOS options will be subject to any performance target.

(f) The exercise price of the options at which the eligible persons are entitled to subscribe for the ordinary shares of the Company under the ESOS 2013/2018 is the weighted average market price of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the respective dates of offer subject to a discount of not more than 10%, or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad and/or any other relevant authorities from time to time at the ESOS Committee's discretion, or at the par value of the ordinary shares of the Company, whichever is higher.

(g) The new ordinary shares issued arising from the ESOS 2013/2018 shall rank pari-passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the said new ordinary shares and are subject to the provisions of the Articles of Association of the Company.

(h) The details of the options over the ordinary shares of the Company are as follows:

			Number of share options					
Exercise period	**Date of offer**	**Exercise price**	**Balance as at 1.6.2016**	**Granted**	**Exercised**	**Retracted***	**Balance as at 31.5.2017**	**Exercisable as at 31.5.2017**
First ESOS grant								
9.1.2014 - 28.12.2018	9.1.2014	RM1.11	425,200	-	(280,700)	(32,000)	112,500	112,500
Second ESOS grant								
24.10.2014 - 28.12.2018	24.10.2014	RM1.13	473,500	-	(396,900)	(32,000)	44,600	44,600
Third ESOS grant								
28.10.2015 - 28.12.2018	28.10.2015	RM1.39	2,066,400	-	(1,463,500)	(125,100)	477,800	477,800
			2,965,100	-	(2,141,100)	(189,100)	634,900	634,900

** Due to staff resignation*

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EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (continued)

The salient features of the ESOS 2013/2018 are as follows (continued):

(i) The details of the options over the ordinary shares of the Company granted to the Directors are as follows:

First ESOS grant

			Number of share options					
Name	**Date of offer**	**Exercise price**	**Balance as at 1.6.2016**	**Granted**	**Exercised**	**Retracted**	**Balance as at 31.5.2017**	**Exercisable as at 31.5.2017**
Jumsi Bin Batri	9.1.2014	RM1.11	74,000	-	(74,000)	-	-	-
Ibrahim Bin Topaiwah	9.1.2014	RM1.11	112,000	-	-	-	112,000	112,000
Shamshiah Binti Hashim @ Abu Bakar	9.1.2014	RM1.11	29,000	-	(29,000)	-	-	-
			215,000	-	(103,000)	-	112,000	112,000

Second ESOS grant

			Number of share options					
Name	**Date of offer**	**Exercise price**	**Balance as at 1.6.2016**	**Granted**	**Exercised**	**Retracted**	**Balance as at 31.5.2017**	**Exercisable as at 31.5.2017**
Jumsi Bin Batri	24.10.2014	RM1.13	89,600	-	(89,600)	-	-	-
Ibrahim Bin Topaiwah	24.10.2014	RM1.13	89,600	-	(54,000)	-	35,600	35,600
Shamshiah Binti Hashim @ Abu Bakar	24.10.2014	RM1.13	59,000	-	(59,000)	-	-	-
			238,200	-	(202,600)	-	35,600	35,600

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (continued)

The salient features of the ESOS 2013/2018 are as follows (continued):

(i) The details of the options over the ordinary shares of the Company granted to the Directors are as follows (continued):

Third ESOS grant

			Number of share options					
Name	**Date of offer**	**Exercise price**	**Balance as at 1.6.2016**	**Granted**	**Exercised**	**Retracted**	**Balance as at 31.5.2017**	**Exercisable as at 31.5.2017**
Dato' Yusof Bin Badawi	28.10.2015	RM1.39	307,600	-	(307,600)	-	-	-
Ar Mohd Khalid Bin Mohammed Yusuf	28.10.2015	RM1.39	87,900	-	(27,000)	-	60,900	60,900
Jumsi Bin Batri	28.10.2015	RM1.39	84,000	-	(67,000)	-	17,000	17,000
Ibrahim Bin Topaiwah	28.10.2015	RM1.39	84,000	-	-	-	84,000	84,000
Shamshiah Binti Hashim @ Abu Bakar	28.10.2015	RM1.39	82,600	-	-	-	82,600	82,600
			646,100	-	(401,600)	-	244,500	244,500

The Company has been granted an exemption by the Companies Commission of Malaysia, vide its letter dated 6 September 2017, from having to disclose the full list of option holders and their holdings pursuant to Fifth Schedule of Section 255 (1) Part 1 (5) of the Companies Act, 2016 in Malaysia, except for eligible employees with an option allocation of 124,100 and above during the financial year as disclosed in the Appendix I.

DIRECTORS

The Directors who have held office since the date of the last report are:

Dato' Yusof Bin Badawi*
Dato' Hj. Abdul Halim Bin Hj. Said
Ar Mohd Khalid Bin Mohammed Yusuf*
Jumsi Bin Batri
Ibrahim Bin Topaiwah
Shamshiah Binti Hashim @ Abu Bakar*

* These Directors of the Company were also the Directors of subsidiaries of the Company.

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DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 May 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows:

	Number of ordinary shares			
Shares in the Company	**Balance as at 1.6.2016**	**Bought**	**Sold**	**Balance as at 31.5.2017**
Direct interests				
Jumsi Bin Batri	60	230,600	(128,000)	102,660
Ar Mohd Khalid Bin Mohammed Yusuf	114,700	27,000	-	141,700
Shamshiah Binti Hashim @ Abu Bakar	30,000	88,000	(8,000)	110,000
Dato' Yusof Bin Badawi	-	307,600	(222,800)	84,800
Ibrahim Bin Topaiwah	-	54,000	(54,000)	-

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

DIRECTORS' BENEFITS

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

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the Employees' Share Option Scheme as disclosed in Note 15 to the financial statements.

DIRECTORS' REMUNERATION

The remuneration of Directors who held office during the financial year ended 31 May 2017 are as follows:

	Group RM'000	Company RM'000
Directors' fees	35	35
Short term employee benefits	1,372	64
Allowances	186	186
Contributions to defined contribution plan	205	10
	1,798	295
Benefit-in-kind	117	117
	1,915	412

INDEMNITY AND INSURANCE FOR OFFICERS AND DIRECTORS

There was no indemnity given to or insurance effected for the officers and directors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

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

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the abilities of the Group and of the Company to meet their obligations as and when they fall due.

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OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group RM'000	**Company RM'000**
Statutory audit:		
- BDO	151	88
- Other firm	29	-
Other services	11	11
	191	99

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

Dato' Yusof Bin Badawi

Director

Shamshiah Binti Hashim @ Abu Bakar
Director

Shah Alam
19 September 2017

Company No:
242896 - A

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

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

In the opinion of the Directors, the financial statements set out on pages 15 to 104 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 39 on page 105 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Yusof Bin Badawi
Director

Shamshiah Binti Hashim @ Abu Bakar
Director

Shah Alam
19 September 2017

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

I, Shamshiah Binti Hashim @ Abu Bakar, being the Director primarily responsible for the financial management of TRIplc Berhad, do solemnly and sincerely declare that the financial statements set out on pages 15 to 105 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur this 19 September 2017

Shamshiah Binti Hashim @ Abu Bakar

Before me:

PESURUHJAYA SUMPAH
No. W 663
Nama: BALOO A/L T.PICHAI
MALAYSIA

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Malaysia

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TRIplc Berhad, which comprise the statements of financial position as at 31 May 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2017 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.

Key Audit Matters

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

BDO

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

Key Audit Matters (continued)

Accounting for revenue from service concession arrangements

We refer to Notes 13(g) and 27 to the financial statements on the recognition of concession income under IC Interpretation 12 *Service Concession Arrangements* ("IC 12"). Significant management judgement is required in determining appropriate discount rates for purposes of computation of concession income comprising revenue from construction contracts, maintenance services and finance income and corresponding amortised cost of financial assets.

The recognition of construction revenue, a component of the concession income and related expenses are computed based on stage of completion method. The determination of stage of completion requires management to exercise significant judgement in estimating the total costs to complete.

In estimating the total costs to completion, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies. The total costs to completion including sub-contractor costs, may vary with market conditions and may also be differently forecasted due to unforeseen events during construction.

Audit response

Our audit procedures performed include:

(a) Evaluated the Group's process in assessing the applicability of IC 12 and reviewed the associated agreements to assess whether these agreements have been appropriately identified to be service concession arrangements within the scope of IC 12;

(b) Evaluated the appropriateness of discount rates applied by re-computing the weighted average cost of capital based on actual borrowings drawdown and profit rates;

(c) Assessed management's estimate on budgeted costs to be incurred including comparison of historical budgets with actual costs incurred; and

(d) Assessed management's estimate on total costs to completion through enquiries with operational and financial personnel of the Group and inspected documentation to support the cost estimates.

Company No:
242896 - A

BDO

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

BDO

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

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

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

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

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

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Company No:
242896 - A

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 9 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 39 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

BDO	Ng Soe Kei
AF: 0206	02982/08/2019 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
19 September 2017

Company No:
242896 - A

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2017

	Note	Group 2017 RM'000	Group 2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	12,482	13,184
Investment properties	8	2,241	2,272
Deferred tax assets	24	78	-
Trade and other receivables	12	386,642	375,761
		401,443	391,217
Current assets			
Inventories	10	82,883	82,827
Trade and other receivables	12	31,164	33,020
Current tax assets		191	-
Cash and bank balances	14	63,223	59,176
		177,461	175,023
TOTAL ASSETS		578,904	566,240
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	15	72,939	66,349
Reserves	16	111,245	104,593
TOTAL EQUITY		184,184	170,942
LIABILITIES			
Non-current liabilities			
Provisions	25	4,331	4,331
Borrowings	17	261,070	266,026
Deferred tax liabilities	24	41,984	39,795
		307,385	310,152
Current liabilities			
Trade and other payables	26	51,513	52,463
Provisions	25	931	931
Borrowings	17	34,292	30,090
Current tax liabilities		599	1,662
		87,335	85,146
TOTAL LIABILITIES		394,720	395,298
TOTAL EQUITY AND LIABILITIES		578,904	566,240

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

Company No:
242896 - A

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2017

	Note	Company 2017 RM'000	Company 2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	723	439
Investments in subsidiaries	9	108,334	103,334
		109,057	103,773
Current assets			
Trade and other receivables	12	128,638	125,666
Cash and bank balances	14	8,393	3,273
		137,031	128,939
TOTAL ASSETS		246,088	232,712
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	15	72,939	66,349
Reserves	16	38,741	38,575
TOTAL EQUITY		111,680	104,924
LIABILITIES			
Non-current liabilities			
Borrowings	17	34,430	20,407
Current liabilities			
Trade and other payables	26	85,209	96,733
Borrowings	17	14,769	10,648
		99,978	107,381
TOTAL LIABILITIES		134,408	127,788
TOTAL EQUITY AND LIABILITIES		246,088	232,712

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

Company No:
242896 - A

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	27	70,911	50,503	10,000	16,288
Cost of sales	28	(29,341)	10,211	(75)	(226)
Gross profit		41,570	60,714	9,925	16,062
Other income		3,013	3,879	710	57
Selling and marketing costs		(5)	(70)	-	-
Administrative expenses		(5,189)	(10,222)	(1,711)	(2,841)
Other expenses		(2,616)	(3,313)	(1,097)	(696)
Finance costs	29	(21,896)	(23,107)	(2,632)	(2,414)
Profit before tax		14,877	27,881	5,195	10,168
Tax expense	30	(4,429)	(3,903)	(1,075)	-
Profit for the financial year		10,448	23,978	4,120	10,168
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		10,448	23,978	4,120	10,168
Profit attributable to owners of the parent		10,448	23,978	4,120	10,168
Total comprehensive income attributable to owners of the parent		10,448	23,978	4,120	10,168
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	31	15.41	36.50		
Diluted earnings per ordinary share attributable to equity holders of the Company (sen)	31	15.37	36.45		

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

Company No:
242896 - A

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

		<---------- Attributable to owners of the Company ---------->				
Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Share options reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 June 2015		64,967	676	2,528	75,367	143,538
Profit for the financial year		-	-	-	23,978	23,978
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	23,978	23,978
Transactions with owners						
Share options granted under ESOS	15	-	-	2,127	-	2,127
Ordinary shares issued pursuant to ESOS	15	1,382	1,332	(1,130)	-	1,584
ESOS retracted during the financial year	15	-	-	(1,054)	769	(285)
Total transactions with owners		1,382	1,332	(57)	769	3,426
Balance as at 31 May 2016		66,349	2,008	2,471	100,114	170,942

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

Company No:
242896 - A

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017 (continued)

		<---- Attributable to owners of the Company				---->
Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Share options reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 June 2016		66,349	2,008	2,471	100,114	170,942
Profit for the financial year		-	-	-	10,448	10,448
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	10,448	10,448
Transactions with owners						
Ordinary shares issued pursuant to ESOS	15	2,756	1,826	(1,788)	-	2,794
ESOS retracted during the financial year	15	-	-	(158)	158	-
Total transactions with owners		2,756	1,826	(1,946)	158	2,794
Effects of the new Companies Act, 2016	15	3,834	(3,834)	-	-	-
Balance as at 31 May 2017		72,939	-	525	110,720	184,184

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

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

		<—— Attributable to owners of the Company ——>				
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Share options reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 June 2015		64,967	676	2,528	23,928	92,099
Profit for the financial year		-	-	-	10,168	10,168
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	10,168	10,168
Transactions with owners						
Share options granted under ESOS	15	-	-	2,127	-	2,127
Ordinary shares issued pursuant to ESOS	15	1,382	1,332	(1,130)	-	1,584
ESOS retracted during the financial year	15	-	-	(1,054)	-	(1,054)
Total transactions with owners		1,382	1,332	(57)	-	2,657
Balance as at 31 May 2016		66,349	2,008	2,471	34,096	104,924

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

Company No:
242896 - A

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017 (continued)

		<---- Attributable to owners of the Company ---->				
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Share options reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 June 2016		66,349	2,008	2,471	34,096	104,924
Profit for the financial year		-	-	-	4,120	4,120
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	4,120	4,120
Transactions with owners						
Ordinary shares issued pursuant to ESOS	15	2,756	1,826	(1,788)	-	2,794
ESOS retracted during the financial year	15	-	-	(158)	-	(158)
Total transactions with owners		2,756	1,826	(1,946)	-	2,636
Effects of the new Companies Act, 2016	15	3,834	(3,834)	-	-	-
Balance as at 31 May 2017		72,939	-	525	38,216	111,680

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

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		52,923	62,664	-	7,771
Rental received		660	597	-	-
Cash paid for operating expenses and construction		(27,891)	(45,539)	(3,572)	(2,944)
Cash from/(used in) operations		25,692	17,722	(3,572)	4,827
Deposits received		150	12	-	-
Deposits paid		(57)	-	-	-
Interest received		1,867	2,183	111	53
Other income received		80	15	-	-
Tax refunded		-	403	-	-
Tax paid		(3,572)	(4,631)	(1,075)	-
Net cash from/(used in) operating activities		24,160	15,704	(4,536)	4,880
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	7(a)	(329)	(474)	(112)	-
Proceeds from disposal of property, plant and equipment		93	10	-	-
Dividends received from subsidiaries		-	-	10,000	10,000
Advances to a subsidiary		-	-	(15,661)	-
Advances from/(Repayments to) subsidiaries		-	-	1,640	(28)
Acquisition of additional interest in a subsidiary		-	-	(5,000)	-
(Placement)/Withdrawal of fixed deposits placed with licensed banks with original maturity of more than three (3) months		(3,855)	17,886	-	-
(Placement)/Withdrawal of fixed deposits pledged with a licensed bank		(20)	411	(20)	411
Net cash (used in)/from investing activities		(4,111)	17,833	(9,153)	10,383

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017 (continued)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of hire purchase creditors		(227)	(164)	(135)	(131)
Hire purchase interest paid		(68)	(31)	(39)	(28)
Net drawdown/(repayments) of term loans		12,107	(13,484)	12,194	(13,400)
Repayment of revolving credit		(6,800)	-	(6,800)	-
Repayment of Medium Term Notes		(20,000)	-	-	-
Drawdown of bridging loan		14,612	-	14,612	-
Proceeds from ordinary shares issued		2,794	1,584	2,794	1,584
Interest paid		(20,145)	(21,795)	(1,687)	(2,367)
Net cash (used in)/from financing activities		(17,727)	(33,890)	20,939	(14,342)
Net increase/(decrease) in cash and cash equivalents		2,322	(353)	7,250	921
Cash and cash equivalents at beginning of financial year		39,330	39,683	440	(481)
Cash and cash equivalents at end of financial year	14	41,652	39,330	7,690	440

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

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 8, Ground Floor, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 6 & 8, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 May 2017 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 19 September 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and engaged in property construction and related activities. The principal activities of its subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 15 to 104 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 2016 in Malaysia. However, Note 39 to the financial statements set out on page 105 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are also eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, the accounting policies of the subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interest in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.10 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The long term leasehold land of 99 years expiring on 25 March 2093 is amortised over its remaining lease period at the date of acquisition of 93 years.

Depreciation on other property, plant and equipment is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Buildings	2%
Plant and machinery	7 ½ %
Office equipment and fittings	10% - 33⅓%
Motor vehicles	20%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.11 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(a) Finance leases and hire purchase (continued)

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.6 Investment properties (continued)

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period for the buildings is 50 years.

Leasehold land is depreciated over the remaining leasehold period of 84 years.

At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.11 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.7 Service concession arrangements

Where the Group performs more than one service (i.e. construction contract and maintenance services) under a single contract or arrangement, the consideration receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

4.8 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other cost that are specifically chargeable to the customer under the terms of the contract.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceed progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.10 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.11 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, assets arising from construction contracts and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill, which has an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of non-financial assets (continued)

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU of the Group or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.12 Inventories

(a) Land held for property development

Land held for property development is stated at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(b) Properties under development

Properties under development is stated at the lower of cost and net realisable value.

Properties under development comprise cost associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowings costs.

(c) Developed properties held for sale

Developed properties held for sale are stated at the lower of cost and net realisable value.

Cost consists of costs associated with the acquisition of land, direct costs, and appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

4.13 Financial instruments

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

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

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

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Financial instruments (continued)

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Financial instruments (continued)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, 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.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Financial instruments (continued)

(b) Financial liabilities (continued)

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

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Before 31 January 2017
Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

After 31 January 2017
Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Financial instruments (continued)

(c) Equity (continued)

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury shares method.

Where the treasury shares method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.14 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

<u>Loans and receivables</u>

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

4.16 Income taxes

Income taxes include all taxes on taxable profits and other taxes, such as real property gains taxes payable on disposal of properties, if any.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Income taxes (continued)

(c) Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.17 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.19 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Employee benefits (continued)

(c) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees could provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital.

4.20 Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

4.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Revenue recognition (continued)

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Construction contracts

Profits from contract works are recognised on the percentage of completion method. Percentage of completion is determined based on the proportion of contract costs incurred for work performed to date against total estimated costs where the outcome of the project can be estimated reliably.

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

Where the outcome of a construction contract cannot be reliably estimated, revenue is recognised only to the extent of contracts costs incurred that is probable would be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(c) Concession income

Concession income under the concession arrangements is recognised upon services rendered (see Note 4.7 to the financial statements on service concession arrangements).

(d) Dividend income

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

(e) Interest income

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

(f) Fees from project management

Fees in respect of the rendering of project management services are recognised upon performance of services.

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.22 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

   (i) The combined reported profit of all operating segments that did not report a loss; and

   (ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.24 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

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

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016

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

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

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

Title	Effective Date
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2017
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 (continued)

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, the Directors are of the opinion that any instances of application of judgement are not expected to have significant effect on the amounts recognised in the financial statements, apart from those involving estimation which are dealt with below.

6.3 Key sources of estimation uncertainty

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

(a) Concession income

The Group recognise revenue from concession income, which comprises of construction contracts, maintenance services and finance income by applying the accounting treatment as prescribed in IC 12. Where the Group performs more than one service (i.e. construction contract and maintenance services) under a single contract or arrangement, the consideration receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

Significant judgement is required in determining the discount rates. In making this judgement, the Group relies on past experience and the work of specialists.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(b) Construction contract

The Group recognises revenue from construction activities and the related expenses in profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that contract costs incurred for work performed to-date compares to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction contracts. Total contract revenue also includes an estimation of variation works that are recoverable from customers. In making this judgement, the Group relies on past experience and the work of specialists.

(c) Income taxes

Significant judgement is involved in determining the Group-wide and the Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities from expected tax issues based on estimation of whether additional taxes would due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Impairment of investments in subsidiaries and impairment of amounts owing by subsidiaries

The Directors review the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of amounts owing by subsidiaries when the receivables are long outstanding. The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the fair value of the underlying assets.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost						
As at 1 June 2016	8,200	25,945	19,610	3,635	7,571	64,961
Additions	-	-	-	210	580	790
Disposal	-	-	-	-	(1,203)	(1,203)
As at 31 May 2017	8,200	25,945	19,610	3,845	6,948	64,548
Accumulated depreciation						
As at 1 June 2016	1,285	3,575	10,451	3,020	5,146	23,477
Charge for the financial year	74	104	-	310	787	1,275
Disposal	-	-	-	-	(986)	(986)
As at 31 May 2017	1,359	3,679	10,451	3,330	4,947	23,766
Accumulated impairment loss						
As at 31 May 2017/2016	1,190	17,759	9,159	109	83	28,300

7. **PROPERTY, PLANT AND EQUIPMENT (continued)**

Group 2016	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost						
As at 1 June 2015	8,200	25,945	19,610	3,475	6,783	64,013
Additions	-	-	-	160	879	1,039
Disposal	-	-	-	-	(91)	(91)
As at 31 May 2016	8,200	25,945	19,610	3,635	7,571	64,961
Accumulated depreciation						
As at 1 June 2015	1,211	3,471	10,451	2,739	4,538	22,410
Charge for the financial year	74	104	-	281	668	1,127
Disposal	-	-	-	-	(60)	(60)
As at 31 May 2016	1,285	3,575	10,451	3,020	5,146	23,477
Accumulated impairment loss						
As at 31 May 2016/2015	1,190	17,759	9,159	109	83	28,300
Carrying amount						
2017	5,651	4,507	-	406	1,918	12,482
2016	5,725	4,611	-	506	2,342	13,184

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Office equipment and fittings RM'000	Motor vehicles RM'000	Total RM'000
2017			
Cost			
As at 1 June 2016	782	1,176	1,958
Additions	82	453	535
As at 31 May 2017	864	1,629	2,493
Accumulated depreciation			
As at 1 June 2016	777	742	1,519
Charge for the financial year	12	239	251
As at 31 May 2017	789	981	1,770
2016			
Cost			
As at 1 June 2015/31 May 2016	782	1,176	1,958
Accumulated depreciation			
As at 1 June 2015	775	534	1,309
Charge for the financial year	2	208	210
As at 31 May 2016	777	742	1,519
Carrying amount			
2017	75	648	723
2016	5	434	439

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Purchase of property, plant and equipment	790	1,039	535	-
Financed by hire purchase arrangements	(461)	(565)	(423)	-
Cash payments on purchase of property, plant and equipment	329	474	112	-

(b) The carrying amount of property, plant and equipment of the Group and of the Company under finance leases as at the end of reporting period are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Motor vehicles	1,174	1,032	648	434

(c) As at the end of the reporting period, buildings with a carrying amount of RM1,065,000 (2016: RM1,079,000) have been charged to a financial institution for credit facilities granted to the Group as disclosed in Note 19(a) to the financial statements.

8. INVESTMENT PROPERTIES

Group 2017	Balance as at 1.6.2016 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2017 RM'000
At cost			
Leasehold land and buildings	2,272	(31)	2,241

	[------------	At 31.5.2017	------------]
Group	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Leasehold land and buildings	2,400	(159)	2,241

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8. INVESTMENT PROPERTIES (continued)

Group 2016	Balance as at 1.6.2015 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2016 RM'000
At cost					
Leasehold land and buildings	-	3,600	(1,200)	(128)	2,272

	[------- At 31.5.2016 -------]		
Group	**Cost RM'000**	**Accumulated depreciation RM'000**	**Carrying amount RM'000**
Leasehold land and buildings	2400	(128)	2,272

	Fair value	
Group	**2017 RM'000**	**2016 RM'000**
Leasehold land and buildings	2,520	2,600

(a) In previous financial year, the Group has entered into a debt settlement arrangement with its trade receivable to settle its outstanding amount in exchange with three (3) units of leasehold land and buildings with the total value of RM3,600,000.

In previous financial year, the Group has also entered into a debt settlement arrangement with its trade payable to settle the amount owing to the trade payable in exchange with a unit of the leasehold land and building for a sale consideration of RM1,600,000.

(b) Direct operating expense arising from investment properties during the financial year are as follows:

	2017 RM'000	2016 RM'000
Quit rent and assessment	5	5

(c) The investment properties of the Group were appraised by the Directors based on a valuation performed by an independent firm of professional valuer on a comparison method.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2017 RM'000	Company 2016 RM'000
At cost		
Unquoted equity shares, at cost	174,944	169,944
Less: Impairment losses	(66,610)	(66,610)
	108,334	103,334

The details of subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of company	Effective interest 2017	Effective interest 2016	Principal activities
Suasa Integrasi (M) Sdn. Bhd.**	100%	100%	Property development
Insa Alliance Sdn. Bhd.	100%	100%	Property development and provision of project management services
Usahasewa Sdn. Bhd.**	100%	100%	Property development
Tirai Gemilang Sdn. Bhd.**	100%	100%	Property development
Layar Kekal (M) Sdn. Bhd.**	100%	100%	Property development
Samasys Sdn. Bhd.**	100%	100%	Property development
Zuriat Watan Sdn. Bhd.	100%	100%	Property development
Central Challenger (M) Sdn. Bhd.**	100%	100%	Property development, provision of project management services and property management
TRIplc Resources Sdn. Bhd.	100%	100%	Property construction and related activities
Prinsip Barisan (M) Sdn. Bhd.	100%	100%	Property investment
TRIplc FMS Sdn. Bhd.	100%	100%	Provision of facilities management services
TRIplc Industries Sdn. Bhd.	100%	100%	Property construction and related activities
TRIplc Medical Sdn. Bhd.	100%	100%	Concession relates to design, development, construction, completion and asset management services activities.
TRIplc Ventures Sdn. Bhd.	100%	100%	Property construction and related activities

** *Not audited by BDO*

9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The shares in TVSB with a carrying amount of RM26,650,000 (2016: RM26,650,000) has been pledged to Security Trustee for the Financial Guarantee Insurance ("FGI") facility and Junior Notes granted to the Group in relation to the construction works of UiTM Puncak Alam Campus as disclosed in Note 18(g)(ix) to the financial statements.

(b) On 9 June 2016, the Company has further subscribed 5,000,000 new ordinary shares of RM1.00 each in TRIplc Medical Sdn. Bhd. ("TMSB"), a wholly owned subsidiary of the Company and the Company's stake-holding in TMSB remains at 100% (equivalent to 5,275,000 shares) of the enlarged issued and paid-up share capital of TMSB.

During the financial year, the shares in TMSB with a carrying amount of RM5,275,000 has been pledged to Security Trustee for the Al-Kafalah Facility, Senior Sukuk Murabahah and Junior Sukuk Murabahah granted to the Group in relation to the construction works of UiTM Puncak Alam Campus as disclosed in Note 38(d)(viii) to the financial statements.

10. INVENTORIES

	Group	
	2017	**2016**
	RM'000	**RM'000**
Land held for property development	82,883	82,827

The components of land held for properties development as at the end of the financial year comprise:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Leasehold land	55,089	55,089
Development expenditure	27,794	27,738
	82,883	82,827

(i) Certain parcels of leasehold land of the Group with a carrying value of RM460,000 (2016: RM460,000) have been charged as security for bank overdraft facility granted to the Group as disclosed in Note 22(a)(i) to the financial statements.

(ii) Land title for certain land held for property development with a carrying amount of RM44,207,000 (2016: RM44,180,000) will only be issued upon payment of the land conversion premium as mentioned in Note 25 to the financial statements.

(iii) Leasehold land of Zuriat Watan Sdn. Bhd., a wholly-owned subsidiary of the Company with a carrying value of RM37,234,000 (2016: RM37,234,000) have been charged as security for term loan facility granted to the Company as disclosed in Note 19(b) to the financial statements.

The said leasehold land and development expenditure had been written down by RM52,882,000 to its net realisable value in the previous financial years as a result of the suspension of the development work and poor market condition.

11. GOODWILL ON CONSOLIDATION

Group	Balance as at 1.6.2016/ 1.6.2015 RM'000	Impairment loss for the financial year RM'000	Balance as at 31.5.2017/ 31.5.2016 RM'000
Carrying amount			
Goodwill	-	-	-

	<--------As at 31.5.2017/31.5.2016-------->		
	Cost RM'000	**Accumulated impairment loss RM'000**	**Carrying amount RM'000**
Goodwill	59,034	(59,034)	-

In the previous financial years, the Board of Directors had re-assessed the recoverable amount of the goodwill based on actual operating results and their expectation of future cash flows in the CGU, property development and property investment. Based on their assessment, an impairment loss for the goodwill had been fully recognised as a result of a decline in the economic benefits expected from the CGU.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Non-current				
Trade receivables				
Amount due from a customer for contract works (Note 13)	379,868	372,521	-	-
Non-trade receivable				
Other receivable	6,774	3,240	-	-
	386,642	375,761	-	-
Current				
Trade receivables				
Third parties	12,880	8,703	-	-
Amount due from a customer for contract works (Note 13)	14,053	19,022	-	5,871
	26,933	27,725	-	5,871

12. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Non-trade receivables				
Amounts owing by subsidiaries	-	-	206,801	198,045
Other receivables	9,458	10,147	5,352	5,265
Deposits	611	553	99	99
Prepayments	4,539	5,362	22	22
	14,608	16,062	212,274	203,431
Less: Impairment losses				
- trade receivables	(2,508)	(2,508)	-	-
- other receivables	(7,869)	(8,259)	(4,873)	(4,873)
- amounts owing by subsidiaries	-	-	(78,763)	(78,763)
	31,164	33,020	128,638	125,666
Total trade and other receivables	417,806	408,781	128,638	125,666

(a) Current trade receivables from third parties are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 14 to 30 days (2016: 14 to 30 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) Non-current other receivable of the Company represents financial assets from a concession arrangement for Universiti Teknologi MARA (UiTM) project.

(c) Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

Included in amount owing by a subsidiary of RM15,661,000 will be reclassified to non-current receivable, being part of the financing requirements for the CA-Z1P3 upon issuance of Senior Sukuk Murabahah.

(d) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

(e) Trade and other receivables are denominated in RM.

12. TRADE AND OTHER RECEIVABLES (continued)

(f) Ageing analysis of trade receivables (excluding amount due from a customer for contract works) of the Group and of the Company are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	6,054	5,815	-	-
Past due, not impaired				
1 to 30 days	3,831	4	-	-
31 to 60 days	-	-	-	-
61 to 90 days	-	-	-	-
More than 90 days	487	376	-	-
	4,318	380	-	-
Past due and impaired	2,508	2,508	-	-
	12,880	8,703	-	-

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of each reporting period, trade receivables of the Group arising from construction and property development that are past due but not impaired amounted to RM4,318,000 (2016:RM380,000). These receivables are creditworthy receivables and the Directors are of the opinion that the balances due can be fully recovered in the near future.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of each reporting period are as follows:

	Group Individually impaired	
	2017 RM'000	2016 RM'000
Trade receivables, gross	2,508	2,508
Less: Impairment losses	(2,508)	(2,508)
	-	-

12. TRADE AND OTHER RECEIVABLES (continued)

(g) Reconciliation of movement in impairment losses of trade and non-trade receivables are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables				
As at 1 June	2,508	2,508	-	-
Charge for the financial year	-	-	-	-
As at 31 May	2,508	2,508	-	-
Non-trade receivables				
As at 1 June	8,259	7,869	83,636	83,636
Charge for the financial year	-	390	-	-
Reversal of impairment losses	(390)	-	-	-
As at 31 May	7,869	8,259	83,636	83,636
	10,377	10,767	83,636	83,636

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(h) At the end of each reporting period, the Group has a significant concentration of credit risk of 94% (2016: 96%) from its total trade and other receivables relating to the amount due from a customer for contract works. The entire amount due from a customer for contract works is due from concession arrangements for UiTM project.

13. AMOUNT DUE FROM A CUSTOMER FOR CONTRACT WORKS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Aggregate costs incurred to date	2,280,154	2,265,264	1,040,909	1,040,909
Add: Attributable profits	246,227	239,724	27,355	27,355
	2,526,381	2,504,988	1,068,264	1,068,264
Reversal due to completion of project	(2,097,477)	-	(1,068,264)	-
Total	428,904	2,504,988	-	1,068,264
Less: Progress billings	(2,132,460)	(2,113,445)	(1,062,393)	(1,062,393)
Reversal due to completion of project	2,097,477	-	1,062,393	-
	(34,983)	(2,113,445)	-	(1,062,393)
Amount due from a customer for contract works	393,921	391,543	-	5,871
Amount due from a customer for contract works:				
- non-current	379,868	372,521	-	-
- current	14,053	19,022	-	5,871
	393,921	391,543	-	5,871

(a) Included in aggregate costs incurred to date are the following charges capitalised during the financial year:

	Group	
	2017 RM'000	2016 RM'000
Salaries, wages and bonuses	3,455	610
Defined contribution retirement plan	484	91
Other employee benefits	18	4
Total staff costs	3,957	705

13. AMOUNT DUE FROM A CUSTOMER FOR CONTRACT WORKS (continued)

(b) Concession Agreement ("CA-Z1P2")

On 4 May 2010, the Company announced that TRIplc Ventures Sdn. Bhd. ("Concession Company"), a wholly owned subsidiary of the Company, has executed a CA-Z1P2 with the Government of Malaysia and UiTM for the grant to the Concession Company of the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the Facilities and Infrastructure of UiTM Puncak Alam Campus and to carry out the maintenance works in relation to the maintenance of the Facilities and Infrastructure (collectively referred to as the "Concession").

The principal terms of the CA-Z1P2 are as follows:

(i) the Concession Period shall be for a period of twenty three (23) years commencing from the Construction Commencement Date or Effective Date whichever is later and ending on the twenty third (23rd) anniversary of the date. The commencement date of the construction was 11 April 2011.

(ii) the maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expire on the last date of the Concession Period ("Maintenance Period").

The project has been completed and the Certificate of Acceptance was issued by UiTM on 11 April 2014. The issuance of Certificate of Acceptance is to confirm the acceptance of the availability of Facilities and Infrastructure by UiTM and to confirm the commencement of the Maintenance Period is from 11 April 2014.

UiTM shall pay the Concession Company throughout the Maintenance Period the following charges:

(i) Availability Charges for the availability of the Facilities and Infrastructure;

(ii) Maintenance Charges for the provision of maintenance works in accordance with the provision of the Concession Agreement.

(c) Concession Agreement ("CA-Z1P3")

On 18 February 2016, the Company announced that TRIplc Medical Sdn. Bhd. ("TMSB"), a wholly owned subsidiary of the Company, has executed a CA-Z1P3 with the Government of Malaysia and UiTM for the rights and authority to undertake the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the Facilities and Infrastructure of UiTM Puncak Alam Campus and thereafter to carry out the asset management services of the Facilities and Infrastructure (collectively referred to as the "Concession").

13. AMOUNT DUE FROM A CUSTOMER FOR CONTRACT WORKS (continued)

(c) Concession Agreement ("CA-Z1P3") (continued)

The principle terms of the CA-Z1P3 are as follows:

(i) the concession granted is for a period of twenty five (25) years ("Concession Period") which consists of three (3) years for construction works and twenty two (22) years for asset management services. The construction commencement date shall be within 14 days from the Effective Date or Approval Date, whichever is later. The commencement date of the construction was 11 April 2017.

(ii) the asset management services will commence upon completion of the construction works and expiring on the last date of the Concession Period ("Asset Management Services Period").

(iii) throughout the asset management services period, UiTM will pay the Company Availability Charges (for the availability of the Facilities and Infrastructure) and Asset Management Services Charges (for the provision of maintenance services and asset replacement programme).

(d) Non-current amount due from a customer for contract works represents financial assets from the concession arrangements for the UiTM project. The amount comprises the fair value of the consideration receivable for the construction services delivered during the stage of construction. The repayment is in the form of availability charges from the concession arrangements. Availability charges of CA-Z1P2 have been commenced in year 2014 for a period of twenty (20) years.

(e) The amount due from a customer for contract works of CA-Z1P2 are pledged to the holders of the Medium Term Notes and Junior Notes as disclosed in Note 18 to the financial statements.

(f) The amount due from a customer for contact works of CA-Z1P3 will be pledged to the Sukukholders once the Group issue its Senior Sukuk Murabahah and Junior Sukuk Murabahah.

(g) The key assumptions for the computation of the amount due from a customer for contact works are those regarding the discount rates. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the service concession unit. The discount rates used ranged from 3.5% to 6.0% (2016: 3.5%) per annum.

14. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	23,297	11,524	7,690	2,590
Deposits with licensed banks	39,911	47,637	703	683
Short term funds	15	15	-	-
As reported in the statements of financial position	63,223	59,176	8,393	3,273
Less: Bank overdraft (Notes 17 and 22)	-	(2,150)	-	(2,150)
Less: Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(20,868)	(17,013)	-	-
Less: Deposits pledged to a licensed bank	(703)	(683)	(703)	(683)
As reported in the statements of cash flows	41,652	39,330	7,690	440

(a) Included in the cash and bank balances of the Group is an amount of RM56,000 (2016: RM55,000) held under Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002.

(b) Deposits with a licensed bank of the Group and the Company amounting to RM703,000 (2016: RM683,000) and RM703,000 (2016: RM683,000) respectively have been pledged as securities for banking facilities granted to the Company as disclosed in Note 22(b) to the financial statements.

(c) During the financial year, included in the cash and bank balances and deposits with licensed banks of the Group are amounts of RM2,334,000 (2016: RM2,266,000) and RM36,613,000 (2016: RM44,206,000) respectively held under the Revenue Accounts, Operating Accounts and MTN DSRA ("Designated Accounts") pursuant to an agreement entered between the Group and a Security Agent for the availability of Financial Guarantee Insurance Facility ("FGI") to the Group by Danajamin Nasional Berhad ("Chargee"). The Group assigned and charged to the Security Agent all its rights, title, interest and benefits in and under the Designated Accounts as securities for the repayment of the total secured amount for the FGI facility and Junior Notes. The repayment shall rank in the order of priority as disclosed in Note 18(g)(xiii) to the financial statements.

14. CASH AND BANK BALANCES (continued)

(d) During the financial year, included in the cash and bank balances and deposits with licensed banks of the Group are amounts of RM3,000 (2016: RM3,000) and RM1,505,000 (2016: RM1,404,000) respectively held under the JN DSRA pursuant to an agreement entered between the Group and a Security Agent. The Group assigned and charged to the Security Agent all its rights, title, interest and benefits in and under the JN DSRA as security for the payment of the outstanding under the Junior Notes as disclosed in Note 18(g)(xii) to the financial statements.

(e) Included in the cash and bank balances and deposits with licensed banks of the Group are amounts of RM272,000 (2016: RM242,000) and RM1,090,000 (2016: RM1,090,000) held under the Disbursement Account pursuant to an agreement entered between the Group and the Chargee for the availability of FGI by the Chargee. The Group assigned and charged to the Chargee all its rights, title, interest and benefits in and under the Disbursement Account as securities for the FGI facility as disclosed in Note 18(g)(vi) to the financial statements.

(f) Included in the cash and bank balances of the Group and the Company are amount of RM2,140,000 (2016: RM1,944,000) held under the Designated Accounts pursuant to an agreement entered between the Company and a Security Agent for the availability of Term Loan ("TL") to the Group by Hong Leong Bank Berhad ("Chargee"). The Group assigned and charged to the Security Agent all its rights, title, interest and benefits in and under the Designated Accounts as securities for the repayment of the total secured amount for the TL facility disclosed in Note 19(b) to the financial statements.

(g) During the financial year,. included in the cash and bank balances of the Group are amount of RM5,000 held under the Disbursement Account, Revenue Account, Operating Account, Senior Sukuk FSRA and Junior Sukuk FSRA pursuant to agreements for Al-Kafalah Facility, Senior Sukuk Murabahah and Junior Sukuk Murabahah. The Group has assigned and charged all its rights, title, interest and benefits under these Accounts as disclosed in Note 38(d) to the financial statements.

(h) Short term funds represent investment in fixed income trust funds in Malaysia, which are invested in highly liquid money markets, with original maturities of three (3) months or less, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

(i) Cash and bank balances are denominated in RM.

(j) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid-up ordinary shares:				
At beginning of the financial year	66,349	66,349	64,967	64,967
Issued for cash pursuant to employees' share options scheme	2,141	2,756	1,382	1,382
Transfer from share premium account pursuant to the new Companies Act, 2016	-	3,834	-	-
At end of the financial year	68,490	72,939	66,349	66,349

With the introduction of the new Companies Act, 2016 (the "Act") effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, balances within the share premium account have been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Act. Notwithstanding this provision, the Company has elected to utilise its share premium account of RM3,834,000 for purposes stipulated in Section 618(3) of the new Act for a transitional period of 24 months from 31 January 2017.

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

The Company implemented an Employees' Share Option Scheme on 30 December 2013 ("ESOS 2013/2018"). The ESOS 2013/2018 is administered by an ESOS Committee which comprises such persons as shall be appointed from time to time by the Board of Directors, and governed by the ESOS By-laws which were approved by the shareholders on 19 December 2013 ("ESOS By-laws").

The salient features of the ESOS 2013/2018 are as follows:

(a) The ESOS 2013/2018 is set up for the participation in ordinary shares of the Company only. The maximum number of new ordinary shares which may be made available under the ESOS 2013/2018 shall not exceed in aggregate 10% of the total issued and paid-up share capital of the Company at the point in time when an offer is made.

15. SHARE CAPITAL (continued)

The salient features of the ESOS 2013/2018 are as follows: (continued)

(b) The ESOS 2013/2018 is for a period of 5 years expiring on 28 December 2018 ("Original Expiry Date"), subject however to renewal for a period of up to a maximum of 5 years immediately from the Original Expiry Date upon recommendation by the ESOS Committee and to be determined by the Board on or before the Original Expiry Date, provided that the total duration of the ESOS 2013/2018 shall not exceed 10 years from the ESOS 2013/2018 effective date.

(c) Eligible Persons are those Directors and employees who have attained the age of 18 and are confirmed full time employees or contract staff who have been employed within the Group (save for subsidiaries which are dormant) for at least one (1) year, unless otherwise decided by the ESOS Committee at its discretion, and/or is under such categories and criteria that the ESOS Committee may from time to time decide at its discretion. In the case of a Director or an employee (who is the chief executive or a major shareholder of the Company) and persons connected to them, their specific allotments under the ESOS 2013/2018 shall be approved by the shareholders of the Company.

(d) The maximum number of new ordinary shares that may be offered to a selected eligible person shall be determined at the discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and length of service of the selected eligible person, subject to the following:

   (i) The Directors and senior management do not participate in the deliberation or discussion of their own allocation;

   (ii) The allocation to a selected eligible person, who either singly or collectively, through persons connected to the selected eligible person, holds 20% or more of the issued and paid-up share capital of the Company, must not exceed 10% of the new ordinary shares available under the ESOS 2013/2018; and

   (iii) Not more than 50% of the new ordinary shares made available under the ESOS 2013/2018 shall be allocated in aggregate to the Directors and senior management of the Group (save for subsidiaries which are dormant).

(e) The ESOS options granted under the ESOS 2013/2018 shall be incapable of being disposed, transferred and/or assigned, or subject to any encumbrances in any manner except in the event of the death for the grantee in accordance with the provisions of the ESOS By-laws, and are exercisable at any time(s) during the duration of the ESOS 2013/2018. Pursuant to the Listing Requirements, an eligible Director who is a Non-Executive Director of the Company and/or any of its subsidiaries shall not sell, transfer or assign the ordinary shares obtained through the exercise of the ESOS options granted to him within 1 year from the date of offer. Except for the Non-Executive Directors as mentioned above, the new ordinary shares allotted and issued to the grantees under the ESOS 2013/2018 will not be subject to any holding period or restriction on disposal, transfer and/or assignment. However, the ESOS Committee has the discretion in determining whether the exercise of the ESOS options or allotment and issuance of the new ordinary shares pursuant to the exercise of the ESOS options will be subject to any performance target.

15. SHARE CAPITAL (continued)

The salient features of the ESOS 2013/2018 are as follows (continued):

(f) The exercise price of the options at which the eligible employees are entitled to subscribe for the ordinary shares of the Company under the ESOS 2013/2018 is the weighted average market price of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the respective dates of offer subject to a discount of not more than 10%, or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad and/or any other relevant authorities from time to time at the ESOS Committee's discretion, or at the par value of the ordinary shares of the Company, whichever is higher.

(g) The new ordinary shares issued arising from the ESOS 2013/2018 shall rank pari-passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the said new ordinary shares and are subject to the provisions of the Articles of Association of the Company.

Information in respect of options to take up any unissued ordinary shares of the Company during the financial year is as follows:

			Number of share options					
2017 Exercise period	**Date of offer**	**Exercise price**	**Balance as at 1.6.2016**	**Granted**	**Exercised**	**Retracted**	**Balance as at 31.5.2017**	**Exercisable as at 31.5.2017**
First ESOS grant								
9.1.2014 - 28.12.2018	9.1.2014	RM1.11	425,200	-	(280,700)	(32,000)	112,500	112,500
Second ESOS grant								
24.10.2014 - 28.12.2018	24.10.2014	RM1.13	473,500	-	(396,900)	(32,000)	44,600	44,600
Third ESOS grant								
28.10.2015 - 28.12.2018	28.10.2015	RM1.39	2,066,400	-	(1,463,500)	(125,100)	477,800	477,800
			2,965,100	-	(2,141,100)	(189,100)	634,900	634,900

15. SHARE CAPITAL (continued)

Information in respect of options to take up any unissued ordinary shares of the Company during the financial year is as follows (continued):

			Number of share options					
2016 Exercise period	**Date of offer**	**Exercise price**	**Balance as at 1.6.2015**	**Granted**	**Exercised**	**Retracted**	**Balance as at 31.5.2016**	**Exercisable as at 31.5.2016**
First ESOS grant								
9.1.2014 - 28.12.2018	9.1.2014	RM1.11	1,360,000	-	(484,300)	(450,500)	425,200	425,200
Second ESOS grant								
24.10.2014 - 28.12.2018	24.10.2014	RM1.13	1,732,400	-	(778,400)	(480,500)	473,500	473,500
Third ESOS grant								
28.10.2015 - 28.12.2018	28.10.2015	RM1.39	-	2,523,500	(119,600)	(337,500)	2,066,400	2,066,400
			3,092,400	2,523,500	(1,382,300)	(1,268,500)	2,965,100	2,965,100

Share options exercised during the financial year resulted in the issuance of 280,700, 396,900 and 1,463,500 ordinary shares (2016: 484,300, 778,400 and 119,600 ordinary shares) at a price of RM1.11, RM1.13 and RM1.39 each (2016: RM1.11, RM1.13 and RM1.39) respectively. The related weighted average ordinary share price at the date of exercise was RM1.98 (2016: RM1.47).

The fair value of share options granted was estimated by the Directors using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The fair values of share options measured at grant date are as follows:

	Grant date	**Vesting date**	**Fair value RM**
First ESOS grant	9 January 2014	9 January 2014	0.84
Second ESOS grant	24 October 2014	24 October 2014	0.80
Third ESOS grant	28 October 2015	28 October 2015	0.84

15. SHARE CAPITAL (continued)

The fair values of the share options were arrived at based on the following inputs:

	First ESOS Grant on 9.1.2014	Second ESOS Grant on 24.10.2014	Third ESOS Grant on 28.10.2015
Share price (RM)	1.18	1.32	1.59
Exercise price (RM)	1.11	1.13	1.39
Expected life (years)	5.00	4.18	3.17
Risk free interest rate (%)	3.67	3.88	4.01
Expected dividend yield (%)	-	-	-
Volatility of share return (%)	90.14	71.23	68.93

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

16. RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable:				
Share premium	-	2,008	-	2,008
Share options reserve	525	2,471	525	2,471
	525	4,479	525	4,479
Distributable:				
Retained earnings	110,720	100,114	38,216	34,096
	111,245	104,593	38,741	38,575

(a) Share premium

Share premium balances have been transferred to share capital pursuant to the transitional provisions in Section 618(2) of the new Companies Act, 2016.

(b) Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made of the cumulative value of services received from employees for the issue of share options. When the share options are exercised, an amount from the share options reserve is transferred to share capital. When the share options lapse or expire or retracted, the carrying amount from the share options reserve is transferred to retained earnings.

17. BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Medium Term Notes	197,060	216,388	-	-
Junior Notes	29,057	28,550	-	-
Term loans	33,914	20,212	33,794	20,000
Hire purchase creditors	1,039	876	636	407
	261,070	266,026	34,430	20,407
Current liabilities				
Medium Term Notes	19,327	19,263	-	-
Term loans	93	1,688	-	1,600
Hire purchase creditors	260	189	157	98
Revolving credit	-	6,800	-	6,800
Bank overdraft	-	2,150	-	2,150
Bridging Loan	14,612	-	14,612	-
	34,292	30,090	14,769	10,648
Total borrowings				
Medium Term Notes (Note 18)	216,387	235,651	-	-
Junior Notes (Note 18)	29,057	28,550	-	-
Term loans (Note 19)	34,007	21,900	33,794	21,600
Hire purchase creditors (Note 20)	1,299	1,065	793	505
Revolving credit (Note 21)	-	6,800	-	6,800
Bank overdraft (Note 22)	-	2,150	-	2,150
Bridging Loan (Note 23)	14,612	-	14,612	-
	295,362	296,116	49,199	31,055

Information on financial risks of borrowings is disclosed in Note 36 to the financial statements.

18. MEDIUM TERM NOTES AND JUNIOR NOTES - SECURED

	Group	
	2017 RM'000	2016 RM'000
Medium Term Notes		
At beginning of the financial year	240,000	240,000
Repayment during the financial year	(20,000)	-
At end of the financial year	220,000	240,000
Accretion of discount		
At beginning of the financial year	4,349	5,128
Less: Recognised in profit or loss (Note 29)	(736)	(779)
At end of the financial year	3,613	4,349
	216,387	235,651
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	19,327	19,263
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	77,949	77,693
- later than five (5) years	119,111	138,695
	197,060	216,388
	216,387	235,651
Junior Notes		
At beginning/end of the financial year	35,000	35,000
Accretion of discount		
At beginning of the financial year	6,450	6,948
Less: Recognised in profit or loss (Note 29)	(507)	(498)
At end of the financial year	5,943	6,450
	29,057	28,550
Repayable as follows:		
Non-current liabilities:		
- later than five (5) years	29,057	28,550

18. MEDIUM TERM NOTES AND JUNIOR NOTES - SECURED (continued)

(a) On 10 October 2011, a wholly-owned subsidiary of the Company, TRIplc Ventures Sdn. Bhd. ("TVSB") issued RM240 million nominal value Medium Term Notes under a MTN programme for the following purpose:

i. to part finance the construction cost as defined under the Concession Agreement ("CA") executed between TVSB, UiTM and the Government of Malaysia for the design, development, construction and completion of the Facilities and Infrastructure as defined under the CA; and

ii. to finance the payment of coupons under the Medium Term Notes during the construction period of the said Facilities and Infrastructure and to prefund the debt service reserve account required under the financial guarantee facility up to such amount equivalent to the minimum required balance.

(b) On 1 June 2012, TVSB issued RM35 million nominal value junior notes under Tranche 1 of the Junior Notes Programme for the following purpose:

i. to part finance the construction cost as defined under the CA executed between TVSB, UiTM and the Government of Malaysia for the design, development, construction and completion of the Facilities and Infrastructure as defined under the CA;

ii. to finance the payment of coupons under the Medium Term Notes during the construction period of the said Facilities and Infrastructure; and

iii. to defray all relevant expenses incurred under the Medium Term Notes Programme and Junior Notes Programme.

(c) The Medium Term Notes of the Group bears coupon at a rate of 3.0% per annum for the first 3 years of the tenure and at rates ranging from 5.40% to 5.93% per annum for the subsequent years of the tenure.

(d) The Junior Notes of the Group bears coupon at a rate of 0% for the first 3 years of the tenure and 8% per annum for the subsequent years of the tenure. The interest rate for the final year of tenure is 116.6%. However coupon payment for the Junior Notes is subject to compliance of the Restricted Distribution Conditions as disclosed in Note 18(h)(ii) to the financial statements.

(e) The Medium Term Notes is repayable as follows:

(i) repayment of RM20 million instalments each to be made from the fifth year to the tenth year from the issue date;

(ii) repayment of RM25 million instalments each to be made from the eleventh to the fourteenth year from the issue date; and

(iii) final repayment of RM20 million to be made at the end of the fifteenth year from the issue date.

(f) The Junior Notes is repayable as follows:

(i) repayment of RM35 million to be made at the end of the fifteenth year from the issue date.

18. MEDIUM TERM NOTES AND JUNIOR NOTES - SECURED (continued)

(g) Medium Term Notes is secured by the Financial Guarantee Insurance ("FGI") facility. The FGI facility and Junior Notes are secured by:

(i) debenture over present and future assets of two subsidiaries;

(ii) assignment of all rights, title, interests and benefits in and under the Concession Agreement;

(iii) assignment of all rights, title, interests and benefits in and under the insurances and the performance bonds;

(iv) assignment of all rights, title, interests and benefits in and under the principal contract between TVSB and its principal contractors;

(v) assignment of all rights, title, interests and benefits in and under the main contract between the subsidiary of the Company and its main-contractor;

(vi) assignment and charge all rights, title, interests and benefits of certain subsidiaries' designated accounts and disbursement accounts;

(vii) assignment and charge all rights, title, interests and benefits in and under the sub-lease agreement under the CA. However, consent has been obtained from Danajamin Nasional Berhad on 3 September 2015 for removal of this security;

(viii) corporate guarantee from the Company;

(ix) charge over shares in TVSB with a carrying amount of RM26,650,000 (2016: RM26,650,000);

(x) undertaking by the Company;

(xi) undertaking by a substantial shareholder;

(xii) assignment and charged all rights, title, interests and benefits in and under the JN DSRA; and

(xiii) Repayment of the secured amount shall rank in the following order of priority:

(1) Firstly, Danajamin Nasional Berhad in respect of FGI facility;
(2) Secondly, holder of the Junior Notes.

(h) Significant covenants for the Medium Term Notes and Junior Notes are as follows:

(i) debt service cover ratio (annual) of not less than 1.30 times throughout the tenure of the credit facilities of the Group for the covenant of Medium Term Notes and Junior Notes.

(ii) debt service cover ratio (restricted distribution) of not less than 1.50 times after payment of Junior Notes interest and dividend throughout the tenure of the credit facilities of the Group to the covenant of Medium Term Notes and Junior Notes.

(iii) debt to equity ratio of not more than 80:20 throughout the tenure of the credit facilities of the Group for the covenant of Junior Notes.

As at the end of financial year, the debt service cover ratio for item (i) and (ii) remains not less than 1.30 times and 1.50 times respectively, and debt to equity ratio of the Group remains not more than 80:20.

19. TERM LOANS - SECURED

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Term loan I	213	300	-	-
Term loan II	33,794	21,600	33,794	21,600
	34,007	21,900	33,794	21,600
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	93	1,688	-	1,600
Non-current liabilities:				
- later than one (1) year and not later than five (5) years	33,914	20,212	33,794	20,000
- later than five (5) years	-	-	-	-
	33,914	20,212	33,794	20,000
	34,007	21,900	33,794	21,600

(a) Term loan I

In financial year 2002, a wholly-owned subsidiary of the Company, obtained a long term loan facility ("Term loan I") of RM1,000,000 to finance the purchase of shop offices.

The Term loan I is repayable over a period of twenty (20) years by way of 240 monthly instalments of RM8,366 each.

The Term loan I is secured by way of a legal charge over the buildings of the subsidiary as disclosed in Note 7(c) to the financial statements and is guaranteed by the Company.

The Term loan I bears effective interest at a rate of 5% (2016: 5%) per annum.

19. TERM LOANS - SECURED (continued)

(b) Term loan II

In financial year 2015, the Company obtained a long-term term loan facility ("Term loan II") of RM105.0 million for purposes as below:

Tranche 1 – RM35.0 million

i. to fund pre-operating working capital requirements of the Company relating to a future project, including partially prepaying RM5.0 million of the Company's term loan and settling all the arranger fees.

Tranche 2 – RM70.0 million

i. to finance pre-operating expenses and equity contribution of a wholly-owned subsidiary of the Company, TRIplc Medical Sdn. Bhd. ("TMSB") for future project.

ii. to pay for funding costs of the long-term term loan facility.

Tranche 1 of the Term loan II is repayable as follows:

i. annual instalments of RM7.5 million each to be made from the first year to the fourth year from the drawdown date.

ii. repayment of RM5.0 million to be made at the end of the fifth year from the drawdown date.

Tranche 1 of the Term loan II is secured by:

i. first assignment and charge over all the Designated Accounts of the Company;

ii. legal charge over a parcel of 338.67 acres of land (represented by a total of 906 individual documents of titles) located in Bandar of Mukim of Serendah, Hulu Selangor, with a minimum market value of RM120 million ("Zuriat Watan land") by Zuriat Watan Sdn. Bhd., a wholly-owned subsidiary of the Company as disclosed in Note 10(iii) to the financial statements;

iii. assignment of the construction profits accruing to TRIplc from the construction component of the development of Zone 1 Phase 2 of the UiTM Puncak Alam Campus Project ("Z1P2") of at least RM5 million;

iv. assignment of all dividends to be declared by TRIplc Ventures Sdn. Bhd. ("TVSB") to the Company; and

v. letter of undertaking by the Company that it shall cause its wholly-owned subsidiary, TVSB to declare dividends of at least RM10 million per year for financial year ended 2015 to 2017 and dividends of at least RM15 million per year.

Tranche 2 of the Term loan II is secured by assignment and charge over the construction profit of the principal contractor of Z1P3, a subsidiary of the Group.

19. TERM LOANS - SECURED (continued)

(b) Term loan II (continued)

Security sharing rankings with Al-Kafalah Providers, Senior Sukuk Murabahah and Junior Sukuk Murabahah are disclosed in Note 38(d) to the financial statements.

The Term loan II bears effective interest at a rate of 6.22% (2016: 6.22%) per annum.

20. HIRE PURCHASE CREDITORS - SECURED

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Minimum hire purchase creditors payments:				
- not later than one (1) year	322	242	192	120
- later than one (1) year and not later than five (5) years	1,030	891	613	413
- later than five (5) years	116	85	90	33
	1,468	1,218	895	566
Less: Future interest charges	(169)	(153)	(102)	(61)
Present value of hire purchase creditors	1,299	1,065	793	505
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	260	189	157	98
Non-current liabilities:				
- later than one (1) year and not later than five (5) years	926	794	549	375
- later than five (5) years	113	82	87	32
	1,039	876	636	407
	1,299	1,065	793	505

Hire purchase creditors of the Group bear effective interest at rates ranging from 4.71% to 6.63% (2016: 4.71% to 6.63%) per annum respectively.

21. REVOLVING CREDIT - SECURED

The revolving credit interest is repayable for a period of 1 (one), two (2), three (3), or six (6) months at the end of the preceding relevant interest period before a drawing may be re-borrowed/rolled over.

The revolving credit is secured by a deposit with a licensed bank pledged of RM6,800,000 by a substantial shareholder of the Company.

The revolving credit bears effective interest at a rate of 4.70% (2016: 4.80%) per annum.

On 7 November 2016, the revolving credit has been fully repaid by way of utilising part of the bridging loan as disclosed in Note 23 to the financial statements. All securities charged have been discharged during the financial year.

22. BANK OVERDRAFT - SECURED

(a) Bank overdraft of the Company was secured by:

   (i) a third party first legal charge over leasehold land with a net carrying amount of RM460,000 (2016: RM460,000) as disclosed in Note 10(i) to the financial statements; and

   (ii) a charge over deposit of RM3,000,000 to be placed in the non-checking account by way of 20% sinking fund of the sales proceeds of the said property.

(b) Bank overdraft and Specific Contract Financing Facility of the Company was secured by a charge over the Company's fixed deposits of RM703,000 (2016: RM683,000) as disclosed in Note 14(b) to the financial statements.

(c) Bank overdraft of the Company bears interest at a rate of 7.71% (2016: 7.94%) per annum.

23. BRIDGING LOAN - UNSECURED

During the financial year, the Company obtained a bridging loan facility of RM15,000,000 for purposes as below:

<u>Tranche 1 – RM7.45 million</u>

(i) for general working capital requirement.

<u>Tranche 2 – RM6.80 million</u>

(i) to fully repay an existing revolving credit facility granted as disclosed in Note 21 to the financial statements.

23. BRIDGING LOAN - UNSECURED (continued)

Tranche 3 – RM0.75 million

(i) to service interest expense under the facility.

The bridging loan has been drawn down on 21 October 2016 and repayable at the earlier of:

(i) twelve (12) months from the date of first drawdown; or

(ii) upon receipt of the proceeds from the Proposed Transaction as disclosed in Note 38(a) to the financial statements.

The bridging loan bears effective interest at a rate of 5.15% per annum.

24. DEFERRED TAX

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

	Group	
	2017 RM'000	2016 RM'000
At beginning of the financial year	(39,795)	(40,581)
Recognised in profit or loss (Note 30)	(2,111)	786
At end of the financial year	(41,906)	(39,795)
Presented by:		
Deferred tax assets, net	78	-
Deferred tax liabilities, net	(41,984)	(39,795)
	(41,906)	(39,795)

24. DEFERRED TAX (continued)

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

Deferred tax assets	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Total RM'000
At 1 June 2016	-	-	-
Recognised in profit or loss	39	3,490	3,529
At 31 May 2017, prior to offsetting	39	3,490	3,529
Offsetting	(34)	(3,417)	(3,451)
At 31 May 2017, after offsetting	5	73	78
At 1 June 2015	-	-	-
Recognised in profit or loss	2,864	268	3,132
At 31 May 2016, prior to offsetting	2,864	268	3,132
Offsetting	(2,864)	(268)	(3,132)
At 31 May 2016, after offsetting	-	-	-

Deferred tax liabilities	Amount due from a customer for contract works RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 June 2016	(43,602)	(894)	4,701	(39,795)
Recognised in profit or loss	846	39	(6,525)	(5,640)
At 31 May 2017, prior to offsetting	(42,756)	(855)	(1,824)	(45,435)
Offsetting	-	38	3,413	3,451
At 31 May 2017, after offsetting	(42,756)	(817)	1,589	(41,984)
At 1 June 2015	(47,457)	(905)	7,781	(40,581)
Recognised in profit or loss	3,855	11	52	3,918
At 31 May 2016, prior to offsetting	(43,602)	(894)	7,833	(36,663)
Offsetting	-	-	(3,132)	(3,132)
At 31 May 2016, after offsetting	(43,602)	(894)	4,701	(39,795)

24. DEFERRED TAX (continued)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unutilised tax losses	58,985	57,005	1,210	-
Unabsorbed capital allowances	6,478	5,864	38	-
Other deductible/ (taxable) temporary differences	5,088	5,666	(143)	(137)
	70,551	68,535	1,105	(137)

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the Company and the subsidiaries would be available against which the deductible temporary differences could be utilised.

The temporary differences do not expire under the current tax legislation.

25. PROVISIONS

	Group	
	2017 RM'000	2016 RM'000
Non-current liabilities		
Provision for conversion premium	4,331	4,331
Current liabilities		
Provision for liquidated and ascertained damages	931	931
Total provisions	5,262	5,262

Provision for conversion premium represents the estimated conversion premium payable in relation to the inventories as disclosed in Note 10(ii) to the financial statements. The conversion premium is payable according to the progress of development.

26. TRADE AND OTHER PAYABLES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade payables				
Third parties	18,943	21,475	70	246
Amounts owing to subsidiaries	-	-	19,106	29,154
	18,943	21,475	19,176	29,400
Other payables				
Amounts owing to subsidiaries	-	-	65,642	66,442
Other payables	6,774	7,417	188	563
Accruals	25,497	23,422	203	328
Deposits received	299	149	-	-
	32,570	30,988	66,033	67,333
	51,513	52,463	85,209	96,733

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranging from 30 to 60 days (2016: 30 to 60 days).

Included in the trade payables of the Group and of the Company are retention sums of RM4,317,000 (2016: RM4,947,000) and Nil (2016: RM140,000) respectively.

(b) Non-trade amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Included in other payables of the Group are unsecured interest free advances which are repayable on demand to a shareholder of RM5,306,000 (2016: RM5,306,000).

(d) Information on financial risks of trade and other payables is disclosed in Note 36 to the financial statements.

(e) Trade and other payables are denominated in RM.

27. REVENUE

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Construction contract	-	6,288	-	6,288
Rental income	360	340	-	-
Concession income*	70,551	43,875	-	-
Dividend income from a subsidiary	-	-	10,000	10,000
	70,911	50,503	10,000	16,288

* *The breakdown of concession income for Zone 1 Phase 2 ("Z1P2") of UiTM Puncak Alam Campus Project and Zone 1 Phase 3 ("Z1P3") of UiTM Puncak Alam Campus Project are as follows:*

	Group 2017 RM'000	Group 2016 RM'000
Construction contract	25,951	-
Maintenance services	23,775	24,869
Finance income	20,825	19,006
	70,551	43,875

28. COST OF SALES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Construction contracts	75	(16,920)*	75	226
Concession costs	29,262	6,709	-	-
Others	4	-	-	-
	29,341	(10,211)	75	226

* *The reversal of the cost of sales was due to adjustment from the finalisation of the contract sums of Z1P1 of UiTM Puncak Alam Campus project. The contracts finalised were in respect of main infrastructure works, construction works for Z1P1 Satellite A and Satellite B and renovation works for laboratories.*

29. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
- Medium Term Notes	11,136	11,274	-	-
- Junior Notes	3,358	4,473	-	-
- term loans	1,990	1,893	1,978	1,876
- bridging loan	362	-	362	-
- bank overdraft	15	163	15	163
- hire purchase	68	31	39	28
- revolving credit	135	328	135	328
Accretion of discount for:				
- Medium Term Notes (Note 18)	736	779	-	-
- Junior Notes (Note 18)	507	498	-	-
Guarantee premium and fees	3,484	3,649	-	-
Arranger fee	75	-	75	-
Others	30	19	28	19
	21,896	23,107	2,632	2,414

30. TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense based on profit for the financial year	1,247	4,688	-	-
Under provision in prior years	1,071	1	1,075	-
	2,318	4,689	1,075	-
Deferred tax (Note 24 (a)):				
- Current financial year	2,208	1,280	-	-
- Over provision in prior years	(97)	(2,066)	-	-
	2,111	(786)	-	-
	4,429	3,903	1,075	-

30. TAX EXPENSE (continued)

The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profits for the fiscal year.

Numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	14,877	27,881	5,195	10,168
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	3,570	6,691	1,247	2,440
Tax effects in respect of:				
- non-deductible expenses	2,294	3,382	855	966
- income not subjected to tax	(2,893)	(2,923)	(2,400)	(2,400)
- deferred tax assets not recognised	492	-	298	-
- utilisation of previously unrecognised deferred tax assets	(8)	(1,182)	-	(1,006)
	3,455	5,968	-	-
Under/(Over) provision of:				
- tax expense in prior financial years	1,071	1	1,075	-
- deferred tax expense in prior financial years	(97)	(2,066)	-	-
	4,429	3,903	1,075	-

31. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year as follows:

	Group	
	2017	2016
Profit for the financial year attributable to equity holders of the parent (RM'000)	10,448	23,978
Number of weighted average ordinary shares in issue ('000)	67,790	65,693
Basic earnings per ordinary share (sen)	15.41	36.50

31. EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2017	**2016**
Profit for the financial year attributable to equity holders of the parent (RM'000)	10,448	23,978
Weighted average number of ordinary shares in issue ('000)	67,790	65,693
Effects of dilution due to employees share options scheme ('000)	185	94
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	67,975	65,787
Diluted earnings per ordinary share (sen)	15.37	36.45

32. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Salaries, wages and bonuses	6,674	3,534	764	195
Contributions to defined contribution plan	952	536	113	36
Share options granted under share options scheme	-	1,842	(52)	929
Other employee benefits	615	2,667	191	261
	8,241	8,579	1,016	1,421

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,591,000 (2016: RM1,623,000) and RM14,000 (2016: RM432,000) respectively.

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

(b) In additions to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company	
	2017 RM'000	2016 RM'000
Subsidiaries		
Dividends income	10,000	10,000
Construction contracts costs	-	(1,139)

The related party transactions described above were carried out on negotiated terms and conditions.

Significant balances with related parties at the end of the reporting period are disclosed in Notes 12 and 26 to the financial statements.

(c) Compensation to key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors during the financial year was as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors' fees	35	35	35	35
Short term employee benefits	1,372	1,406	64	-
Allowances	186	160	186	160
Contributions to defined contribution plan	205	211	10	-
Share options granted under share options scheme	-	567	-	567
	1,798	2,379	295	762

33. RELATED PARTY DISCLOSURES (continued)

(c) Compensation to key management personnel (continued)

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group and the Company amounted to RM117,000 (2016: RM192,000).

Directors of the Group and the Company have been granted the following number of options under the Employees' Share Options Scheme ("ESOS"):

	Group and Company 2017	2016
As at 1 June	1,099,300	549,700
Share options granted	-	1,189,800
Share options retracted	-	(317,100)
Share options exercised	(707,200)	(323,100)
	392,100	1,099,300

The terms and conditions of the share options are detailed in Note 15 to the financial statements.

34. SEGMENT REPORTING

TRIplc Berhad and its subsidiaries are principally engaged in property construction, property development and facilities management services. The Group's property construction and property development activities in Malaysia are mainly undertaken by TRIplc Ventures Sdn. Bhd., TRIplc Medical Sdn. Bhd., TRIplc Resources Sdn. Bhd., Suasa Integrasi (M) Sdn. Bhd. and Insa Alliance Sdn. Bhd., which are wholly-owned subsidiaries of the Company.

The Group has arrived at six (6) operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The Group's operations comprise the following business segments:

Property development	:	Development of residential and commercial properties
Construction	:	Construction
Service concession	:	Service concession
Property investment	:	Letting of property and related assets
Investment holding	:	Investment holding
Others	:	Project management and dormant

34. SEGMENT REPORTING (continued)

The chief operating decision maker of the Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets comprise mainly property, plant and equipment, inventories, receivables and operating cash, but exclude tax assets.

Segment liabilities comprise operating liabilities and exclude tax liabilities.

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

34. SEGMENT REPORTING (continued)

34.1 Operating segments

2017	Property development RM'000	Construction RM'000	Service concession RM'000	Property investment RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Revenue							
Total revenue	-	-	76,960	360	10,000	-	87,320
Inter-segment revenue	-	-	(6,409)	-	(10,000)	-	(16,409)
Revenue from external customers	-	-	70,551	360	-	-	70,911
Interest income	1	-	1,642	-	120	-	1,763
Finance costs	-	-	(19,264)	-	(2,632)	-	(21,896)
Net finance expense	1	-	(17,622)	-	(2,512)	-	(20,133)
Depreciation	63	-	828	165	250	-	1,306
Capital expenditure	2	-	253	-	535	-	790
Segment (loss)/profit before tax	(878)	-	20,710	(69)	(4,886)	-	14,877
Other material non-cash items:							
- Accretion of discounts for Medium Term Notes and Junior Notes	-	-	1,243	-	-	-	1,243
Segment assets							
Segment assets	83,755	-	475,340	9,823	9,717	-	578,635
Segment liabilities							
Segment liabilities	8,683	-	290,462	3,333	49,659	-	352,137

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34. SEGMENT REPORTING (continued)

34.1 Operating segments (continued)

2016	Property development RM'000	Construction RM'000	Service concession RM'000	Property investment RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Revenue							
Total revenue	-	6,288	43,875	340	10,000	-	60,503
Inter-segment revenue	-	-	-	-	(10,000)	-	(10,000)
Revenue from external customers	-	6,288	43,875	340	-	-	50,503
Interest income	6	148	1,888	-	52	-	2,094
Finance costs	-	(2)	(20,673)	-	(2,414)	(18)	(23,107)
Net finance expense	6	146	(18,785)	-	(2,362)	(18)	(21,013)
Depreciation	63	423	248	165	210	146	1,255
Capital expenditure	72	616	351	-	-	-	1,039
Segment (loss)/profit before tax	(1,526)	21,985	15,467	19	(6,663)	(1,401)	27,881
Other material non-cash items:							
- Accretion of discounts for Medium Term Notes and Junior Notes	-	-	1,277	-	-	-	1,277
Segment assets							
Segment assets	83,844	1,972	456,452	9,795	10,096	4,081	566,240
Segment liabilities							
Segment liabilities	8,899	15,792	290,913	3,332	32,193	2,712	353,841

34. SEGMENT REPORTING (continued)

34.1 Operating segments (continued)

Reconciliation of operating segment profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:-

	2017 RM'000	2016 RM'000
Profit for the financial year		
Profit before tax	14,877	27,881
Tax expense	(4,429)	(3,903)
Profit for the financial year	10,448	23,978
Assets		
Total assets for operating segments	578,635	566,240
Deferred tax assets	78	-
Current tax assets	191	-
Group's assets	578,904	566,240
Liabilities		
Total liabilities for operating segments	352,137	353,841
Deferred tax liabilities	41,984	39,795
Current tax liabilities	599	1,662
Group's liabilities	394,720	395,298

34.2 Information about major customers

Revenue from transactions with a major customer who individually accounted for 10% or more of the Group's revenue is as follows:

	2017 RM'000	2016 RM'000	Segment
Customer A	70,551	50,163	Service Concession

35. FINANCIAL INSTRUMENTS

(a) Capital management

The overall financial risk management objectives of the Group are to ensure that the Group creates value and maximises return to its shareholders as well as ensuring that adequate financial resources are available for the development of the Group's businesses whilst managing its financial risks. It is, and has been throughout the financial year under review, the Group's policy that no trading in the financial instruments shall be undertaken.

35. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2017 and 31 May 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Loans and borrowings (Note 17)	295,362	296,116	49,199	31,055
Trade and other payables	51,513	52,463	85,209	96,733
Other liabilities	5,262	5,262	-	-
Total liabilities	352,137	353,841	134,408	127,788
Less: Cash and bank balances	(63,223)	(59,176)	(8,393)	(3,273)
Net debt	288,914	294,665	126,015	124,515
Total capital	184,184	170,942	111,680	104,924
Net debt	288,914	294,665	126,015	124,515
Equity	473,098	465,607	237,695	229,439
Gearing ratio	61%	63%	53%	54%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares, if any) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement during the financial year.

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

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Group	2017 RM'000	2016 RM'000
Financial assets		
Trade and other receivables, net of prepayments	413,267	403,419
Cash and bank balances	63,223	59,176
	476,490	462,595
Financial liabilities		
Borrowings	295,362	296,116
Trade and other payables	51,513	52,463
	346,875	348,579
Company		
Financial assets		
Trade and other receivables, net of prepayments	128,616	125,644
Cash and bank balances	8,393	3,273
	137,009	128,917
Financial liabilities		
Borrowings	49,199	31,055
Trade and other payables	85,209	96,733
	134,408	127,788

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of current financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(ii) Borrowings

The fair value of borrowings is estimated using the discounted cash flow method based on current lending/borrowing rates for similar types of lending/borrowing arrangements.

At the end of the reporting period, the carrying amounts of the Medium Term Notes and Junior Notes approximate to their fair values.

35. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value (continued)

The fair values of financial assets and financial liabilities are determined as follows (continued):

(iii) Non-current trade and other receivables

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts approximate to their fair values.

(iv) Non-current amount due from a customer for contract works

The fair values of these financial instruments are estimated by discounting the expected future cash flows at the interest rate of availability charges as per the Concession Agreement. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts approximate their fair values.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the hire purchase creditors, the market rate of interest is determined by reference to similar hire purchase creditor arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value					
Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
2017	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial liabilities						
Other financial liabilities						
- Hire purchase creditors (Note 20)	-	1,360	-	1,360	1,360	1,299
2016						
Financial liabilities						
Other financial liabilities						
- Hire purchase creditors (Note 20)	-	1,122	-	1,122	1,122	1,065
Company						
2017						
Financial liabilities						
Other financial liabilities						
- Hire purchase creditors (Note 20)	-	829	-	829	829	793
2016						
Financial liabilities						
Other financial liabilities						
- Hire purchase creditors (Note 20)	-	527	-	527	527	505

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objectives are to ensure that the Group creates value and maximises returns to its shareholders as well as ensuring that adequate financial resources are available for the development of the Group's businesses whilst managing its financial risks. It is, and has been throughout the financial year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems and adherence to the Group financial risk management policies. The Group is exposed mainly to interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to its interest bearing assets and liabilities. The investments in financial assets are not held for speculative purpose but have been mostly placed in fixed deposits which yield better returns than conventional savings. The Group manages its interest rate exposures on its debts by maintaining mainly fixed rate borrowings.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Interest rate risk (continued)

In respect of interest-bearing financial assets and liabilities, the following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group 2017	Note	Weighted average effective interest rate (per annum) %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rate									
Deposits with licensed banks	14	3.67	39,911	-	-	-	-	-	39,911
Medium Term Notes	18	7.02	19,327	19,391	19,455	19,520	19,583	119,111	216,387
Junior Notes	18	7.46	-	-	-	-	-	29,057	29,057
Hire purchase creditors	20	5.34	260	276	278	242	130	113	1,299
Floating rate									
Bridging loan	23	5.15	14,612	-	-	-	-	-	14,612
Term loans	19	5.79	93	7,254	26,660	-	-	-	34,007
2016									
Fixed rate									
Deposits with licensed banks	14	3.49	47,637	-	-	-	-	-	47,637
Medium Term Notes	18	7.02	19,263	19,327	19,391	19,455	19,520	138,695	235,651
Junior Notes	18	7.46	-	-	-	-	-	28,550	28,550
Hire purchase creditors	20	5.32	189	200	212	210	171	83	1,065
Floating rate									
Bank overdraft	22	7.94	2,150	-	-	-	-	-	2,150
Revolving credit	21	4.80	6,800	-	-	-	-	-	6,800
Term loans	19	5.79	1,688	7,593	7,598	5,021	-	-	21,900

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Interest rate risk (continued)

Company 2017	Note	Weighted average effective interest rate (per annum) %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rate									
Deposits with licensed banks	14	3.53	703	-	-	-	-	-	703
Hire purchase creditors	20	4.88	157	165	160	126	98	87	793
Floating rate									
Bridging loan	23	5.15	14,612	-	-	-	-	-	14,612
Term loans	19	6.22	-	7,156	26,638	-	-	-	33,794
2016									
Fixed rate									
Deposits with licensed banks	14	3.34	683	-	-	-	-	-	683
Hire purchase creditors	20	4.83	98	103	108	100	63	33	505
Floating rate									
Bank overdraft	22	7.94	2,150	-	-	-	-	-	2,150
Revolving credit	21	4.80	6,800	-	-	-	-	-	6,800
Term loans	19	6.22	1,600	7,500	7,500	5,000	-	-	21,600

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

Group

As at 31 May 2017, if interest rates at the date had been 50 basis points lower with all other variables held constant, post-tax profit for the year would have been RM971,000 (2016: RM944,000) higher and vice versa, arising mainly as a result of lower net interest income/expense on deposits with licensed banks and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Company

As at 31 May 2017, if interest rates at the date had been 50 basis points lower with all other variables held constant, post-tax profit for the year would have been RM184,000 (2016: RM114,000) higher and vice versa, arising mainly as a result of lower net interest expense on borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Credit risk

Credit risk is the potential risk of financial loss arising from the failure of a customer or counter party to settle its financial and contractual obligations to the Group, as and when they fall due. The credit risk attributable to receivables is managed and monitored on an ongoing basis via the management reporting procedures and internal credit review procedures of the Group.

The credit risk in respect of property buyers are limited by withholding legal ownership before the full consideration is received.

Deposits placed with licensed bank and cash and bank balances are placed with major financial institutions in Malaysia. The Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk

At the end of each of reporting period, the maximum exposure of the Group and of the Company to credit risk are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

As at the end of the reporting period, the Group has a concentration of credit risk as disclosed in Note 12(h) to the financial statements. Apart from this, the Group does not have a significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 12 to the financial statements.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12 to the financial statements.

(iii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected borrowing needs are covered by committed facilities and also to ensure that the amount of debt maturing in any one year is within the Group's means to repay and refinance.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

As at 31 May 2017	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Group				
Financial liabilities				
Trade and other payables	51,513	-	-	51,513
Borrowings	49,532	194,614	173,723	417,869
Total undiscounted financial liabilities	101,045	194,614	173,723	469,382
As at 31 May 2016				
Group				
Financial liabilities				
Trade and other payables	52,463	-	-	52,463
Borrowings	46,504	182,807	207,560	436,871
Total undiscounted financial liabilities	98,967	182,807	207,560	489,334

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 May 2017				
Company				
Financial liabilities				
Trade and other payables	85,209	-	-	85,209
Borrowings	14,804	34,407	90	49,301
Total undiscounted financial liabilities	100,013	34,407	90	134,510
As at 31 May 2016				
Company				
Financial liabilities				
Trade and other payables	96,733	-	-	96,733
Borrowings	10,670	20,446	-	31,116
Total undiscounted financial liabilities	107,403	20,446	-	127,849

37. CONTINGENT LIABILITIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Corporate guarantee in respect of banking facilities utilised by subsidiaries				
- Limit of guarantee	-	-	495,200	545,200
- Amount utilised	-	-	245,657	264,501
Bank guarantees and performance bond	394	800	394	800

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) With reference to the announcements made by the Company on 18 April 2016, 17 August 2016 and 17 November 2016, the Company had entered into a Heads of Agreement ("HOA") with Puncak Niaga Holdings Berhad ("Puncak Niaga") to facilitate discussions and negotiations for a potential acquisition of the business of the Company by Puncak Niaga ("Proposed Transaction").

On 16 December 2016, the Company had announced the implementation of the following proposals:

(i) Proposed internal reorganisation by way of a member's scheme of arrangement under Section 176 of the Companies Act, 1965 ("Act") comprising the following:

- Proposed share exchange of the entire issued and paid up share capital of the Company of up to 69,125,085 ordinary shares of RM1.00 each in the Company ("TRIplc Shares") for up to 69,125,085 new ordinary shares of RM1.00 each in a new investment holding company, Pimpinan Ehsan Berhad ("PEB"), ("PEB Shares") on the basis of one (1) new PEB Shares for every one (1) existing TRIplc Share held by the existing shareholders' of the Company as at the entitlement date to be determined later ("Proposed Share Exchange"); and

(ii) Proposed transfer of listing status of the Company to PEB and the admission of PEB to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the new PEB shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing").

The Proposed Share Exchange and Proposed Transfer of Listing are collectively referred to as the "Proposed Internal Reorganisation".

As at the date of this report, the Company are in the midst of preparing the required information and relevant documents relating to the Proposed Internal Reorganisation.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(b) Pursuant to the Proposed Internal Reorganisation, the Company had on 16 December 2016 entered into an internal restructuring agreement with PEB ("Principal IRA"). PEB had also on 16 December 2016 entered into a conditional share sale agreement ("SSA") with Puncak Niaga for the proposed disposal of the entire issued and paid-up capital held in the Company to Puncak Niaga for a cash consideration of RM210 million ("Proposed Disposal").

On 13 September 2017, the Company was notified by Puncak Niaga that it has received the approval of the Securities Commission Malaysia for the proposed acquisition by Puncak Niaga of the entire issued share capital in the Company from PEB, being one of the conditions precedent to be fulfilled by Puncak Niaga pursuant to the SSA.

PEB had on 15 September 2017 entered into a supplemental agreement to the SSA ("Supplemental SSA") with Puncak Niaga to:

(i) extend the time under the SSA to fulfil or waive the Conditions Precedent from 15 September 2017 to 15 June 2018;

(ii) include that the completion of the Proposed Disposal is conditional upon the completion of the Proposed Internal Reorganisation as an additional Conditions Precedent to be satisfied by the PEB but not vice versa; and

(iii) arising from the consequential amendments to the SSA as highlighted in (ii) above, to remove from the relevant completion clauses in the SSA, all references to the completion of the Proposed Disposal being subject to the Proposed Share Exchange having been completed.

In view of the Supplemental SSA above, PEB had on 15 September 2017 entered into a supplemental agreement to the IRA ("Supplemental IRA") with the Company. The respective provisions on the Principal IRA shall be amended in the following manner with immediate effect:

(i) PEB and the Company agree that the Proposed Disposal is conditional upon the completion of the Proposed Internal Reorganisation but not vice versa; and

(ii) PEB and the Company agree that the definition of "Approval Date" in the Principal IRA be amended from nine (9) months to fifteen (15) months from the date of the Principal IRA or other date as may be mutually agreed between PEB and the Company.

Save for the amendments contained in the Supplemental SSA and Supplemental IRA, all other terms of the Principal IRA and SSA remain unchanged.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(c) On 15 November 2016, the Company announced that its wholly-owned subsidiary, TRIplc Medical Sdn Bhd ("TMSB"), lodged with the Securities Commission Malaysia ("SC") the required information and relevant documents relating to the Senior Sukuk Murabahah and Junior Sukuk Murabahah pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, revised and effective on 15 June 2015.

The Senior Sukuk Murabahah has been assigned a preliminary rating of AA1 by RAM Rating Services Berhad and has tenure of more than one (1) year and up to eighteen (18) years from the date of issuance of the Senior Sukuk Murabahah.

The Junior Sukuk Murabahah is unrated and the Junior Sukuk Murabahah Pragramme shall be made in tranches to be determined prior to the date of issuance. The tenure of each tranche of the Junior Sukuk Murabahah shall be more than one (1) year and up to tenure of up to twenty (20) years from the date of first (1st) issuance of the Junior Sukuk Murabahah under the Junior Sukuk Murabahah Programme.

The proceeds raised from the Senior Sukuk Murabahah, together with the proceeds raised from the Junior Sukuk Murabahah, will be utilized by TMSB amongst others to finance the financing cost during the construction period and to finance the construction cost of the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure in relation to the Teaching Hospital and Medical Academic Centre in Universiti Teknologi MARA, Puncak Alam Campus, Selangor Darul Ehsan ("Project") of RM599.0 million in accordance with the terms and conditions of the concession agreement dated 18 February 2016.

As at the date of this report, TMSB has yet to issue the Senior Sukuk Murabahah and Junior Sukuk Murabahah.

(d) On 5 May 2017, TMSB has executed the following security documents being securities for the Al-Kafalah Facility, Senior Sukuk Murabahah and Junior Sukuk Murabahah:

(i) the Debenture by TMSB;
(ii) the Assignment and Charge over Disbursement Account, Revenue Account and Operating Account;
(iii) the Assignment and Charge over Senior Sukuk Finance Service Reserve Account;
(iv) the Assignment of CA-Z1P3;
(v) the Assignment of Performance Bonds and Completion Guarantees;
(vi) the Assignment of Project Documents;
(vii) the Assignment of Takaful/Insurances; and
(viii) the Memorandum of Deposit in the form of shares of TMSB.

Except for Assignment and Charge over Junior Sukuk Finance Service Reserve Account which is not assigned to Al-Kafalah Providers, the rights of the above security documents and any proceeds of realisation thereof as stated in the Priority and Security Sharing Agreement ("PSSA"), shall rank in order of priority as follows:

(i) Firstly, the Al-Kafalah Providers;
(ii) Secondly, the Senior Sukuk Trustee on behalf of the Senior Sukukholders;
(iii) Thirdly, Hong Leong Bank Berhad ("HLBB"); and
(iv) Fourthly, the Junior Sukuk Trustee on behalf of the Junior Sukukholders.

39. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Total (accumulated losses)/ retained earnings of TRIplc Berhad and its subsidiaries:				
- Realised	(160,828)	(173,646)	38,216	34,096
- Unrealised	(42,050)	(39,939)	-	-
Total	(202,878)	(213,585)	38,216	34,096
Less: Consolidation adjustments	313,598	313,699	-	-
Total Group/Company retained earnings as per financial statements	110,720	100,114	38,216	34,096

TRIplc BERHAD (242896 - A)

(Incorporated in Malaysia)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Other than the Directors' options as disclosed above, the list of option holders to whom options have been granted to eligible employees and details of their holdings pursuant to Fifth Schedule of Section 253 Part 1 (5) of the Companies Act, 2016 in Malaysia were as follows:

First ESOS grant

	Number of share options					
Name	**Balance as at 1.6.2016**	**Granted**	**Exercised**	**Retracted**	**Balance as at 31.5.2017**	**Exercisable as at 31.5.2017**
Shahmizan bin Ismail	32,000	-	(32,000)	-	-	-
Rohani binti Alui	36,500	-	(36,500)	-	-	-
	68,500	-	(68,500)	-	-	-

Second ESOS grant

	Number of share options					
Name	**Balance as at 1.6.2016**	**Granted**	**Exercised**	**Retracted**	**Balance as at 31.5.2017**	**Exercisable as at 31.5.2017**
Jamaludin bin Buyong	39,000	-	(39,000)	-	-	-
Shahmizan bin Ismail	41,000	-	(41,000)	-	-	-
Rohani binti Alui	32,000	-	(16,500)	-	-	-
	96,500	-	(96,500)	-	-	-

Third ESOS grant

	Number of share options					
Name	**Balance as at 1.6.2016**	**Granted**	**Exercised**	**Retracted**	**Balance as at 31.5.2017**	**Exercisable as at 31.5.2017**
Jamaludin bin Buyong	82,600	-	(82,600)	-	-	-
Zaidi bin Mohamed Noor	64,400	-	-	-	64,400	64,400
Shahmizan bin Ismail	51,100	-	(51,100)	-	-	-
Ismail bin Hashim	147,400	-	(147,400)	-	-	-
Rohani binti Alui	71,100	-	(71,100)	-	-	-
	416,600	-	(352,200)	-	64,400	64,400

PROPERTIES OWNED BY THE TRIplc GROUP

As at the LPD, the details of the properties owned by the TRIplc Group are as follows:

No.	Property identification/ location	Approximate land area	Description and existing use	Tenure	Approximate age of building	Encumbrances	Audited net book value as at 31 May 2017 (RM'000)	Fair market value (RM'000) [1]	Surplus arising from the valuation of the properties (RM'000)	Date of valuation	Method of valuation
1.	HSD 103098 and HSD 103097, Lots PT 33384 and PT 33383, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan bearing address: Nos. 6 and 8, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan. Registered and beneficial owner: Central Challenger	312 square metres (3,358 square feet)	Two adjoining units of three-storey intermediate terrace shop/offices. The two units of shop/offices have a combined gross floor area of about 10,180 square feet and are currently used as the office of TRIplc. The buildings have been internally renovated and the relevant renovation permits have been obtained from the relevant authorities.	Leasehold – 99 years expiring on 10 June 2095	21 years	Charged to Hong Leong Bank Berhad.	1,065	2,140	1,075	21 September 2017	Cost approach and Income approach

PROPERTIES OWNED BY THE TRIplc GROUP *(cont'd)*

No.	Property identification/ location	Approximate land area	Description and existing use	Tenure	Approximate age of building	Encumbrances	Audited net book value as at 31 May 2017 (RM'000)	Fair market value (RM'000) [1]	Surplus arising from the valuation of the properties (RM'000)	Date of valuation	Method of valuation
2.	HSD 136264 and HSD 136265, Lots PT 2774 and PT 2775, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan bearing address: Nos. 20 and 22, Jalan Uranus AH U5/AH, Subang Impian, Section U5, 40150 Shah Alam, Selangor Darul Ehsan. Registered and beneficial owner: Central Challenger	327.04 square metres (3,520 square feet)	Two units of three-storey intermediate terrace shop/offices. The two units of shop/offices have a combined gross floor area of about 10,566 square feet and are currently vacant.	Leasehold – 99 years expiring on 3 April 2099	2 years	Nil	2,240	2,520	280	21 September 2017	Cost approach and Income approach
3.	Part of PN 16618, Lot 10965, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan bearing address: Lot 10965, Jalan Pulau Angsa U10/14, Taman Puncak Perdana, Section U10, 40170 Shah Alam, Selangor Darul Ehsan. Registered owner: Perbadanan Pengurusan PN 16618 Beneficial Owner: Insa Alliance Sdn Bhd	3.625 acres	A parcel of residential building land comprising the remaining undeveloped part of Lot 10965 which has been approved for development with 250 units of medium-cost apartment developments. A study to update and review will be undertaken on the amended plan dated 29 November 2001	Leasehold – 99 years expiring on 9 April 2099	-	Private caveat entered on the land by Malayan Banking Berhad. Registrar's caveat.	1,493	7,000	5,507	21 September 2017	Income approach (Discount-ed cashflow methodo-logy) and Compari-son approach

PROPERTIES OWNED BY THE TRIplc GROUP *(cont'd)*

No.	Property identification/ location	Approximate land area	Description and existing use	Tenure	Approximate age of building	Encumbrances	Audited net book value as at 31 May 2017 (RM'000)	Fair market value (RM'000) [1]	Surplus arising from the valuation of the properties (RM'000)	Date of valuation	Method of valuation
4.	State alienated development land formerly part of Bukit Cherakah Forest Reserve located within Taman Puncak Perdana, Section U10, Shah Alam, in the Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan.[2] Beneficial owner: Suasa Integrasi (M) Sdn Bhd and Insa Alliance Sdn Bhd	25.65 acres	A parcel of residential development land.	Leasehold – 99 years[2]	-	Not stated as no document of title has been issued.	15,902	42,460	26,558	21 September 2017	Compari-son approach
5.	17 titles included in: PN 81600 to 81603, Lot Nos. 57580 to 57583; PN 81612 to 81617, Lot Nos. 57592 to 57597; HSD 114797 to 114801, Lots PT 2104 to PT 2108; HSD114811 and 114812, Lots PT 2118 and PT 2119; 35 titles included in: PN 81635 to 81646, Lot Nos. 57615 to 57626; PN 81647 to 81669, Lot Nos. 57628 to 57650;	50,263 square metres (541,026 square feet)	53 vacant detached house lots.	Leasehold – 99 years save for Lots PT 2104 to PT 2108, PT 2118 & PT 2119 that are expiring on 28 October 2096, the remaining titles are expiring on 5 July 2105	-	Save for Lots PT 2118 and PT 2119, all the other titles are charged to United Overseas Bank (Malaysia) Bhd.	460	25,770	25,310	21 September 2017	Compari-son approach

PROPERTIES OWNED BY THE TRIplc GROUP *(cont'd)*

No.	Property identification/ location	Approximate land area	Description and existing use	Tenure	Approximate age of building	Encumbrances	Audited net book value as at 31 May 2017 (RM'000)	Fair market value (RM'000) [1]	Surplus arising from the valuation of the properties (RM'000)	Date of valuation	Method of valuation
	1 title under PN 81770, Lot No. 57751, all in Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan. All the lots are located within Perdana Heights, Taman Puncak Perdana, in Section U10, 40170 Shah Alam, Selangor Darul Ehsan. Registered and beneficial owner: Suasa Integrasi (M) Sdn Bhd										

PROPERTIES OWNED BY THE TRIplc GROUP *(cont'd)*

No.	Property identification/ location	Approximate land area	Description and existing use	Tenure	Approximate age of building	Encumbrances	Audited net book value as at 31 May 2017 (RM'000)	Fair market value (RM'000) [(1)]	Surplus arising from the valuation of the properties (RM'000)	Date of valuation	Method of valuation
6.	906 sub-divided building plots with individual titles and 3 parcels of agricultural land: (i) Cluster A[(3a)(3b)]; and (ii) Cluster B: HSM 149, Lot PT 103; HSM 159, Lot PT 115 and HSM 161, Lot PT 117, all in Mukim Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan. Clusters A and B are located within an undeveloped housing scheme to be known as Desa Cempaka, off Jalan Sungai Buaya, in Seksyen 20, Bandar Serendah and Mukim of Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan. Please refer to note (4) below for registered and beneficial owner.	220.086 acres made up as follows: (i) Cluster A – 202.906 acres is the net land area based on the sub-divided land titles. The gross land area is 338.67 acres (inclusive of road and drain reserves, public facilities and amenities); and (ii) Cluster B – 17.180 acres	906 sub-divided building plots approved for development (Cluster A) and three parcels of agricultural land with development potential which are not approved for any development as yet (Cluster B).	Leasehold – 99 years expiring on 19 June 2099 (except for Lot No. 28480 (formerly known as PT 1833) which is expiring on 20 June 2099 and Lots Nos. PT 103, PT 115 and PT 117 expiring on 25 September 2080)	-	Cluster A – Out of the 906 titles, 849 titles are charged to Hong Leong Investment Bank Berhad and 57 titles are registered with lien-holder's caveat. Cluster B – Two titles are registered with registrar's caveat and private caveat and one title is registered with private caveat.	37,234	153,900	116,666	21 September 2017	Cluster A– Comparison approach and Income approach (Discounted cashflow methodology) Cluster B– Comparison approach

PROPERTIES OWNED BY THE TRIplc GROUP *(cont'd)*

No.	Property identification/ location	Approximate land area	Description and existing use	Tenure	Approximate age of building	Encumbrances	Audited net book value as at 31 May 2017 (RM'000)	Fair market value (RM'000) [1]	Surplus arising from the valuation of the properties (RM'000)	Date of valuation	Method of valuation
7.	PN 10340, Lot No. 267, Mukim Serting Ulu, Daerah Jempol, Negeri Sembilan Darul Khusus bearing address: No. PT 1152, Batu 36, Jalan Pahang, 72200 Batu Kikir, Negeri Sembilan Darul Khusus. Registered and beneficial owner: Prinsip Barisan (M) Sdn Bhd	231,704 square metres (2,494,041 square feet or 57.26 acres)	A parcel of industrial land of which about 7.22 acres is built-upon with a single-storey factory building with two-storey office section, single storey workers' quarters and two car park sheds. However the mechanical and electrical sections in the factory building, the two-storey office section, the entrance porch and one of the cark park sheds have not been constructed in accordance to the approved building plan.[5] These are currently rented out with rental income of RM33,000 per month (excluding goods and services tax). The remaining portion of the property comprising an estimated land area of about 50.04 acres is presently undeveloped. Currently there are no intended plans for development.	Leasehold – 99 years expiring on 25 March 2093	21 years	Nil	9,091	24,640	15,549	21 September 2017	Land value – Compari-son approach Building value – Cost approach

PROPERTIES OWNED BY THE TRIplc GROUP *(cont'd)*

Notes:

(1) The fair market value of the properties was not adopted in TRIplc Group's audited financial statements for FYE 31 May 2017.

(2) The relevant land titles are pending issuance from the authority. Accordingly, the document title is to be issued under a 99-year leasehold tenure.

(3) Cluster A comprises:

(a) PN 87100 to 87124, Lot Nos. 27524 to 27548; PN 87126 to 87131, Lot Nos. 27550 to 27555; PN 87125, Lot No. 27558; PN 87132 to 87139, Lot Nos. 27559 to 27566; PN 87140 to 87162, Lot Nos. 27568 to 27590; PN 87163 to 87194, Lot Nos. 27592 to 27623; PN 87278 to 87372, Lot Nos. 27624 to 27718; PN 87373 to 87404, Lot Nos. 27720 to 27751; PN 87446 to 87477, Lot Nos. 27752 to 27783; PN 87487 to 87504, Lot Nos. 27784 to 27801; PN 87509 to 87530, Lot Nos. 27802 to 27823; PN 87532 to 87549, Lot Nos. 27824 to 27841; PN 87550 to 87556, Lot Nos. 27845 to 27851; PN 87557 to 87565, Lot Nos. 27853 to 27861; PN 87566 to 87579, Lot Nos. 27863 to 27876; PN 87581 to 87627, Lot Nos. 27877 to 27923; PN 87730 to 87748, Lot Nos. 27924 to 27942; PN 87759 to 87800, Lot Nos. 27943 to 27984; PN 87801 to 87838, Lot Nos. 27986 to 28023; PN 88024 to 88046, Lot Nos. 28024 to 28046; PN 88047 to 88062, Lot Nos. 28048 to 28063; PN 88063 to 88069, Lot Nos. 28065 to 28071; PN 88071 to 88095, Lot Nos. 28073 to 28097; PN 88096 to 88109, Lot Nos. 28099 to 28112; PN 88110 to 88128, Lot Nos. 28114 to 28132; PN 87881 to 87909, Lot Nos. 28133 to 28161; PN 87912, Lot No. 28162; PN 87951 to 87962, Lot Nos. 28163 to 28174; PN 87963 to 87971, Lot Nos. 28178 to 28186; PN 87972 to 88012, Lot Nos. 28188 to 28228; PN 88013 to 88023, Lot Nos. 28232 to 28242; PN 88232 to 88248, Lot Nos. 28243 to 28259; PN 88250 to 88314, Lot Nos. 28261 to 28325; PN 88315, Lot No. 28339; PN 88316 to 88317, Lot Nos. 28341 to 28342; PN 88425 to 88453, Lot Nos. 28343 to 28371; PN 88454 to 88463, Lot Nos. 28374 to 28383; PN 88464, Lot No. 28385; PN 88465 to 88478, Lot Nos. 28391 to 28404; PN 88479 to 88484, Lot Nos. 28406 to 28411; PN 88486 to 88502, Lot Nos. 28413 to 28429; PN 88503 to 88517, Lot Nos. 28431 to 28445; PN 88518 to 88522, Lot Nos. 28447 to 28451; PN 88523 to 88538, Lot Nos. 28455 to 28470; PN 88539, Lot No. 28473; PN 88540 to 88544, Lot Nos. 28475 to 28479; PN 97455, Lot No. 28072; PN 97548, Lot No. 28480; PN 97456, Lot No. 28260; PN 97457, Lot No. 28412, all in Bandar Serendah, Mukim Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan; and

(b) HSD 16557 PT No. 1489, HSD 16558 PT No. 1490 and HSD 17420 PT No. 2360, all in Mukim of Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan.

(4) Cluster A, Registered and beneficial owner: Zuriat Watan

Cluster B,

Registered owner

(a) Lot PT 103 – Mohd Fadil Bin Musbah 2/9 share; Mohd Fairuz Bin Musbah 2/9 share; Rafidah Binti Musbah 1/9 share; Musbah Bin Chapril (as trustee) 4/9 share

(b) Lot PT 115 – Jaliah Binti HJ Sudin

(c) Lot PT 117 – Rogayah Binti Mohd Yasin

Beneficial owner: Zuriat Watan

(5) The description of the additions and extensions built:

(a) the extension of an entrance porch and the addition of mechanical and electrical sections within the factory building are not indicated in the approved building plan;

(b) one of the car park sheds, which is located opposite the single storey factory building, is a simple open-sided structure constructed with simple tubular steel framework and corrugated zinc roofing sheets does not have any approved building plan; and

(c) the two-storey office section which is of reinforced concrete framework with concrete floors and plastered brickwall, is situated in the middle section of the factory area is not constructed as per the approved location in the approved building plan.

(collectively, referred to as "**Additions and Extensions**")

The Additions and Extensions built have not been taken into consideration for the purpose of valuation.

To rectify the issue, Prinsip Barisan (M) Sdn Bhd has submitted the as-built drawings to the Majlis Daerah Jempol and Jabatan Bomba and Penyelamat Malaysia Negeri Sembilan for approval on 22 June 2017. While Prinsip Barisan (M) Sdn Bhd had on 15 September 2017 paid a penalty of RM2,215.90 to Majlis Daerah Jempol for the non-compliances, the approvals from both Majlis Daerah Jempol and Jabatan Bomba and Penyelamat Malaysia Negeri Sembilan are still pending as at the LPD. The estimated cost incurred to rectify the issue is approximately RM50,000.

In the event that Prinsip Barisan (M) Sdn Bhd failed to obtain the necessary approval to rectify the issue, the company's exposure under the Street, Drainage and Building Act 1974 is:

(a) a fine of not more than RM51,500 and a further fine of not more than RM1,100 for every day the offence(s) continues after conviction or to imprisonment for a term not exceeding 3 years or to both; and

(b) to demolish such Additions and Extensions within a specified time, failing which Prinsip Barisan (M) Sdn Bhd may be liable on conviction to a fine of not more than RM250 for every day the offence continues after expiry of the period specified in the notice.

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SMITH ZANDER

15 JAN 2018

The Board of Directors
PUNCAK NIAGA HOLDINGS BERHAD
Wisma Rozali
No. 4 Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor
Malaysia

Dear Sirs,

Independent Market Research Report on the Construction Industry, Facilities Management Industry, Public-Private Partnerships and Property Development in Malaysia in relation to the proposed acquisition by Puncak Niaga Holdings Berhad of the entire issued share capital of TRIplc Berhad from Pimpinan Ehsan Berhad for a cash consideration of RM210,000,000

This Independent Market Research Report on the Construction Industry, Facilities Management Industry, Public-Private Partnerships and Property Development in Malaysia is prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") based on research completed on 18 December 2017, for inclusion in the Circular to shareholders of Puncak Niaga Holdings Berhad.

For and on behalf of SMITH ZANDER:

DENNIS TAN
MANAGING PARTNER

SMITH ZANDER

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For further information, please contact:

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1 INTRODUCTION

Objective of the Study

This independent market research ("IMR") report has been prepared in conjunction with the proposed acquisition of TRIplc Berhad by Puncak Niaga Holdings Berhad. The objective of this IMR report is to provide an independent view of the industry and market(s) in which TRIplc Berhad operates and to offer a clear understanding of industry and market dynamics.

Rationale and Scope of Work

TRIplc Berhad is principally involved in project management and construction services, land matters pertaining to property development, and the provision of facilities management services.

The scope of work for this IMR report will thus address the following areas:

- market development and growth prospects of the construction industry in Malaysia in relation to the construction contracts undertaken by TRIplc Berhad;
- market development and growth prospects of the facilities management industry in Malaysia in relation to the concession agreements for facilities management services of educational institutions undertaken by TRIplc Berhad;
- market development and growth prospects of public-private partnerships in Malaysia in relation to the concession agreements for design, construction and maintenance services of educational institutions undertaken by TRIplc Berhad; and
- market development and growth prospects of the property market in Malaysia in relation to the property development activities to be undertaken by TRIplc Berhad as part of its future plans.

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2 DEFINITION AND SEGMENTATION

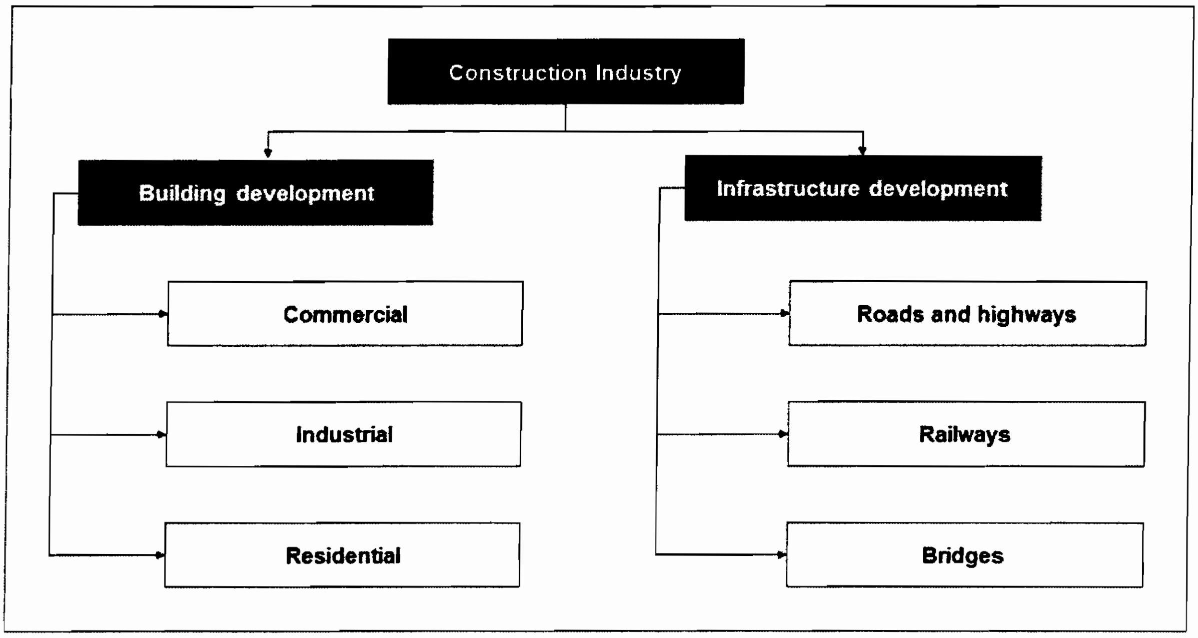
Construction Industry

The construction industry can broadly be divided into two key major segments, namely the construction of buildings and infrastructure. The construction of buildings is then further categorised into commercial, industrial and residential properties where:

- Commercial properties are used for business purposes and this includes office buildings, warehouses, hotels, retail outlets and other institutional or purpose-built buildings such as convention centres, resorts, and educational and medical institutions;
- Industrial properties are buildings or structures where industrial or manufacturing activities are carried out, and includes factories and production plants; and
- Residential properties are intended for dwelling purposes.

The construction of infrastructure refers to any form of development of public assets used for purposes such as transportation, utilities management and communication, recreation and community use. This includes road and highway networks, jetties, transportation transit systems (i.e. commuter rail systems, mass rapid transit, light rail transit, subways and bus transportation), power plants, dams, and drainage systems.

Market segmentation of the construction industry [a]



[a] Examples are not exhaustive

Source: SMITH ZANDER

Typically, activities in the construction industry consist of civil and structural works as well as mechanical and electrical works. Civil and structural works comprises building and infrastructure works as well as foundation and geotechnical works, while mechanical and electrical works involves the design and/or installation of heating, ventilation and air conditioning systems, fire protection systems, power distribution, telecommunication systems, elevator and central utility facilities.

Facilities Management

Facilities management is the management, operation and maintenance of facilities to create a cohesive environment that enables an organisation to carry out its primary objective. At its core, facilities management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, places, processes and technologies. The scope of facilities management services includes, but is not limited to, cleaning, catering, security, pest control, landscaping, maintenance services and mechanical and electrical works.

Facilities management contracts initially started out as single-purpose contracts where each scope of service was outsourced to separate specialist suppliers. The outsourcing concept has since evolved over the years to encompass the bundling of services to single service providers with multi-discipline service offerings. The practice of outsourcing to a single service provider benefits oganisations where it creates cost certainty over a specific period, creates a single point of contact for the organisation and ensures that the organisation's facilities are well managed.

The management of a facility may be carried out by an in-house team or outsourced to one or more facilities management service providers. When a third party service provider is engaged for facilities management services, this involves the provision of services that support an organisation's wider business activities, while allowing the organisation to focus on its primary objective. Third party facilities management service providers are able to offer organisations expertise that are lacking in an organisation's in-house team.

Private Finance Initiatives in Malaysia

The public-private partnership ("PPP") model in Malaysia comprises the nation's privatisation policy and private finance initiatives ("PFIs"). In 1981, the Government of Malaysia ("Government") introduced the Malaysia Incorporated Policy to foster collaboration between the public sector and private sector. Through this policy, an interdependent relationship would be developed where the private sector would uphold commercial and economic activities, while the public sector will be responsible for setting direction, formulating policies and providing supporting services which are conducive to business success. Subsequently in 1983, Malaysia's Privatisation Policy was launched in support of the Malaysia Incorporated Policy's objective of increasing the role of the private sector in the nation's economic development. The Privatisation Policy aimed to reduce financial and administrative burden in the public sector, enhance skills and production, accelerate economic growth, reduce the extent and involvement of the public sector in the economy, and assist in achieving Malaysia's economic policy goals. The Government introduced a Guideline on Privatisation in 1985, which described the objective of the policy, method of privatisation, as well as its implementation mechanism. This was further supported by the Master Plan on Privatisation that was produced by the Government in 1991, which detailed the policy and strategy for privatisation.

The PPP implementation methods in Malaysia include build – operate – transfer ("BOT"), build – lease – transfer ("BLT"), build – operate – own, build – lease – maintain – transfer ("BLMT"), build – lease – maintain – operate – transfer ("BLMOT"), land swap, management contracts and corporatisation. Since its implementation, the key achievements of Malaysia's privatisation programme include:

- Development of various infrastructure facilities such as the North - South Highway, light rail transit, Tanjung Pelepas Port and Kuala Lumpur International Airport ("KLIA");
- Creation of local conglomerate companies such as Tenaga Nasional Berhad and Telekom Malaysia Berhad;
- Provision of employment opportunities in the private sector, and creation of a professional workforce; and
- Revitalisation of Malaysia's capital market through capital investments in the private sector in privatised Government projects.

The PFI is a privatisation scheme initially introduced in Australia during the 1980s and the United Kingdom during the 1990s with the objective of providing financial support for partnerships between the public sector and private sector. The PFI scheme has since been implemented in various forms in several countries globally, and is increasingly becoming an important method of procurement for public assets.

In Malaysia, PFIs were introduced by the Government under the Ninth Malaysia Plan ("9MP") (2006 – 2010) as a new measure under the nation's privatisation programme. Malaysia's PFI mechanism is aimed at facilitating greater participation of the private sector to improve the delivery of infrastructure facilities and public service, and establishes key principles on the procurement and implementation of selected public sector infrastructure projects. The PFI will be undertaken as a new mode of procurement in conjunction with the PPP to further enhance private sector participation in economic development. While the PFI and PPP terms are often used interchangeably, there are subtle differences that set these concepts apart. Nonetheless in Malaysia's context, the PFI principles announced under the 9MP form a subset of the umbrella PPP principles.

PPP relates to the transfer of responsibility to the private sector to finance and manage a package of capital investment and services, including the construction, management, maintenance, refurbishment and replacement of public sector assets such as buildings, infrastructure, equipment and other facilities, which creates a standalone business. The fundamental elements of Malaysia's PPP mechanism are:

- In PPP projects, a private sector party will be appointed by the public sector via a contract to deliver public infrastructure-based services over a specific long term period of time;
- The appointed private sector party will raise its own funds to finance the entire or a part of the assets that will deliver the services based on agreed performances; and
- The public sector will subsequently compensate the appointed private sector party for services rendered.

In selected PPP projects, part of the payment to the appointed private sector party may flow directly from public users. While ownership of assets is not the primary focus of the PPP mechanism, nonetheless several modalities see the transfer of assets to the public sector as a matter of course. The instances where PPP assets are not transferred to the public sector at the end of the concession period typically relate to facilities or projects that have little value at the end of the period due to technological obsolescence.

The Government will only engage in a PPP proposal if there is a need on the part of the Government for the project upon consideration of the benefits of the entire project, among others, based on:

- Socioeconomic impacts;
- Value for money and cost savings to the Government;
- Quick delivery of the project and service enhancement; and
- Increased level of accountability, efficiency and effectiveness.

The PPP is a public procurement model where the value for money advantage is optimised through efficient allocation of risks, service lifecycle approach, private sector innovation, management skills and synergies realised from interlinking design, finance, construction and operations activities. The main features of PPP projects are as follows:

- The relationship between public and private sectors is based on partnership;
- The public sector procures specified outputs or outcomes of a service for a concession period;
- The private sector determines the required inputs to achieve the specified output, and the private sector is given latitude to introduce innovation into their designs and development to reduce overall costs;
- Payment for services rendered is based on predetermined standards and performance;
- Promotes a culture of maintenance where the concessionaires will be responsible for the long term maintenance of the assets throughout the agreed operational tenure or concession period;
- Total solution package in terms of the integration of design, construction, finance, maintenance and operations;
- The transfer of assets at the end of the concession period becomes an option to the Government;
- Optimal sharing of risks whereby risk is allocated to the party who is best able to manage it; and
- Application of whole lifecycle costing, whereby PPP projects are usually awarded based on lowest total cost over the concession period, compared to lowest construction costs under the traditional procurement method.

The PPP mechanism largely emphasises on the delivery of services, private sector innovation and skills in maintaining the assets/facilities throughout the concession period. Thus, the structuring of a PPP project brings together the relevant private sector parties, each with clearly defined roles and risks undertakings. The main parties in PPP projects typically comprise the special purpose vehicle created to undertake the PPP project; financiers; construction contractor; facilities management operator; and the public sector as the procuring authority.

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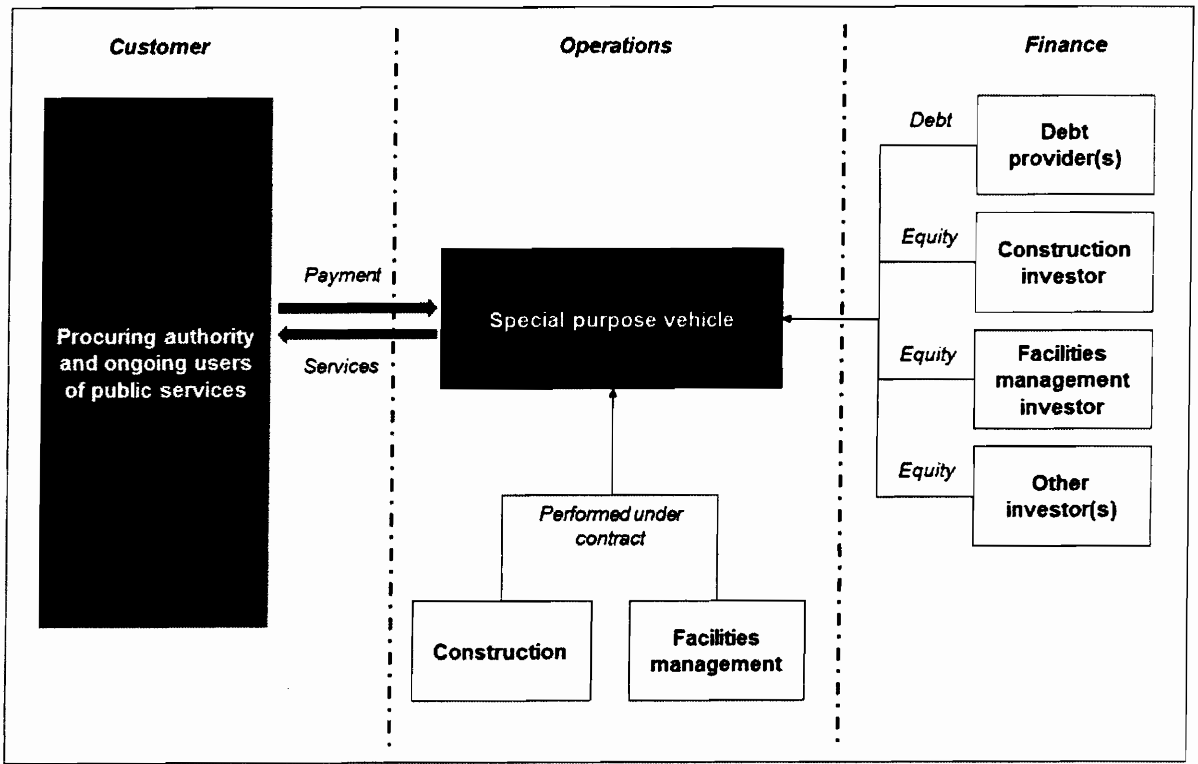
PPP structure in Malaysia



Source: Public Private Partnership Unit, Prime Minister's Department Malaysia, SMITH ZANDER

Responsibilities of the respective parties involved in the PPP mechanism

Party	Responsibilities
Private parties comprising:	
▪ Special purpose vehicle	▪ Raising funds to develop and maintain assets ▪ Issuing payments to subcontractors, financiers as well as other creditors ▪ Rendering services to the public sector based on specific performance levels, quality and timeliness throughout the contract period ▪ Ensuring assets are well maintained and available for use throughout the concession period ▪ Ensuring that revertible assets are transferred to the public sector at the end of the concession period in specified conditions (good working order)
▪ Financiers, comprising debt providers and equity investors	▪ Financing PPP projects
▪ Construction contractors	▪ Delivering construction works in accordance to the scope of work outlined in the contract with the special purpose vehicle
▪ Facilities management operator	▪ Delivering facilities management services of assets in accordance to the scope of work outlined in the contract with the special purpose vehicle
Public sector	▪ Identifying, assessing and prioristing projects for implementation via PPP

Party	Responsibilities
	▪ Preparing and managing the competitive bidding process for PPP projects ▪ Determining clear objectives and scopes for PPP projects, output specifications, payment mechanism and key performance indicators ▪ Ensuring equitable and optimal allocation of risks ▪ Managing contracts and monitoring performance ▪ Safeguarding public interests

Source: Public Private Partnership Unit, Prime Minister's Department Malaysia, SMITH ZANDER

In the 9MP, PFI was introduced as a scheme under the PPP programme. The Government announced its intention to widen the implementation of PFI-based projects during the 9MP period to increase opportunities for the private sector to participate in infrastructure and utilities development while contributing to growth in the construction sector. PFI will be the privatisation mode of choice in instances where it can improve the efficiency of implementation for Government projects in a manner where risk and reward is equitably distributed between the public sector and the private sector; and in instances where support from the Government enhances the viability of private sector projects in strategic or promoted areas. The 9MP outlined the adoption of PFIs to facilitate greater participation in the private sector in the areas of management, operations and maintenance to improve the delivery of infrastructure services and public services. Under the 9MP, the Government had identified public transportation services and the development of education infrastructure as feasible projects for PFI implementation. Private sector investment for regional development can be accelerated via PFI.

The PFI implementation methods in Malaysia include BLT, BLMT and BLMOT. Based on the 9MP, the principles of PFIs are as follows:

- The PFI involves the transfer to the private sector the responsibility to finance and manage a package of capital investment and services including the construction, management, maintenance, refurbishment and replacement of public assets such as buildings, infrastructure, equipment and other facilities, which creates a standalone business;
- The private sector will create the asset and deliver a service to the public sector client. In return the private sector will receive payment in the form of lease rental charges, which commensurate with the levels, quality and timeliness of the service provision throughout the concession period; and
- The structure of the lease rental payment for PFI projects will guarantee a total return to the concessionaire's capital investment expenditures including financing cost repayment and profit to investment. The assets and facilities will be transferred to the public sector at the expiry of the concession period.

The 9MP mandates the development of an implementation framework for PFIs as the evaluation and procurement process involved in implementing PFIs are more elaborate, particularly with regard to the need to provide clear output specifications, maintenance, performance indicators and distribution of risks. A mechanism will also be developed to expedite the procurement process and respond to the demands of the contract details as required under PFIs. Measures to establish long term financing scheme through local financial institutions will be undertaken, including the Employees Provident Fund, to facilitate the financing of PFI projects, which normally have long gestation periods. To further streamline the implementation process, new conditions will be imposed to ensure prospective companies have access to capital, including having a minimum paid-up capital of RM250,000 when proposing a project and providing proof of financial support within 12 months of signing of the PFI agreement. Further, companies must also furnish evidence of technical and management expertise.

In 2009, the Privatisation and Private Finance Initiative Unit – PFI was established as a new unit under the Prime Minister's Department to further spearhead private sector participation and stimulate private sector investment through PPP in the national development agenda. This unit is responsible for planning, evaluating, coordinating, negotiating and monitoring the implementation of PPP projects; managing and evaluating projects that require funding from the facilitation fund, a fund specially established to stimulate private sector investment and bridge the viability gap of projects that have strategic impact; acting as administrator for corridor development projects in five regions nationwide, namely Iskandar Malaysia, Northern Corridor Economic Region ("NCER"), East Coast Economic Region ("ECER"), Sarawak Corridor of Renewable Energy ("SCORE") and Sabah Development Corridor ("SDC"). The Privatisation and Private Finance Initiative Unit – PFI has since been renamed to Public Private Partnership Unit (*Unit Kerjasama Awam Swasta*, "UKAS").

Property Development

Property development encompasses all activities involved in the construction of properties ranging from land identification and acquisition; land topography analysis and determination of type of property to be constructed; property design and development plan formulation, preparation and submission; construction activities (directly or via third party construction companies); and ultimately property sales and property management.

Property development value chain

[a] *Construction activities may either be directly undertaken by property development companies or via third party construction companies*

Source: SMITH ZANDER

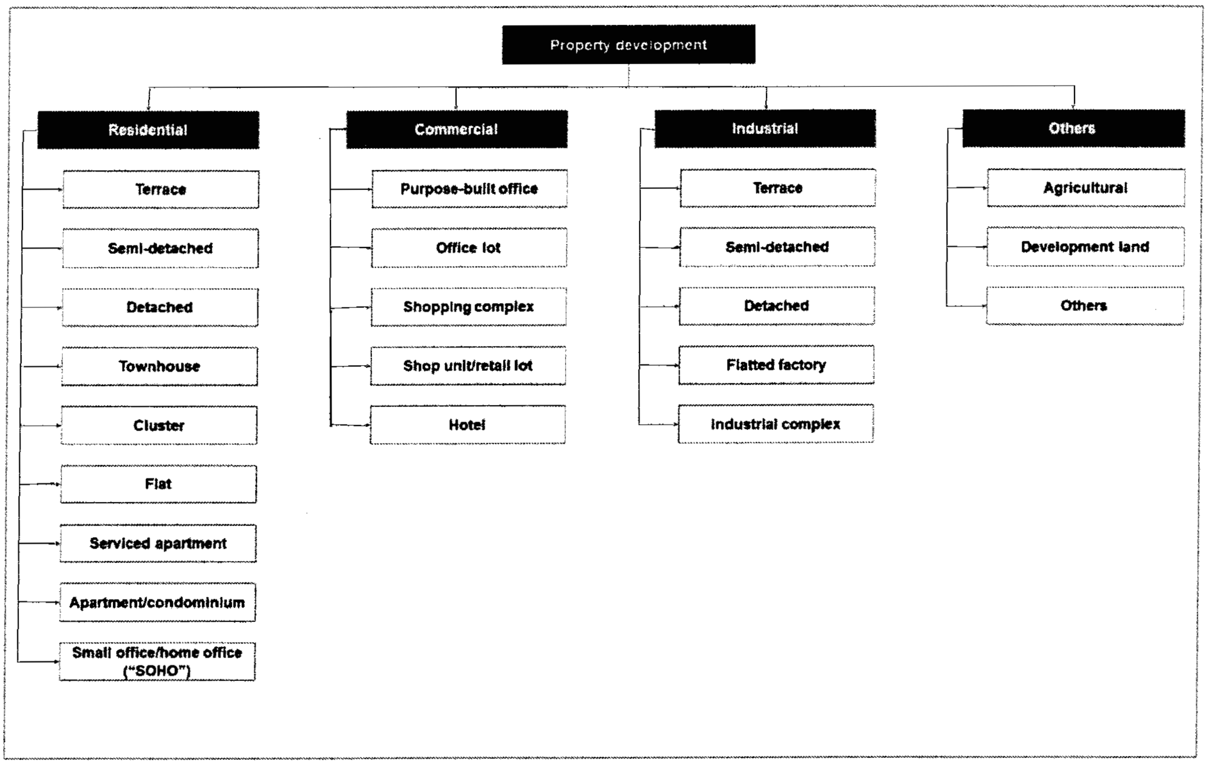
A property development project begins with a property development company identifying and acquiring a suitable land for development for the intended type of property. Typically, the company will then engage a land surveyor to conduct land topography, to map out the surface features of the land. The property development company will then formulate, prepare and submit a property design and development plan to the relevant authorities for approval.

A quantity surveyor is engaged to prepare cost estimates for the project, in terms of both material and labour costs, based on the property design and development plan. Once the property design and development plan is approved by the relevant authorities, construction activities are carried out, and these activities may either be directly undertaken by the property development company's construction arm, or via a third party construction company.

While construction activities are underway, the sale of the property units commences concurrently. Depending on the type of property constructed, once the construction is complete, the property development company may opt to manage the property directly or via a third party property management company.

Property development refers to the development of three primary types of properties, namely residential, commercial and industrial.

Segmentation of property development



Source: SMITH ZANDER

TRIplc Berhad is principally involved in project management and construction services, land matters pertaining to property development, and the provision of facilities management services.

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3 CONSTRUCTION INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

Economic Contribution

Construction activities in Malaysia are largely influenced by the nation's economic development as the construction of buildings and infrastructure are essential for national development and progress. With economic development comes an increase in demand for residential, commercial and industrial properties due to the increase in the average income of the population as well as the increase in business activities. As the construction of property segments (i.e. residential, commercial and industrial) develops, the infrastructure and social amenities supporting these developments must be likewise built or improved.

The mark of a country's economic development is reflected by its gross domestic product ("GDP") and employment rate achievements. From 2006 to 2016, the GDP for construction activities in Malaysia increased from approximately RM16.0 billion to approximately RM50.1 billion. Between 2006 and 2016, the GDP from construction activities increased from 2.8% and 4.5% of total national GDP, signifying its importance to overall economic development.

Key economic statistics of the construction industry in Malaysia [a, b]

Year	National GDP [a] (RM million)	Construction industry GDP [a] (RM million)	Construction industry's contribution to national GDP (%)
2006	573,936	16,022	2.8
2007	610,087	17,391	2.9
2008	639,565	18,151	2.8
2009	629,885	19,270	3.1
2010	821,434	28,213	3.4
2011	864,920	29,524	3.4
2012	912,261	34,880	3.8
2013	955,080	38,590	4.0
2014	1,012,449	43,115	4.3
2015	1,063,355	46,630	4.4
2016	1,108,227	50,103	4.5

[a] GDP for the years 2006 to 2009 are based on constant 2005 prices, while GDP for the years 2010 to 2016 are based on constant 2010 prices

[b] Latest available as at 18 December 2017

Source: Department of Statistics Malaysia, SMITH ZANDER

Construction activities are a vital building block for the development of other economic activities in the country, including manufacturing, finance and business services as well as wholesale and retail trade, hotels and restaurants. In 2016, the manufacturing sector contributed approximately 23.0% to Malaysia's total GDP, while wholesale trade, retail trade, accommodation and restaurants collectively contributed approximately 17.8%, and finance, insurance, real estate and business services collectively contributed approximately 11.2%.[1] In order for these economic activities to operate and thrive, properties and structures such as industrial parks, office buildings, retail malls, hotels and restaurants must be developed.

Employment

In addition, construction activities have also contributed to the socio-economic development of Malaysia in terms of employment. Employees in the construction industry increased from approximately 0.9 million persons in 2006 to approximately 1.3 million persons in 2016 at a compound annual growth rate ("CAGR") of 3.3%, indicating a growing construction industry that is in line with a developing country's manpower requirements. The percentage of employment in the construction industry hovered between 8.8% and 9.4% of total employment in Malaysia over the period of 2006 to 2016.

Employment statistics in the construction industry in Malaysia [a]

Year	Total employment ('000)	Employment in the construction industry ('000)	Employment in construction industry as a percentage of total employment (%)
2006	10,275.4	908.9	8.8
2007	10,538.1	922.5	8.8
2008	10,659.6	998.0	9.4
2009	10,897.3	1,015.9	9.3
2010	11,899.5	1,082.7	9.1
2011	12,284.4	1,133.6	9.2
2012	12,723.2	1,163.7	9.1
2013	13,210.0	1,244.1	9.4
2014	13,532.1	1,226.4	9.1
2015	14,067.7	1,309.9	9.3
2016	14,163.7	1,251.7	8.8
CAGR	**3.3%**	**3.3%**	Not applicable

[a] *Latest available as at 18 December 2017*

Source: Department of Statistics Malaysia, SMITH ZANDER

Value of Projects Awarded

The vibrancy of construction activities reflects the growth of a country's economy. The growth of construction is typically cyclical as it follows relatively closely to the GDP growth of a country. A common measure of construction activities is based on the value of projects awarded during a certain period.

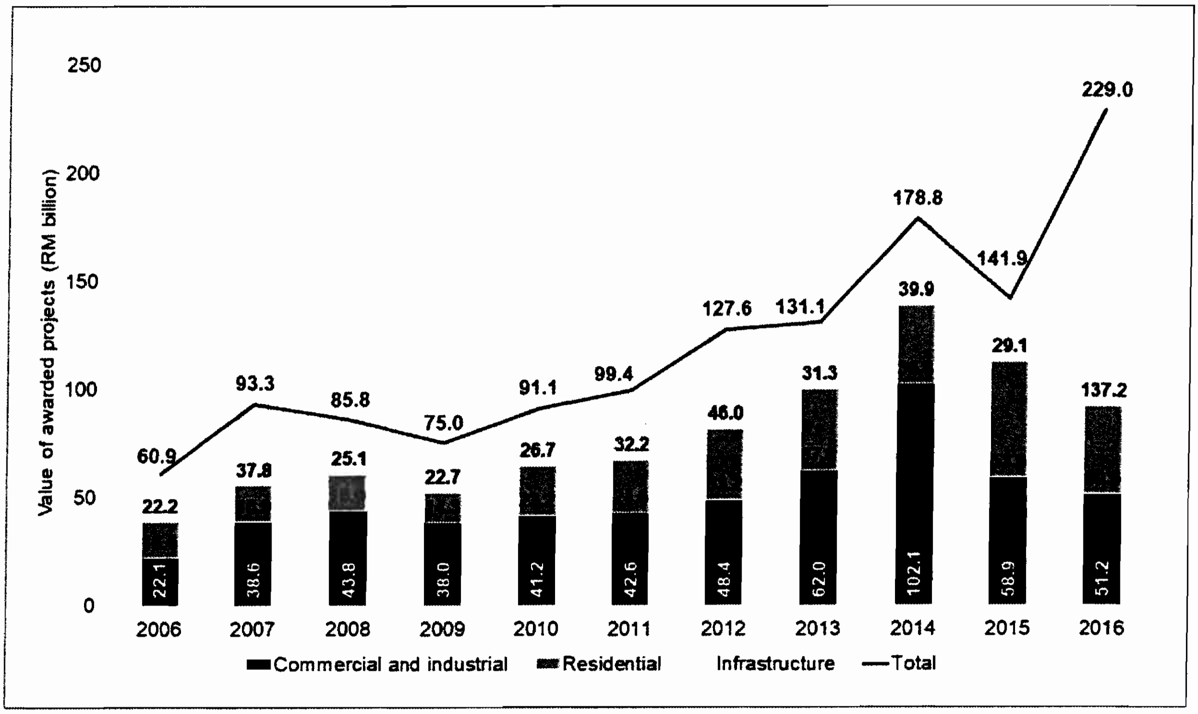
From 2006 to 2016, construction activities in Malaysia, as measured by the value of projects awarded, grew from RM60.9 billion to RM229.0 billion at a CAGR of 14.2%. Residential construction activities witnessed a CAGR of 9.4%, increasing from RM16.6 billion in 2006 to RM40.6 billion in 2016.

Commercial and industrial construction recorded a CAGR of 8.8%, increasing from RM22.1 billion in 2006 to RM51.2 billion in 2016 on the back of an increase in the supply of commercial office space and hotels. Several prime commercial developments, most notably the Tun Razak Exchange and Merdeka PNB 118

[1] *Source: Ministry of Finance Malaysia*

are currently under construction in Klang Valley especially in areas close to the on-going Klang Valley Mass Rapid Transit ("MRT") project route. Malaysia's industrial sector continues to grow at a healthy pace spurred by strong levels of foreign and domestic investments. This is likely to maintain a growth in demand for industrial development in the country.

Value of projects awarded in the construction industry in Malaysia [a, b, c]



[a] *Figures may not add up due to rounding*
[b] *In Malaysia, construction activities are measured based on value of projects awarded during a certain period where this data is collated from industry participants by the Construction Industry Development Board ("CIDB"). Thus, the value of projects awarded is used as a benchmark to measure growth of the construction sector in Malaysia and competitive positioning of industry players. However, information on project completions and payment status of awarded projects are not publicly available from the CIDB*
[c] *Latest available as at 18 December 2017*

Source: CIDB, SMITH ZANDER

Selected on-going and upcoming major commercial and mixed-development construction projects in Malaysia

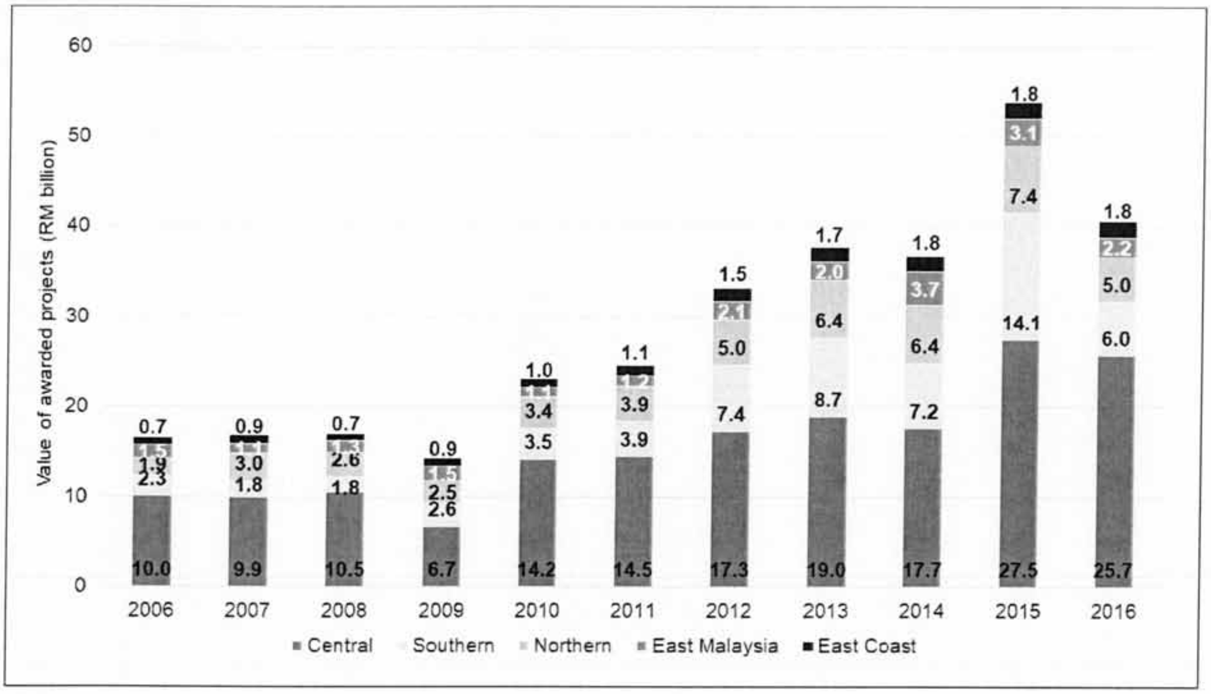
Location	Project	Type of property	Expected completion date
Klang Valley	Eco Majestic	Mixed-development	2017 onwards (in phases)
	W Hotel	Hotel	2018
	The Ruma Hotel and Residences	Hotel	2018
	Four Seasons Place Kuala Lumpur	Mixed-development	2018
	Project MX-1	Mixed-development	2018
	Three KLCC towers for additional office, hotel and retail space	Commercial	2019

Location	Project	Type of property	Expected completion date
	Bukit Jalil City	Mixed-development	2019
	Redevelopment of Angkasapuri Complex to Media City	Commercial	2020
	Cyberjaya City Centre	Mixed-development	2020 onwards (in phases)
	KLIA Aeropolis	Mixed-development	2020 onwards (in phases)
	Pavilion Damansara Heights	Mixed-development	2021
	Bukit Bintang City Centre	Commercial	2023
	Merdeka PNB 118	Commercial	2024
	Tun Razak Exchange	Commercial	2028
	River of Life	Commercial	2029
	Gamuda Garden	Mixed-development	2030
	Serenia City	Mixed-development	2035
Penang	DoubleTree Resort by Hilton	Hotel	2018
	Courtyard by Marriot, Penang	Hotel	2018
	IKEA integrated shopping complexes and mixed development of offices and residences	Mixed-development	2018
	Aspen Vision City	Mixed-development	2018 onwards (in phases)
	The Light Water Front Project	Mixed-development	2022
	Penang International Commercial City	Mixed-development	2026
Negeri Sembilan	PD Waterfront	Mixed-development	2020
Johor	Forest City	Mixed-development	2017 onwards (in phases)
	Residential North Project	Mixed-development	2018
	Sheraton Nusajaya Medini	Hotel	2019
	Country Garden Central Park	Residential	2020 onwards (in phases)
	Meridin East	Mixed-development	2030
Pahang	Genting Integrated Tourism Plan	Commercial	2017
Sabah	New World Kota Kinabalu Hotel	Commercial	2018
Sarawak	Tabung Haji Complex	Commercial	2017
	Gala City	Commercial	2020

Source: Economic Transformation Programme ("ETP"), CH Williams Talhar & Wong Property Market Report 2015, CH Williams Talhar & Wong Property Market Report 2016

Growth of residential, commercial and industrial projects has been strongest in the Central region, comprising the states of Selangor and Negeri Sembilan as well as the Federal Territory of Kuala Lumpur ("Kuala Lumpur") and Federal Territory of Putrajaya ("Putrajaya"). Approximately 63.1% of the total value of residential construction projects awarded in 2016 was for the Central region while an additional 14.7% was for the Southern region, comprising the states of Melaka and Johor. Awarded commercial and industrial construction projects were strongest in the Central region (40.7% of total value of commercial and industrial construction), followed by the Southern region (25.3% of total value of commercial and industrial construction) and the East Coast comprising Kelantan, Pahang and Terengganu (13.1% of total value of commercial and industrial construction) during the same year.

Value of awarded residential construction projects by region in Malaysia [a]



[a] *Latest available as at 18 December 2017*

Source: CIDB, SMITH ZANDER

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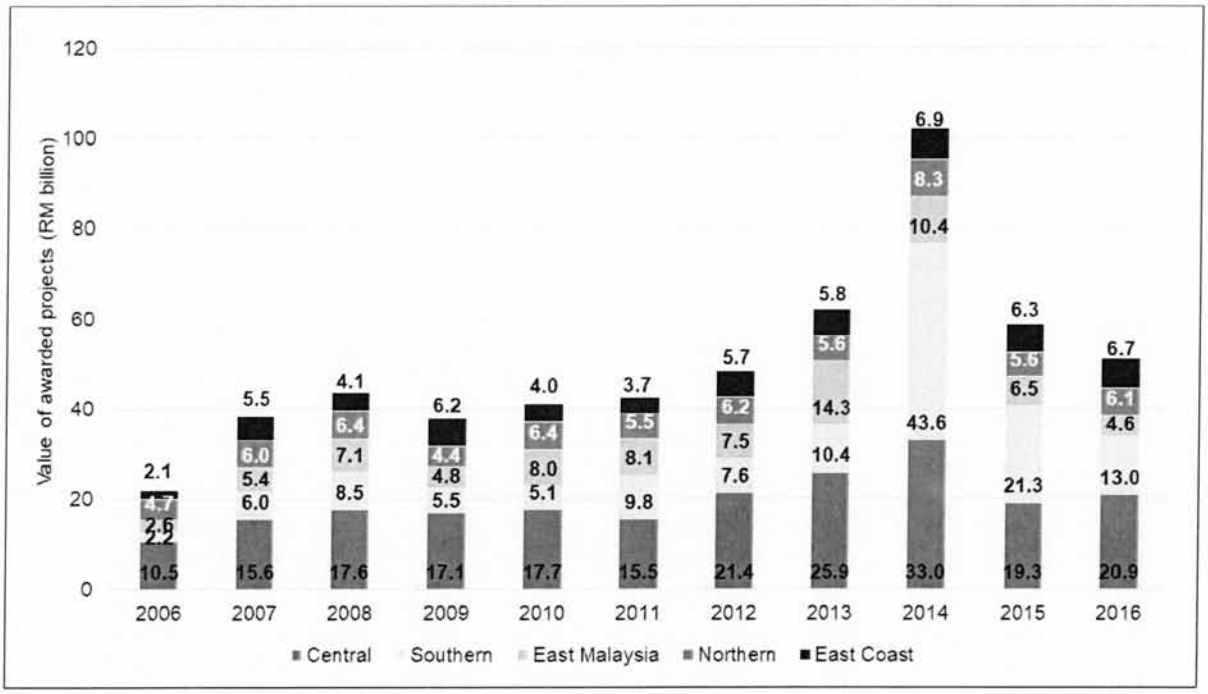
Value of awarded commercial and industrial construction projects by region in Malaysia [a, b]



[a] Includes the development of social amenities such as healthcare and medical facilities; educational facilities; youth and community centres; public toilets, solid and liquid disposal centres; public parking space; street lighting; religious buildings; bridges; sports centres, leisure and recreational centres as well as playgrounds
[b] Latest available as at 18 December 2017

Source: CIDB, SMITH ZANDER

The infrastructure development segment of the construction industry is typically reliant on public funding from the Government. In terms of awarded project value, this sector increased at a CAGR of 60.7% from RM22.2 billion in 2006 to RM137.2 billion in 2016. The Government is committed to the implementation of several toll highways for Selangor, namely the East Klang Valley Expressway, Sungai Besi – Ulu Klang Expressway, Damansara – Shah Alam Highway, Serdang Kinrara Putrajaya Expressway and West Coast Highway, which collectively will require an investment of RM18.1 billion. In East Malaysia, the Government has committed RM27.0 billion for the construction of the Pan – Borneo Expressway that will benefit residents in Sabah and Sarawak.

Selected on-going and upcoming major infrastructure development construction projects in Malaysia

Location	Project	Type of infrastructure development	Estimated project value (RM billion)
Selangor	East Klang Valley Expressway	Transportation	1.6
	Sungai Besi – Ulu Klang Expressway	Transportation	5.3
	Damansara – Shah Alam Highway	Transportation	4.2
	Serdang Kinrara Putrajaya Expressway	Transportation	Not available
Selangor and Perak	West Coast Highway	Transportation	5.0

Location	Project	Type of infrastructure development	Estimated project value (RM billion)
Klang Valley	Light Rail Transit ("LRT") 3 Extension Project	Transportation	10.0
	Rapid Transit Bus project	Transportation	1.5
	Klang Valley MRT Line 2 from Sungai Buloh – Serdang - Putrajaya	Transportation	32.0
Kuala Lumpur	Jalan Tun Razak Traffic Dispersal Project	Transportation	0.9
Kuala Lumpur, Selangor, Negeri Sembilan, Melaka and Johor	Kuala Lumpur – Singapore High Speed Rail project	Transportation	70.0
Negeri Sembilan and Kuala Lumpur	Paroi – Senawang – Kuala Lumpur International Airport Expressway	Transportation	2.2
Kelantan	East Coast railway line along Gua Musang – Tumpat	Transportation	0.1
Selangor, Pahang, Kelantan and Terengganu	East Coast Rail Line connecting Klang Valley to the east coast	Transportation	55.0
Johor	Johor Bahru – Pasir Gudang Elevated Expressway	Transportation	0.5
Sabah	Kota Kinabalu Rapid Transit Bus	Transportation	1.0
Sabah and Sarawak	Pan – Borneo Expressway	Transportation	27.0

Source: Tenth Malaysia Plan ("10MP"), Eleventh Malaysia Plan ("11MP"), ETP, Budget 2015, Budget 2016, Budget 2017, Budget 2018, MyHSR Corporation Sdn Bhd

The construction industry experienced a slowdown in 2008 and 2009 as public and private expenditure on construction activities were tightened due to the global financial crisis which occurred during the period. However, the construction industry rebounded in 2010 in a show of resilience as the Government and the private sector resumed construction activities. In 2015, the construction industry in Malaysia experienced a year-on-year contraction of 20.6%, to an awarded project value of RM141.9 billion. The fall in awarded project value in 2015 was largely due to a slowdown in demand in the property market. Subsequently in 2016, the awarded construction project value rose to RM229.0 billion.

The year 2015 witnessed fewer new projects being launched. Despite falling sales as witnessed by the dipping number of transactions and occupancy rates in 2016, property prices continued to rise driven by increasing costs and further aggravated by the implementation of Goods and Services Tax (GST) in April 2015. Generally, housing developers were maintaining high property prices while launching lesser number of units. As a result, residential property prices moved beyond the affordability levels of first time buyers.

The issue of affordable housing reflects mainly the imbalance of property supply and demand in Malaysia, which worsened during the 2012 to 2014 period. During these years, new housing supply fell short of the increase in demand (average supply of 85,000 new units versus the formation of 118,000 new households). This is in contrast to the period between 2007 and 2009, when new housing supply exceeded the demand for housing. Secondly, the effect of the supply shortfall on housing affordability was exacerbated by the slower increase in household incomes (12.4%) relative to the increase in house prices (17.6%). Both of these trends were more acute in the key states of Selangor, Johor and Kuala Lumpur. A third factor which impacted the housing affordability issue was the trend of higher residential property launches in the price categories above RM250,000. While there were more launches during 2012 - 2014, the number of new affordable housing units for households earning the median income (below RM250,000) was fewer by 16,200 units per year since the period 2008 – 2009. The oversupply of higher-end properties beyond what households could afford resulted in a significant portion of these non-affordable properties remaining unsold.[2]

Nevertheless, the construction industry in Malaysia has proven to be resilient in the past, having recovered from troughs that occurred during the global financial crisis in 2008 and 2009, as well as the recovery in 2016, and thus the construction industry in Malaysia is expected to recover over the long term. SMITH ZANDER expects the value of projects awarded to further grow from RM229.0 billion in 2016 to RM280.0 billion in 2019 at a CAGR of 6.9%.[3] The residential segment is projected to expand driven by affordable housing programmes, particularly *Perumahan Rakyat 1Malaysia* (PR1MA) and 1Malaysia Civil Servants Housing (PPA1M). Meanwhile, the non-residential subsector is expected to benefit from mixed commercial development, mainly in Klang Valley, Johor and Pahang. Infrastructure development between 2016 and 2020 will be mainly supported by the commencement of large infrastructure projects such as Pan Borneo Highway, Sungai Besi – Ulu Klang Elevated Expressway and Damansara – Shah Alam Elevated Expressway. The upgrading road works from Klang Container Terminal – North Port and the construction of infrastructure in Malaysia Vision Valley are expected to further support the sector. Growth is also anticipated in the south of Klang Valley where Malaysia Vision Valley, Cyberjaya City Centre and Aeropolis KLIA projects have been announced in the Budget 2016. The implementation of a new National Blue Ocean Strategy (NBOS) initiative, namely MyBeautiful New Home, especially for the bottom 40% household income group (B40) throughout the country has also been announced in the Budget 2017. In Budget 2018, it was announced that Five Main Corridors will be developed, namely South Perak Region, Bukit Kayu Hitam Duty-Free Zone, Tok Bali, Kelantan and Baleh Dam, Sarawak.

Key Market Drivers, Trends and Development

Greater demand for residential, commercial and industrial properties result in demand for construction services

The key indicator that influences the property market is the stability of the nation's economy. A robust economy has a positive impact on the property market while a sluggish economy will likewise result in a slowdown in property demand. Economic growth has the potential to increase disposable incomes among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for residential, commercial and industrial properties.

Economic growth is a catalyst for development and growth in construction activities. Between 2006 and 2016, Malaysia's wealth, as depicted by its real GDP, increased from RM573.9 billion to RM1,108.2 billion.[4] Total property transaction value increased from RM47.0 billion to RM113.5 billion between 2006 and 2016, where the residential, commercial and industrial property segments achieved CAGRs of 8.4%, 12.1% and 7.2% respectively. Between the period of 2006 and 2016, transactions in the residential property segment increased from RM29.4 billion to RM65.6 billion while transactions in the commercial and industrial property

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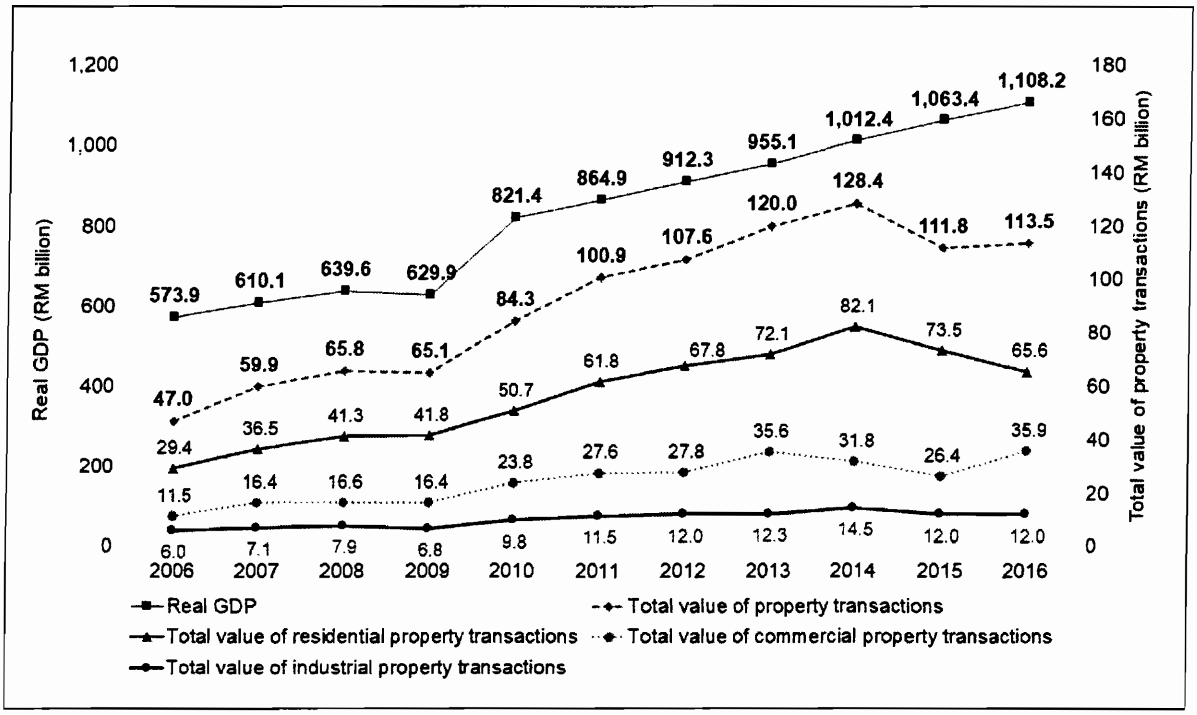
[2] *Source: Central Bank of Malaysia*

[3] *SMITH ZANDER's forecast based on historical performance of the construction sector and research on prevailing market drivers, in comparison to the 11MP target of 10.3% per annum between 2016 and 2020*

[4] *Source: Central Bank of Malaysia*

segments increased from RM11.5 billion to RM35.9 billion, and RM6.0 billion to RM12.0 billion respectively.[5]

Economic impact on property transactions in Malaysia [a]



[a] GDP for the years 2006 to 2009 are based on constant 2005 prices, while GDP for the years 2010 to 2016 are based on constant 2010 prices

Source: Department of Statistics Malaysia, Ministry of Finance Malaysia, National Property Information Centre ("NAPIC"), SMITH ZANDER

Based on SMITH ZANDER's analysis, ongoing decentralisation of office developments, scarcity of land and plans to improve the public transportation system in Malaysia via the construction of the Klang Valley MRT System will be among the key factors that are expected to lead to a reduction in the share of office space in major city centres as new townships and business centres emerge outside these areas. Commercial retail space is expected to witness growth in the next three to five years as several mixed-development projects that are expected to come onstream by 2017 have incorporated retail centres as key components. Mixed development projects refer to development projects that serve more than one (1) purpose, such as mixed development projects that have residential and commercial property components to serve both residential and commercial purposes.

SMITH ZANDER is of the view that from a geographical perspective, the property market in the Central region, and specifically Kuala Lumpur, is expected to be rejuvenated following the Government's move to construct the Klang Valley MRT System which will have an impact on Kuala Lumpur's property market. The high multiplier impact from the RM43.0 billion investment in the Klang Valley MRT project to improve the city rail network for better connectivity and integration, as well as continued demand for properties will drive opportunities in high density mixed-developments and new suburban townships. Among the major

[5] Historical property data sourced from NAPIC Annual Property Market Reports 2006 and 2016; SMITH ZANDER analysis in relation to property data growth rate

upcoming commercial and mixed-development projects that have been announced include the Tun Razak Exchange, Malaysia External Trade Development Corporation ("MATRADE"), redevelopment of Rubber Research Institute Malaysia ("RRIM") Sungai Buloh, Bandar Malaysia and Kampung Baru.

Selected upcoming major property developments in Malaysia, specific to commercial and mixed development properties

Project	Type of development	Estimated land area (acres)	Estimated gross development value (RM billion)	Expected completion date
Tun Razak Exchange	Commercial	80.0	40.0	2028
KLCC development - Lots 167, 176 and 185	Mixed development, including a 64-storey office tower	4.0	5.0	2017
MATRADE, Hartamas	Mixed development surrounding a convention centre	62.0	15.0	2020
Cochrane	Mixed development	50.0	10.0	Not available
Bukit Bintang City Centre	Mixed development	22.0	8.7	2020
Merdeka PNB 118	Commercial, comprising a 118-storey tower and a shopping mall	19.0	5.0	2024
Redevelopment of RRIM Sungai Buloh	Mixed development	2,330.0	10.0	2025
Bandar Malaysia	Mixed development	460.0	160.0	Not available
Kampung Baru	Mixed development	375.0	20.0	Not available
Malaysian Vision Valley	Mixed-development	266,878.8[6]	Not available	Not available
Cyber City Centre in Cyberjaya	Commercial	Not available	11.0	Not available
KLIA Aeropolis	Commercial	1,300.0	Not available	Not available
4 Urban Transformation Centres (UTC) in Negeri Sembilan, Perlis, Pulau Pinang and Selangor	Commercial	Not available	Not available	Not available
Digital Free Trade Zone	Commercial	Not available	Not available	Not available

Source: 10MP, ETP, Budget 2015, Budget 2016, Budget 2017, Budget 2018

The slower property market resulted in fewer number of launches in the first half of 2016. There were 10,655 units launched in the first half of 2016, down by 73.6% against 40,380 units in the first half of 2015.[7] By the end of 2016, a total of 52,713 residential units were launched in Malaysia, in comparison to the 58,411 residential units launched in 2015.[8] Residential property sales dipped in 2016, and developers further held-back new launches across all states in Malaysia. As a result, residential property construction activities slowed down in 2016, evidenced by the dip in the value of awarded residential construction projects.

Based on SMITH ZANDER's analysis, the office sector will remain challenging, and more office buildings are anticipated to undergo refurbishment exercises in the near future as a step to prevent tenants from

[6] *Converted from raw data of 108,000 hectares using the conversion rate of 1 hectare = 2.4711 acres.*
[7] *Historical property data and property data growth rate sourced from NAPIC Property Market Report First Half 2016*
[8] *Historical property data sourced from NAPIC Annual Property Market Report 2016*

relocating to newer office buildings. The strategy of refurbishment will also benefit the older office buildings in getting higher rental rate. The growth of luxury hotels in major cities is likely to see dampened performance in the short term, putting pressure on occupancy and room rates. The weakening of the Ringgit may have impacted businesses in general but it is expected to fuel the demand for domestic travel instead of outbound travels. For international travellers, Malaysia is a more economical and affordable travel destination. The introduction of E-Visa to 10 countries including the People's Republic of China commencing 2016 is expected to facilitate more tourist arrivals. In the long term, the hotel market is expected to remain resilient, driven by strong market fundamentals and tourism infrastructure investments.

SMITH ZANDER is of the view that the overall property market is expected to show moderate activity in the short term. Developments in location with strong fundamentals are still expected to perform well, though buyers are becoming more discerning in their purchases across all sectors while expecting bargain purchases to slowly creep up in the market.

In October 2016, the Government announced the Budget 2017, whereby the Government will take measures to ensure that the country will achieve sustainable economic growth. Upon the conclusion of the Budget 2017, the Government will launch the 2050 National Transformation which will be branded as TN50. TN50 will chart the nation's development and will be spearheaded by the Ministry of Youth and Sports. Under the Budget 2017, the Government announced several construction projects for residential, commercial and industrial properties. Under the Budget 2018, the Government has further allocated RM2.2 billion to increase home ownership.

Construction projects announced under the Budget 2017 and Budget 2018 in Malaysia, specific to residential properties

Measure	Project	Committed investment (RM billion)
Appreciate civil servants	Completion of 30,000 units of 1Malaysia Civil Servants Housing (PPA1M)	Not available
Implementation of *rakyat*-centric projects and programmes	Building and refurbishment of 17,000 units of destitute and dilapidated houses in remote villages and Orang Asli settements	0.35
	Allocation of RM300 million under the 1Malaysia Maintenance Fund to repair facilities at flats and People's Housing Programme through 1Malaysia Maintenance Fund	0.3
Increase home ownership	Implementation of a new National Blue Ocean Strategy initiative, namely MyBeautiful New Home, where a total of 5,000 units will be built	0.2
	Building 9,850 houses under People's Housing Programme by the Ministry of Urban Wellbeing, Housing and Local Government	0.134
	Building a total of 11,250 houses under People's Housing Programme	0.576
	Provision of Government's vacant land at strategic locations to government linked corporations and Perumahan Rakyat 1Malaysia to build more than 30,000 houses	Not available
	Building 10,000 houses in urban areas for rental to eligible youths	Not available
	Building 5,000 units of People's Friendly Home	0.2
	Provision of allocation for Second Generation House Infrastructure development, with RM200 million allocated to Federal Land Development Authority ("FELDA") and RM100 million allocated to Federal Land Consolidation and Rehabilitation Authority	0.4

Measure	Project	Committed investment (RM billion)
	("FELCRA") and Rubber Industry Smallholders Development Authority ("RISDA") each	
	Building 17,300 units of People's Housing Programme	2.2
	3,000 units of People's Friendly Home under SPNB	
	210,000 units of houses under Perumahan Rakyat 1Malaysia	
	25,000 units of PPA1M	
	600 units of My Beautiful New Homes scheme	
	2,000 units under MyDeposit programme	
	A sum of RM200 million is allocated for maintenance and refurbishment of houses	

Source: Ministry of Finance Malaysia

Growth prospects of end-user markets/industries drive demand for commercial and industrial properties and supporting infrastructure

Malaysia's economy achieved a 4.2% growth in 2016 supported by the continued expansion of domestic demand, which was primarily driven by the private sector. Private consumption year-on-year growth moderated to 6.1% in 2016 as households adjusted their spending due to the increasing cost of living, arising from fiscal reform measures such as the implementation of the Goods and Services Tax (GST) and administrative price adjustments, as well as the depreciation in the Ringgit against the United States Dollar. Private investment recorded a growth of 4.4% in 2016.

The services sector remains the driver of growth, contributing to 54.3% of Malaysia's GDP in 2016. Given its importance, the Government formulated the Services Sector Blueprint 2014 to further develop the sector and strengthen its competitiveness. In this respect, the Services Sector Blueprint 2014 focuses on four areas, namely internationalisation which includes liberalisation and services exports; providing efficient tax and non-tax incentives; developing human capital; and implementing regulatory reform in the services sector. With the implementation of the Services Sector Blueprint 2014, the services sector is targeted to achieve 56.5% share of GDP by 2020, on par with that of developed economies.

A positive growth is also expected for the outlook for the manufacturing sector led by the export-oriented industries which are expected to record higher growth in line with the improvement in external demand. The continued implementation of various construction projects in Malaysia will support growth in the construction-related cluster.

The positive growth recorded in Malaysia's economy as well as the services and manufacturing sectors would lead to an increase in the demand for commercial and industrial properties, and subsequently, the demand for construction services.

The Economic Transformation Programme ("ETP") (2011 – 2020) was launched in 2010 with a goal to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. To achieve this, rapid urbanisation is required, and subsequently, the demand for supporting infrastructure is expected to increase in tandem to support economic growth targets.

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Economic growth of end-user markets/industries in Malaysia

	2016	2015	2016
	% of GDP [1]	Annual change (%)	
Services	54.3	5.1	5.6
Manufacturing	23.0	4.9	4.4
Mining and quarrying	8.8	5.3	2.2
Agriculture	8.1	1.3	-5.1
Construction	4.5	8.2	7.4
Real GDP	**100.0**	**5.0**	**4.2**

[1] *Figures may not necessarily add up due to rounding and exclusion of import duties component*

Source: Ministry of Finance Malaysia

The nationwide growth of affordable housing programmes creates demand for construction services

On the supply side, the housing market has not provided an adequate supply of affordable housing for the lower and middle-income households. In 2014, the shortage of affordable houses was estimated to be 960,000 units. This gap is evident across most states, with Sabah and Sarawak having the highest deficit, accounting for 50% of the total shortage in Malaysia. Among the four (4) states with the highest concentration of urban population, the shortage of affordable housing was most significant in Selangor, Kuala Lumpur, Penang and Johor.

While there are multiple programmes by the private sector, and the Federal and State Governments to supply affordable housing, the current level of house-building is not sufficient to meet the demand. If the current trends in population growth, urbanisation and income growth persist, the supply-demand mismatch in the affordable housing segment is expected to worsen going forward. Trends in the country's demography show that as Malaysia's population increases, the number of households increases at a faster rate than population growth, reflecting the trend of shrinking household size. This suggests that the demand for affordable housing is likely to increase going forward. By 2020, the shortage of affordable housing could exceed one million units.[9]

The Government of Malaysia provides financial assistance and enhanced regulatory framework to facilitate homeownership in an effort to meet the affordable housing needs of the low-income and middle-income society. Housing programmes for poor and low-income households in urban and rural areas are implemented nationwide through *Program Bantuan Rumah* ("PBR"), *Program Perumahan Rakyat* ("PPR") and *Rumah Mesra Rakyat 1Malaysia* ("RMR1M"), as well as housing for second-generation FELDA and FELCRA Berhad settlers. Affordable housing for middle-income households is also provided through programmes such as the *Perumahan Rakyat 1Malaysia* ("PR1MA"), 1Malaysia Civil Servants Housing ("PPA1M") and *Rumah Wilayah Persekutuan* ("RUMAWIP").

The Government further launched supporting programmes to ensure that all affordable houses were adequately maintained, through the *Program Penyenggaraan Perumahan* for public low-cost housing and *Tabung Perumahan 1Malaysia* for private low-cost and medium-cost housing. In 2014, the MyBeautiful Malaysia programme was implemented under the National Blue Ocean Strategy to enhance the maintenance of Government quarters. Several guidelines, including the Green Neighbourhood Planning Guideline, Open Space and Recreation Guideline, and Physical Planning Guideline for Senior Citizens,

[9] *Source: Central Bank of Malaysia*

were formulated by the Government to ensure a more conducive and liveable environment. These initiatives were aimed at improving the surrounding quality and living conditions of the population.

Public affordable housing programmes nationwide developed under the Tenth Malaysia Plan (10MP)

Programme	Target population monthly household income (RM)	Ministry / Agency	Number of housing units		
			Completed	Under construction	Total
Program Bantuan Rumah (PBR)	Below poverty line income [b]	Ministry of Rural and Regional Development	56,668	8,298	64,966
Program Perumahan Rakyat (PPR)	2,500 and below	Ministry of Urban Wellbeing, Housing and Local Government	12,025	27,087	39,112
Rumah Mesra Rakyat 1Malaysia (RMR1M)	750 to 3,000	Syarikat Perumahan Negara Berhad	32,948	2,803	35,751
Perumahan Rakyat 1Malaysia (PR1MA) [a]	2,500 to 10,000	Perbadanan PR1MA Malaysia	560	18,400	18,960
1Malaysia Civil Servants Housing (PPA1M) [a]	2,500 to 10,000	Prime Minister's Department	0	13,539	13,539
Rumah Wilayah Persekutuan (RUMAWIP) [a]	6,000 and below	Ministry of Federal Territories	0	9,309	9,309

[a] PR1MA, PPA1M and RUMAWIP commenced in year 2013

[b] Poverty line income is a measure of absolute poverty based on the minimum requirement of food and non-food items for household members to live healthily and actively in society. In 2014, the average monthly poverty line income was RM930 for Peninsular Malaysia, RM1,170 for Sabah and RM990 for Sarawak

Source: Tenth Malaysia Plan (10MP), Eleventh Malaysia Plan (11MP)

The Government has committed to play a major role in meeting the housing needs for targeted groups in urban and rural areas by continuing successful existing programmes. This includes programmes under the PBR for the poor, and programmes for low-income and middle-income households such as the RMR1M, PPR, PRIMA, and PPA1M, as well as programmes for second-generation FELDA and FELCRA settlers. Financing schemes such as My First Home Scheme, Youth Housing Scheme and MyHome will also be enhanced to improve access and affordability for low-income and middle-income households.

In the urban areas, transit houses will be built for youth and young married couples, including those proposed under the 1Malaysia Youth City programme. These transit houses provide such families with short-term residence while they save to purchase their first home. The private sector will be encouraged to develop public housing, which can be done through public-private partnerships.

The Government announced its intention to advocate all new affordable housing developments to adopt sustainable practices, and provide liveable and environment-friendly facilities and infrastructure for the population, including population with special needs and senior citizens. A review of public housing rental rates will be conducted to ensure that sufficient funds are available to cover the cost of management and regular standard maintenance of public housing.

The Government's efforts to launch and promote affordable housing programmes nationwide is expected to bode well for the construction industry, creating demand for construction services in affordable housing projects and benefitting industry players that participate in affordable housing construction projects.

Availability of investments drive overall economic growth, and subsequently, demand for construction services

In 2016, Malaysia attracted RM207.9 billion in approved direct investments in mostly high quality private investments, bearing testament to the resilience of Malaysia's economy amid external challenges, such as the plunge in demand and prices for hydrocarbons and other commodities, as well as the weakening Ringgit against the United States Dollar. Of the total investments approved in 2016, domestic investments accounted for RM148.9 billion or 71.6%, while foreign direct investment accounted for the remaining RM59.0 billion or 28.4%. Between 2006 and 2016, foreign investments increased from RM26.2 billion to RM59.0 billion at a CAGR of 8.5%.

The ETP has a defined structure for the manufacturing and services sectors to contribute to Malaysia's continued growth through high impact projects and business opportunities across the economy. Malaysia's investment performance in 2015 supports the nation's goal in fulfilling the objectives of the ETP where it attracted a total of RM186.7 billion worth of investments, with RM113.8 billion under ETP projects (60.9% of total investments in 2015) and the remaining RM72.9 billion under non-ETP related projects.

The services sector received investments of RM141.2 billion or 67.9% of total investments in 2016 from 4,199 projects, of which domestic investments accounted for RM112.9 billion (80.0%) and foreign investments accounted for RM28.3 billion (20.0%). The real estate segment was the main contributor of approved investments worth RM64.1 billion, followed by the global establishment segment (RM14.1 billlion), financial services segment (RM13.7 billion), utilities segment (RM10.6 billion) and distributive trade segment (RM9.3 billion). The manufacturing sector attracted RM58.5 billion of investments in the same period from 733 projects, of which RM27.4 billion was foreign investments compared to RM31.1 billion worth of domestic investments. In 2016, the primary sector received RM8.2 billion of investments where foreign investments comprised RM3.3 billion and domestic investments comprised the remaining RM4.9 billion. The mining segment, plantation and commodities segment and agriculture segment received RM7.6 billion, RM0.5 billion and RM0.1 billion respectively in 2016. [10]

As the nation strives to position itself as an ideal destination for investments into high value-added, high technology, knowledge-intensive and innovation-based industries, businesses and companies will need to grow in terms of current business practices and infrastructure in order to expand in scale and reach. This signifies positively for the commercial and industrial property segments, and the infrastructure and social amenities development segments in Malaysia, where increased investments in business facilities are expected to witness growth resulting from increased total investments.

Government expenditure to drive infrastructure development generates demand for construction services

In addition to the 10MP and ETP, the Government in the Budget 2015 announced the launch of the Eleventh Malaysia Plan ("11MP") commencing 2016, and the formulation of the Malaysian National Development Strategy ("MyNDS"). MyNDS will be the vehicle for planning and preparation of programmes and projects under the 11MP, with an emphasis on using limited resources optimally, with focus on high impact projects and programmes at low cost as well as efficient and rapid implementation. The 11MP is significant as it is the final five-year phase before Vision 2020 is achieved, and it provides a crucial platform to ensure that Malaysia transitions into an advanced economy and inclusive nation.

[10] *Source: Malaysian Investment Development Authority*

Initiatives announced under the 11MP, specific to the construction industry in Malaysia

Focus area	Description
Accelerating regional growth for better geographic balance	▪ **Revisiting regional economic corridor priorities and industry-focus** The Border Economic Transformation Programme will enhance outcomes from regional economic development by bringing inclusive development and prosperity to the border regions of Malaysia. A range of large-scale economic growth projects and local income-generating opportunities will be developed including the development of Lembah Chuping and Perlis Inland Port in Perlis, rubber-based downstream processing in Rubber City in Kedah, the construction of Plaza IMT-GT which is a retail plaza in Bukit Bunga, as well as the redevelopment of Kampung Laut in Tumpat, Kelantan. ▪ **Improving connectivity and mobility** Transportation networks will be improved to enhance connectivity and mobility in regional economic corridors. This includes the construction and upgrading of roads and highways such as the Pan Borneo Highway to link SCORE and SDC; Central Spine Road and Kota Bharu – Kuala Krai Highway to increase connectivity in ECER. The completion of Mukah Airport is expected to accelerate development in Mukah and the surrounding areas within SCORE, with Mukah to be developed as a smart city as well as one of the growth nodes in SCORE.
Adopting the sustainable consumption and production concept	▪ **Encouraging widespread adoption of green buildings criteria** New government buildings will adopt green features and designs, and use green building materials as per the *Skim Penarafan Hijau Jabatan Kerja Raya Malaysia*. Existing government buildings will be gradually retrofitted. Industry players will also be encouraged to obtain green certification for private buildings such as GreenPASS and the Green Building Index.
Building an integrated need-based transport system	▪ **Prioritising regional connectivity for new highways** To achieve a balanced economic development, highway development will be focused outside the Klang Valley and other urban areas. The 11MP will therefore focus on rural and rural-urban connectivity. The Pan Borneo Highway will promote better connectivity in Sabah and Sarawak. Further development of the Central Spine Road, Kota Bharu – Kuala Krai Highway, and the East Coast Expressway will improve connectivity in Peninsular Malaysia and catalyse growth in the east coast region. The completion of the West Coast Expressway in 2019 will also provide better access to the west coast of Perak and Selangor. ▪ **Increasing public transport modal share in cities** Improving urban public transport remains critical for Malaysia as 75% of its population will be living in cities by 2020. The Klang Valley MRT system will become operational during the 11MP. The Klang Valley MRT Line 1 will traverse 51 kilometres ("km") between Sungai Buloh and Kajang, through 31 stations serving about 1.2 million people with a daily expected ridership of 400,000. Construction on Klang Valley MRT Line 2 will also start in 2016 and is estimated to become operational by 2022. Additionally, construction on a LRT Line 3 connecting Bandar Utama to Klang, running over 36 km and serving 25 stations will start in 2016 with expected completion in 2020. ▪ **Deploying roads and public transport to increase rural and rural-urban connectivity** Rural roads linking the main road networks will continue to be given focus. These roads provide access to basic social amenities such as health, education, and other public services. Rural roads will also create economic opportunities for the residents and further alleviate poverty among the rural households.

Focus area	Description
	The Government will continue to enhance connectivity and safety of rural air services by improving short take-off and landing airstrips ("STOL ports"). The construction of a new airport in Mukah will be completed in 2018 and the relocation of Lawas STOL port in Sarawak to a suitable site will be carried out. ▪ **Upgrading air navigation system and airport infrastructure** A new Kuala Lumpur Air Traffic Control Centre will be built at KLIA to replace the National Control Centre at Subang, Selangor, to improve aircraft movement capacity. In addition, the Communication, Navigation and Surveillance as well as the Air Traffic Management systems will be upgraded to improve efficiency of air navigation services. The Langkawi International Airport, Kedah and the Sultan Ismail Petra Airport, Kelantan will be upgraded to cater for the expected increase in passengers.
Encouraging sustainable energy use to support growth	▪ **Supporting the development of Pengerang Integrated Petroleum Complex ("PIPC")** The Refinery and Petrochemical Integrated Development ("RAPID") within PIPC is a major development that will add 300,000 barrels per day of oil refining capacity in Malaysia during the 11MP. The facility will be able to produce EURO 4M and EURO 5 grade petrol, in addition to 7.7 metric tonnes per annum of various grades of specialised products such as synthetic rubber and high grade polymer by 2020. In addition, the complex will have a 1,220 megawatt ("MW") co-generation power plant of which 620 MW will be utilised by RAPID and the remaining 600 MW exported to the grid. The Government will provide support to construct essential infrastructure such as roads, drainage, and utilities for this development. Another investment in PIPC will be secured by the Johor Petroleum Development Corporation during the 11MP to complement existing investments by Dialog Group Berhad- Royal Vopak and Petroliam Nasional Berhad.
Transforming construction	▪ **Enhancing knowledge content** The strategies to enhance knowledge content in the construction industry include increasing the quality of human capital, accelerating capacity and capability building of small and medium enterprises ("SMEs") and Bumiputera contractors, and reducing the mismatch between labour demand and supply. Key initiatives include fostering greater collaboration between Construction Industry Development Board ("CIDB"), the respective professional boards, and training institutions to develop industry-relevant training modules. A structured skilled trade apprenticeship programme for specific courses such as safety supervisors, crane operators, and rotary drill operators will also be introduced to produce a highly skilled workforce. SME capabilities will be enhanced, particularly Bumiputera contractors, with the support of key partners and the establishment of productivity centres of excellence for sharing of best practices. Regular manpower planning will be undertaken to reduce the mismatch between labour demand and supply. The proportion of skilled foreign labour will be increased by streamlining entry requirements and introducing a new levy system. ▪ **Driving productivity** The strategies to increase productivity in the construction industry will focus on increasing technology adoption and modernisation of construction methods as well as reducing dependency on low-skilled labour. The labour productivity of the sector is targeted to increase by about 1.6 times, from RM39,116 per worker in 2015 to RM61,939 per worker by 2020. A number of initiatives will be introduced to drive productivity, including expediting the adoption of the industrial building systems by the industry through the revision of the public procurement policy and Uniform Building By-Laws and improving existing regulations to ease construction-related business processes. This effort, which started with Kuala Lumpur City Hall, will be

Focus area	Description
	expanded to other local authorities. The use of information and communications technology will be enhanced by providing a common platform to use building information modeling on a pay-per-use basis. ▪ **Fostering sustainable practices** In line with the growing need for green construction practices, strategies will be geared towards increasing the sustainability of built infrastructure. This will include inculcating green practices in the construction value chain and developing legislation that supports sustainable construction activities. Three initiatives to foster environmental sustainability in the sector are: mandating compliance to sustainable waste management practices through the environment management system ISO 14001 certification; enhancing the current rating systems for buildings and developing new standards for infrastructure to promote sustainability; and enhancing the awareness and accountability of health, safety and environment ("HSE"), where HSE good practices will be made obligatory. The minimum level of construction workers' amenities will be raised in the code of practice and further mandated within standard contracts. ▪ **Increasing the internationalisation of construction firms** The strategies to increase the internationalisation of firms will focus on building capability and scale of firms by encouraging high performing SMEs to forge partnerships with larger corporations or form multidisciplinary consortia when bidding for international projects. The public procurement policy will be reviewed to facilitate the formation of such consortia. In addition, firms will be encouraged to leverage free trade agreements and mutual recognition agreements, and provide feedback to the Government on challenges faced when venturing abroad to enable issues to be addressed at government-to-government level. The Services Export Fund, which covers activities such as tendering, negotiating, and conducting feasibility studies for international projects as well as export promotion activities, will assist construction firms to secure opportunities abroad.

Source: Economic Planning Unit Malaysia

In October 2016, the Government announced the Budget 2017, whereby the Government will take measures to ensure that the country will achieve sustainable economic growth. Upon the conclusion of the Budget 2017, the Government will launch the 2050 National Transformation which will be branded as TN50. TN50 will chart the nation's development and will be spearheaded by the Ministry of Youth and Sports. Under the Budget 2017, the Government announced several social amenities and infrastructure projects that will result in greater demand for construction services.

Construction projects announced under Budget 2017 in Malaysia, specific to social amenities and infrastructure

Measure	Project	Committed investment (RM billion)
Implementation of *rakyat*-centric projects and programmes	Installation of 97,000 street lights and 3,000 light emitting diode lights at crossroads	Not available
	Building and upgrading 616 km of village roads and bridges	1.2
	Maintenance of state roads under the Malaysian Road Records Information System	4.6
	Increase of clean water supply to 5,200 houses, including the upgrade of FELDA water supply system	0.732

Measure	Project	Committed investment (RM billion)
	Establishment of a Water Supply Fund to address water supply issues throughout Malaysia	0.5
	Provision of electricity supply to 10,000 houses in rural areas	0.46
	Implementation of People-Friendly Projects, which includes upgrading and building *surau*, small bridges, drainages, community halls, markets and kiosks	0.8
	Continuation of a total of 69 flood mitigation plans nationwide	0.495
Sports development	Construction of Football Academy Phase II in Gambang, Pahang	0.05
	Construction and upgrading of sports facilities including States Youth and Sports Complex, 1Malaysia Futsal Complex and Community Sports Complex	0.122
Improve healthcare	Building and upgrading new hospitals and clinic in Perlis, Kuching, Mukah, Jempol, Muar and Johor Bahru	Not available
	Upgrading hospital facilities	0.536
	Allocation for the operations of 340 1Malaysia clinics, 11 1Malaysia mobile clinics, 959 health clinics and more than 1,800 existing rural clinics	4.5
Increase food production with competitive prices	Development of agricultural infrastructure such as drainage and irrigation, farm roads and marketing of agricultural products	1.3
Flood mitigation	Upgrading drainage system and construction of two overhead motorcycle ramps at the Federal Highway in Selangor	0.029
Stimulate private investment	Implementation of major infrastructure projects which includes the upgrade of Jalan Lok Kawi – Pengalat – Papar, Sabah; upgrade of Jalan Kampung Keruak – Gua Musang – Kuala Berang; construction of batang Lupar Bridge, Sri Aman; and the reconstruction of Sandakan Power Station Project	Not available
	Infrastructure and socioeconomic development of the five economic corridors, namely Iskandar Malaysia, NCER, ECER, SDC and SCORE	2.1
Increase exports	Upgrading estate roads	0.02
Primary and secondary education	Reconstruction of 120 destitute schools, comprising 60 in Peninsular Malaysia, 30 in Sabah and 30 in Sarawak using industrial building systems as well as upgrade of 1,800 science laboratories	0.57
	Completion of the construction of 227 primary and secondary schools throughout Malaysia, including eight new schools	0.478
	Allocation to Special Fund for Improvement and Maintenance of Schools	0.6
Public transport	Implementation of the new East Coast Rail Line (600 km) project connecting Klang Valley to the East Coast	55.0
	Restoration of the East Coast railway line along Gua Musang – Tumpat	0.1
Welfare of Orang Asli	Implementation of treated water supply projects at 42 Orang Asli villages, entrepreneurship and economic development programmes, village resettlement, among others at Sungai Ruli, Cameron Highlands	0.222
Security and public order	Building and upgrading roads under the Jiwa Mumi Programme in the interiors of Sarawak	0.114

Source: Ministry of Finance Malaysia

Under the Budget 2018, the Government also announced several social amenities and infrastructure projects that will result in further demand for construction services.

Construction projects announced under Budget 2018 in Malaysia, specific to social amenities and infrastructure

Measure	Project	Committed investment (RM billion)
High-impact investment	Development of the five (5) main corridors. The Government will develop the South Perak Region comprising Proton City, Educity and Youth City in Tanjung Malim as well as Bukit Kayu Hitam Duty-Free Zone; construction of port and industrial park in Tok Bali, Kelantan; and access road to Baleh Dam, Sarawak	1.00
Invigorating agricultural sector	Upgrading plantation roads and improve irrigation infrastructure	0.5
Driving logistics sector	Building an alternative road to Port Klang to smoothen and complement the transportation network	0.11
	Construction of Mass Rapid Transit 2 Line from Sungai Buloh – Serdang – Putrajaya project, spanning 52 kilometres and covering 37 stations	32.0
	Construction of West Coast Highway from Banting, Selangor to Taiping, Perak	5.0
	Construction of Central Spine Road	0.23
	Upgrading and construction of jetties as well as dredge river estuaries	0.95
	Upgrading Pulau Pinang International Airport and Langkawi International Airport	Not available
	Construction of a new airport in Mukah as well as expansion of airports in Kota Bharu and Sandakan	Not available
Sports complex	Building fourteen new sports complexes nationwide	0.11
Improvement and maintenance of schools	Construction of four (4) pre-schools, nine (9) PERMATA centre, forty-eight primary, secondary schools and vocational colleges as well as one (1) matriculation centre	0.65
Providing quality infrastructure for the *Rakyat*	*Rakyat*-centric projects including building and upgrading of bridges, village street lights, *musolla*, small bridges and markets	1.1
	Construction of rural roads, including almost RM500 million for Sabah and Sarawak	0.93
Welfare and FELDA settlers	Building 5,000 Second Generation FELDA Homes in collaboration with SPNB	0.16
Safety and public order	Building eleven headquarters and six (6) police stations as well as purchase of firearm fittings and operations vehicles	0.72
	Upgrading five (5) hospitals, building four (4) polyclinics and hospital for armed forces veterans	0.04
Health	Construction of women and children wards at Tengku Ampuan Afzan Hospital and Putrajaya Hospital	1.0
	Construction of cancer centre at Sungai Petani	0.5
	Construction of a specialist clinic and new ward at Pulau Pinang Hospital	0.5
	Construction of Forensic Medical Centre at Kuala Lumpur Hospital	0.38
Digital Free Trade Zone ("DFTZ")	Construction of first phase of DFTZ in Aeropolis, KLIA	0.08

Source: Ministry of Finance Malaysia

The spillover effect from the implementation of these social amenities and infrastructure projects will benefit the construction industry. Under the 11MP, the construction industry is estimated to expand by 10.3% per annum during the 11MP period. This is attributed to continued civil engineering works and a growing residential subsector to fulfil the demand for housing, particularly from the middle-income group. Demand for affordable housing by the low-income group will also remain favourable, which will be supported by several Government initiatives, such as Program Perumahan Rakyat 1Malaysia ("PR1MA"), Rumah Idaman Rakyat and Rumah Mesra Rakyat. Other subsectors such as civil engineering and non-residential will remain robust in line with the development of major projects such as the Tun Razak Exchange, Merdeka PNB118, Bandar Malaysia, RAPID and the Pan-Borneo Highway.

Implementation of projects under the PFI creates demand for construction services

The PFI programme was announced under the 9MP (2006 – 2010) in 2006, and aimed to facilitate greater participation from the private sector to improve the delivery of infrastructure facilities and public service in Malaysia. PFI projects are long term contractual agreements between the private and public sector through concession agreements. In PFI projects, the private sector finances and builds infrastructure such as hospitals or schools, and provides facilities management and maintenance services of the constructed facilities. The private sector will also receive payments over the course of the concession period from the public sector if the private sector is successful in delivering the facilities management and maintenance services according to the specifications set out in the concession agreement. As the Government places greater focus on the implementation of PFI projects, demand for construction activities will subsequently increase.

Key Supply Conditions

Rising cost of building materials and development costs impact construction costs

The construction industry is expected to witness increased competition for raw materials and labour with the rollout of large infrastructure projects such as the high speed rail and five toll highways for Selangor, which coincide with rising incoming supplies of properties in 2015/16 following strong launches in the last three years. While some building material producers are expanding production capacity, major capacity enhancement projects take at least one to two years for completion. All of these factors could contribute to a rise in the cost of building materials.

Availability of land bank for future development

Large property developers acquire greenfield sites or large parcels of land to amass land bank in ensuring they have sufficient stock of land for future property developments. While holding a stockpile or land bank can generate profits in a rising market, it can also lead to a downfall when real estate values contract, or when rising interest rates exceed holding costs.

The construction of infrastructure may require the Government to acquire various private properties. Under the Land Acquisition Act 1960, a State authority may compulsorily acquire public property for any public purpose, for a purpose which the State authority considers beneficial to the economic development of Malaysia, and for mining, residential, agricultural, commercial, industrial, or recreational purposes, or a combination of such purposes. While the State authority is legally required to pay adequate compensation to the owner(s) of the private properties, the owner(s) may still be adverse to the compulsory land acquisition. Subsequently, this would result in a delay in the acquisition of the properties; a delay which may span over years. This delay would then delay the construction of the infrastructure in Malaysia.

Industry Challenges and Risks

Reliance on foreign workers as general labour for construction activities

The construction industry is a labour-intensive industry owing to the physical nature of construction activities. In Malaysia, the construction industry is largely dependent on foreign workers, especially those from neighbouring developing nations in the Southeast Asia region, as a result of poor response from local labour.

The use of foreign workers for construction activities also impacts the productivity of construction industry players where the availability of low cost foreign workers results in low motivation among industry players to adopt more productive and modern methods of construction. The employment of foreign labour is cheaper compared to local labour, and construction industry players hire foreign labour to carry out on-site construction works. The roll-out of projects under the 11MP and the ETP will require numerous skilled and unskilled workers, both local and foreign to ensure its successful completion, considering the complexity and fast-track nature of the projects. While major development projects drive industry growth, industry players face challenges employing foreign labour due to the time required to register these foreign workers, thus resulting in the industry facing manpower shortages.

Furthermore, productivity and quality can be compromised when these foreign workers do not have the required skills and/or sufficient construction experience. Communication barriers between employers and foreign workers may also affect productivity.

Risks relating to construction activities, including project delays, quality of work, costs and safety management

The construction industry is exposed to risks such as project delays, poor quality of work and on-site accidents that have consequences on the industry and its stakeholders. These risks lead to customer and/or public complaints, loss of reputation and revenue, and a slump in GDP. Project delays typically lead to increased overheads and cost overruns. Increased overheads affect the ability of construction industry players to complete projects on time as a result of financial shortages or budget overruns, and face loss of opportunity if their resources are committed to a delayed project. The Government is also adversely affected when project delays impact budget managements and plan executions. The public is affected when project delays lead to delayed infrastructure and services, and shortage of employment.

The Government encourages the adoption of Building Information Modelling ("BIM") among construction industry players as it has the potential to address project implementation issues faced by the construction industry at large. The BIM is a digital construction technology that helps construction industry players plan, design, construct and manage buildings and infrastructure. The BIM can be applied to all phases of construction, from pre-construction to construction and post-construction. The application of BIM is seen to contribute to more efficient project management, where the collaboration between various stakeholders in the construction industry value chain facilitates the design and construction process. During the design phase, the detection of clash and clash analysis can reduce time and construction costs. The BIM also ensures completion of a quality construction project because it assists in organising activities and phasing during the planning stage of a project.

While BIM can offer several benefits to industry players, its application remains in its infancy as it is perceived to be more suitable for complex and high risk projects. The challenge in the implementation of BIM in construction projects is more distinct among SME industry players due to limited technology exposure, substantial investments required to purchase BIM tools, and limited access to BIM-related training. As such, CIDB organises 'Affordable BIM Training' programmes annually as part of a continuous effort to facilitate the adoption of BIM in Malaysia's construction industry.

The Construction Industry Transformation Programme ("CITP") (2016 – 2020), which was launched in September 2015, is spearheaded by the Ministry of Works in collaboration with its agencies, primarily CIDB. The CITP aims to create and enforce the highest standards of quality, safety and professionalism in the construction industry, institute more environmentally sustainable practices throughout the industry, generate high-skilled jobs, reduce the reliance on low skilled foreign labour and increase global competitiveness. Four strategic thrusts have been identified under the CITP to achieve this aim, namely quality, safety and professionalism; environment sustainability; productivity; and internationalisation. There are two working groups under each strategic thrust, where CIDB, as one of the key stakeholders of CITP, will play a role in the implementation of each strategic thrust.

Product/Service Substitution

There is no comparable substitute for construction services. However, industry players differentiate themselves through pricing, service specialisation and regional presence. Some construction industry players are able to offer bundled services, through the offering of integrated design, build, commissioning and completion expertise, or bundling of construction services together with building materials produced by their subsidiary and/or associate companies.

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Reliance and Vulnerability to Imports

The construction industry in Malaysia has a certain degree of dependency on the imports of construction materials and metal and mineral products (such as steel, aluminium and copper) that are used to build residential, commercial and industrial properties. Malaysia's imports of construction materials and mineral products increased from RM3.0 billion to RM6.9 billion between 2006 and 2016 at a CAGR of 8.8% due to increased construction activities as a result of greater demand for properties. Between 2006 and 2016, the total value of awarded construction projects increased from RM60.9 billion to RM229.0 billion at a CAGR of 14.2%.

While building materials are subject to certain levels of imports, construction services are provided primarily by local construction companies, with the exception of selected large projects where foreign companies may be involved.

Imports of construction materials and mineral products

Year	Import value (RM million)
2006	2,971.2
2007	3,407.4
2008	3,514.3
2009	3,403.3
2010	4,339.7
2011	4,942.0
2012	4,909.0
2013	4,929.4
2014	5,344.1
2015	6,511.7
2016	6,925.6
CAGR	**8.8%**

Source: Central Bank of Malaysia, SMITH ZANDER

Relevant Laws and Regulations

The relevant laws and regulations pertaining to the construction of infrastructure, residential, commercial and industrial properties in Malaysia include, but are not limited to, the following:

Construction Industry Development Board Act 1994 (also known as Act 520)

The CIDB was established under the Construction Industry Development Board Act 1994 to promote, stimulate, regulate and standardise the construction industry, where specifically CIDB is granted power to accredit and register contractors and to cancel, suspend or reinstate the registration of any registered contractor. Under the Construction Industry Development Board Act 1994, no person is allowed to carry out and complete any construction works unless he is registered with the CIDB and holds a valid certification license issued by the CIDB. A penalty not exceeding RM50,000 shall be imposed on persons carrying out construction works without being registered by the CIDB. Persons that are carrying out construction works for the purpose of building a residence for his own use or who employs less than three workers is exempt from registration with the CIDB. Persons/individuals, sole proprietors, partnerships, private limited companies, public limited companies and/or cooperatives must comply to and fulfil criteria prior to registration with CIDB.

The Certification of Registration issued by the CIDB is valid for a minimum period of one year and a maximum term not exceeding three years, unless cancelled, suspended or revoked earlier by the CIDB. There are three categories of registrations, namely building construction, civil engineering construction and mechanical and electrical. The scope of registration can be further classified into seven grades with each grade having different tendering capacity.

CIDB construction registration criteria in Malaysia

Grade	Tendering capacity	Paid-up capital/ net capital worth (RM)	Personnel technical requirement	Registration fee per annum (RM)	Processing fee (RM)
G1	Not exceeding RM200,000	5,000	▪ Technical certificate in construction-related fields/experience	20	50
G2	Not exceeding RM500,000	25,000	▪ Technical certificate in construction-related fields/experience	80	
G3	Not exceeding RM1,000,000	50,000	▪ Technical certificate in construction-related fields/experience	150	
G4	Not exceeding RM3,000,000	150,000	▪ 1 diploma holder in construction-related fields/degree holder with experience in construction works	350	
G5	Not exceeding RM5,000,000	250,000	▪ 1 degree holder in construction related fields or 1 diploma holder in construction-related fields with minimum 5 years of experience in construction works	700	
G6	Not exceeding RM10,000,000	500,000	▪ 1 degree holder in construction related fields and 1 diploma holder in construction-related fields/degree holder, where 1 must possess minimum 3 years of experience in construction works	1,000	
G7	No limit	750,000	▪ 1 degree holder in construction related fields and 1 diploma holder in construction-related fields/degree holder where both must possess minimum 5 years of experience in construction works; or ▪ 2 degree holders in construction related fields, where 1 must possess minimum 5 years of experience in construction works	1,400	

Source: Construction Industry Development Board Act 1994

The Government had implemented the *Sistem Satu Pendaftaran Kontraktor* ("SSPK") with immediate effect from 15 October 2012. SSPK is a method that combines the registration procedures of CIDB and Construction Services Centre ("PKK"). Under the new system, all contractor licences issued by PKK in relation to participation in tenders called by the Malaysian Government authorities, statutory bodies, regulatory authorities or an entity that is otherwise regarded to be in the public sector are cancelled and replaced with *Sijil Perolehan Kerja Kerajaan* ("SPKK") issued by the CIDB. Nevertheless, the issuance of *Sijil Taraf Bumiputera* for the identification of *Bumiputera* status has remained under the control and supervision of PKK. The scope of registration for SPKK can be further classified into three categories, namely civil engineering, building or mechanical and electrical with seven grades for each category. Each grade has different tendering capacity.

The Construction Industry Payment and Adjudication Act 2012

The Construction Industry Payment and Adjudication Act 2012 was enacted to facilitate regular and timely payment, provide a mechanism for speedy dispute resolution through adjudication, provide remedies for the recovery of payment in the construction industry, and provide for connected and incidental matters.

The Construction Industry Payment and Adjudication Act 2012 is applicable to all written construction contracts relating to construction works carried out wholly or partly in Malaysia, including construction contracts entered into by the Government. The Construction Industry Payment and Adjudication Act 2012 does not apply to construction contracts entered into by persons for construction works in respect of buildings less than four storeys high and which is wholly intended for occupation.

Mandatory Standards in Construction

The Department of Standards Malaysia ("STANDARDS MALAYSIA") develops, promulgates and promotes the adoption of Malaysian Standards. STANDARDS MALAYSIA is responsible for policy and strategy and has appointed SIRIM Berhad to undertake implementation at the technical level. STANDARDS MALAYSIA has issued 48 mandatory standards for the building, construction and civil engineering category under the Industry Standards Committee on Building and Civil Engineering ("ISC D"), and eight mandatory standards for mechanical engineering under the Industry Standard Committee on Mechanical Engineering ("ISC F"). The ISC D primarily covers codes of practices and specifications for raw materials used in construction and ISC F includes safety rules for construction and installation.

Additionally, the CIDB in collaboration with other organisations including the Public Works Department, National Housing Department, Real Estate and Housing Developers' Association Malaysia, Malaysian Institute of Architects, Master Builders Association Malaysia and National House Buyers Association had issued its own construction industry standard known as CIS 7:2006 on Quality Assessment System for Building Construction Work. This standard specifies requirements on the quality of workmanship and assessment procedures for building construction work as part of the Quality Assessment System in Construction.

Factories and Machinery Act 1967

The Factories and Machinery Act 1967 provides for the control of factories with respect to matters relating to the safety, health and welfare of persons therein, the registration and inspection of machinery and for matters connected to it. The Factories and Machinery Act 1967 is applicable to the manufacturing, mining and quarrying, as well as construction industries.

The Factories and Machinery Act 1967 mandates the appointment of Chief Inspector of Factories and Machinery and Deputy Chief Inspector of Factories and Machinery with the power to enter, inspect and examine any factory, and the machinery, plant and appliances contained therein. Failure to comply with any order lawfully provided by the inspecting Chief Inspector of Factories and Machinery or Deputy Chief Inspector of Factories and Machinery, or willful delay or willful withholding of information can result in a fine not exceeding RM5,000 or imprisonment of a term not exceeding two years or both. The Factories and Machinery Act 1967 also makes specific provisions relating to the safety, health and welfare of employees in the manufacturing, mining and quarrying, as well as construction industries.

Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986

The Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986 applies to building operations and works relating to engineering construction undertaken as a trade or business. The Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986 makes specific provisions to ensure the safety of workers in construction. Failure to comply with the Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986 shall result in a fine not exceeding RM2,000.

Employment Act 1955

The Employment Act 1955 stipulates the rights and welfare benefits that employees are entitled to, and which all employers are required to comply. The Employment Act also states that an employer is required to obtain a license to import legal foreign workers under the contract of services, and ensure their welfare and rights are fulfilled in terms of their wages, hours of work, rest days, and sick and annual leaves. The Ministry of Human Resource is responsible in monitoring and ensuring that companies are in compliance with the Employment Act 1965 and protects the welfare of employees.

Occupational Safety and Health Act 1994

All employers possess a general duty of care to the employees. In accordance with the Occupational Safety and Health Act 1994, employers need to ensure that the work site facilities and systems are practicable, safe and without risks or hazard to the employees' health and safety. It is also the obligation of the employer to provide employees with the training, knowledge, information and supervision, in providing a safe working environment without risks to their health, safety and welfare. The Department of Occupational Safety and Health is authorised to ensure that companies have taken proper steps to ensure a safe working environment for their employees.

Environmental Quality Act 1974

The Department of Environment Malaysia is responsible for the implementation and monitoring of Malaysia's environmental regulations and policies. The Environmental Quality Act 1974 prohibits industrial activities which cause air, sound, soil, and water pollution without obtaining a valid license. Therefore, the burning of waste or rubbish or any open burning is prohibited without obtaining the necessary licenses or permits. Under this regulation, effluent is not permitted to be diluted, whether raw or treated, at any time or point after it is treated, without first obtaining a written authorisation which approves the effluent to be treated according to the terms and conditions of the authorisation.

Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987

An environmental impact assessment study is mandatory for prescribed activities under the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987. All prescribed activities need to obtain Environmental Impact Assessment ("EIA") approval from the Director General of Environment prior to the giving of approval by the relevant Federal or State Government authority for the implementation of the project. The Approving Authority is the Government Authority that has the task of deciding, whether or not a project should proceed. If a proposed venture is categorised as a prescribed activity under the Environmental Quality (Prescribed Activities) (EIA) Order 1987 (Appendix B), an EIA study needs to be conducted and the EIA report has to be submitted to the Director General of Environmental Quality for approval. The project is not allowed to proceed unless approval of the environmental impact assessment report has been granted.

The construction of airports, drainage and irrigation (including dams and manmade lakes), land reclamation, fishing harbours, housing development, infrastructure (including hospitals, industrial development for medium and heavy industries, expressways, highways and new townships), ports, oil and gas facilities (including refineries and depots), power plants, railways, mass rapid transport projects, resort and recreational development and water supply (including dams and impounding reservoirs) are classified as prescribed activities.

Competitive Landscape

The construction industry in Malaysia is competitive owing to the large pool of diversified and pure-play industry players that compete for public and private residential, commercial and industrial, and infrastructure construction projects in the country. Selected public listed construction industry players also undertake Government-related projects under the PPP mechanism.

Financial performance of public listed construction industry players with Government-related projects under the PPP mechanism in Malaysia [a]

Industry player	Business activities	Latest available financial year ended	Group revenue (RM)	Segmental revenue for construction and construction-related activities [b] (RM)	Percentage of revenue for construction and construction-related activities (%)
IJM Corporation Berhad	Construction, property development, manufacturing and quarrying, plantation, infrastructure and investment holding	31 March 2017	6,065,335,000	2,151,456,000	35.5
WCT Holdings Berhad	Engineering and construction, property development, property investment and management	31 December 2016	1,933,604,000	1,568,685,000	81.1

Industry player	Business activities	Latest available financial year ended	Group revenue (RM)	Segmental revenue for construction and construction-related activities [b] (RM)	Percentage of revenue for construction and construction-related activities (%)
MMC Corporation Berhad	Ports and logistics, energy and utilities, engineering and construction, others	31 December 2016	4,627,388,000	1,511,926,000	32.7
Muhibbah Engineering (M) Berhad	Infrastructure construction, cranes, marine ship building and ship repair, concessions	31 December 2016	1,918,623,000	1,237,107,000	64.5
Ahmad Zaki Resources Berhad	Engineering and construction, oil and gas, plantation, property, investment holding and provision of management services	31 December 2016	1,201,273,000	1,117,913,000	93.1
Gamuda Berhad	Engineering and construction, property development and club operations, water and expressway concessions	31 July 2017	3,211,403,000	1,072,704,000	33.4
Bina Puri Holdings Berhad	Construction, property development, quarry and readymix concrete, polyol manufacturing, power supply	31 December 2016	1,050,297,000	852,037,000	81.1
Mudajaya Group Berhad	Construction contracts, property development, trading, manufacturing, power	31 December 2016	759,132,000	628,889,000	82.8
Ekovest Berhad	Construction operations, property development, investment holding, toll operations	30 June 2017	1,088,703,000	858,384,000	78.8
WCE Holdings Berhad (formerly known as Kumpulan Europlus Berhad)	Manufacturing, toll concession, construction, others	31 March 2017	817,489,000	817,489,000	100
Gadang Holdings Berhad	Construction, property, utility, investment holding, plantation	31 May 2017	553,866,106	286,623,403	51.7
Pesona Metro Holdings Berhad	Construction works, manufacturing and trading of polyurethane, others	31 December 2016	393,017,748	389,444,196	99.1

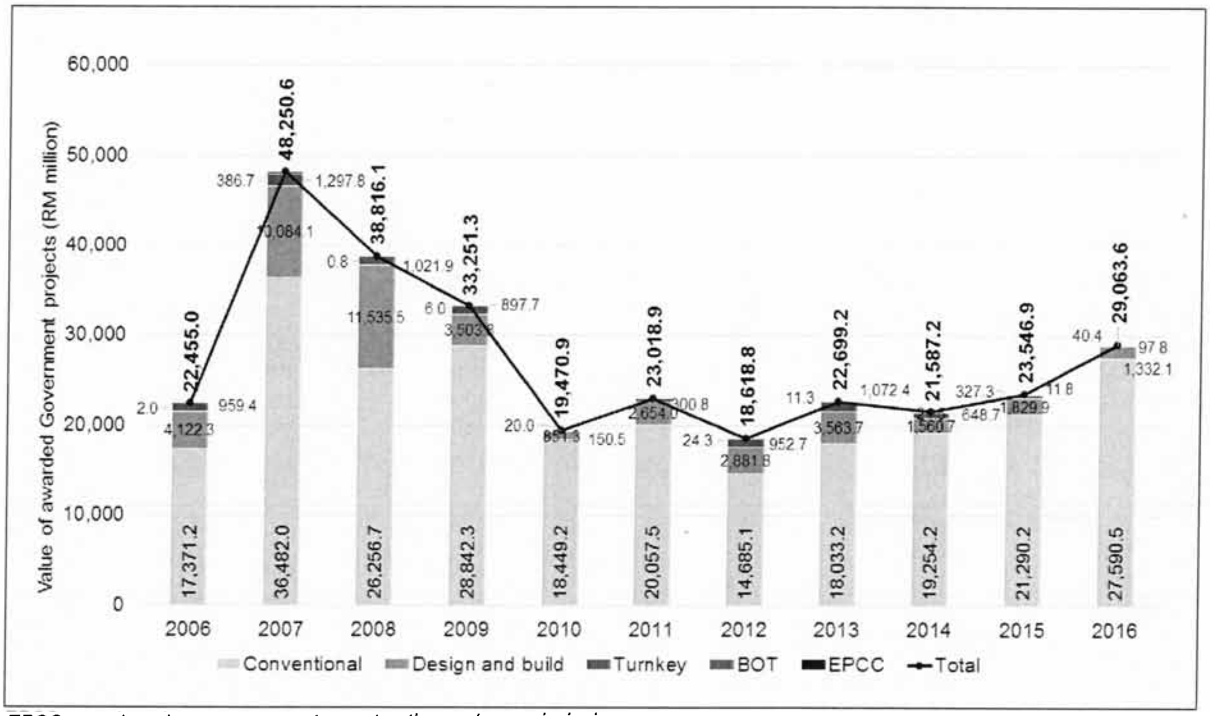
Industry player	Business activities	Latest available financial year ended	Group revenue (RM)	Segmental revenue for construction and construction-related activities [b] (RM)	Percentage of revenue for construction and construction-related activities (%)
Benalec Holdings Berhad	Marine construction, vessel chartering and marine transportation, shipbuilding, others	30 June 2017	268,219,600	251,650,623	93.8
Protasco Berhad	Maintenance, construction, property development, engineering services, trading and manufacturing, education, others	31 December 2016	1,110,207,000	305,291,000	27.5
Zelan Berhad	Engineering and construction, property and development, investment	31 December 2016	222,790,000	221,671,000	99.5
Zecon Berhad	Construction, property development, toll concession, others	30 June 2017	246,196,813	166,724,069	67.7
Crest Builder Holdings Berhad	Construction, concession arrangement, investment holding, property development	31 December 2016	282,197,256	169,721,137	60.1
Melati Ehsan Holdings Berhad	Construction, trading, property development, others	31 August 2017	168,047,874	144,290,123	85.9
PLB Engineering Berhad	Construction, property development, trading, property letting, waste management, investment holding, others	31 August 2017	154,438,271	50,427,263	32.7
Kumpulan Jetson Berhad	Construction and property development, hostel management, manufacturing	31 December 2016	152,880,413	29,215,307	19.1
Triplc Berhad	Project management and construction services, land matters pertaining to property development, and the provision of facilities management services	31 May 2017	70,911,000	25,951,000 [c]	36.6

[a] *Latest available as at 18 December 2017*
[b] *Due to differing segmental revenue definitions of industry players, this may include some revenue derived from outside Malaysia*
[c] *Relating to revenue derived from construction contracts under the service concession segment*

Source: Annual reports of various industry players, SMITH ZANDER

Malaysia has implemented privatisation programmes since 1983, and has since established 824 privatisation and PPP projects[11] in the transportation, road, communications, health and energy sectors. The value of awarded Government projects between the period of 2006 and 2016 is cyclical based on the launch of the Malaysia Plans, wherein higher values of awarded Government projects are witnessed at the beginning of the Malaysia Plan periods.

Value of Government projects awarded in the construction industry in Malaysia [a]



EPCC – engineering, procurement, construction and commissioning
[a] Figures may not add up due to rounding

Source: CIDB, SMITH ZANDER

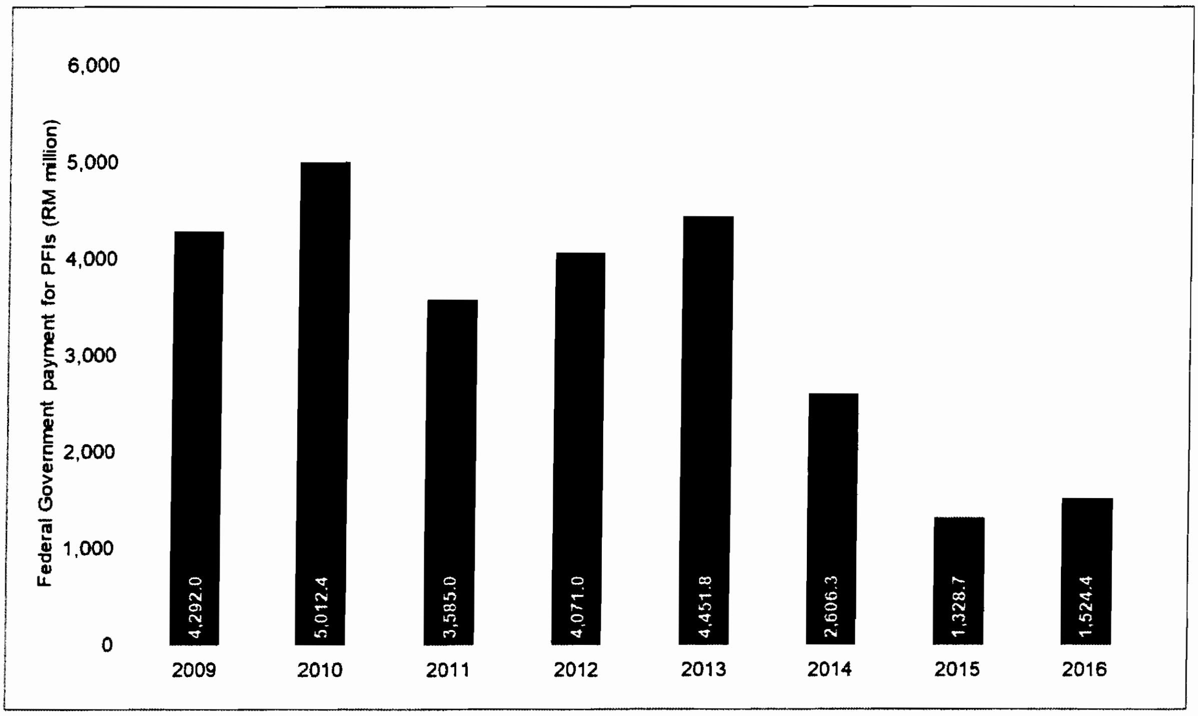
The PFI programme was announced under the 9MP (2006 – 2010) in 2006, and aimed to facilitate greater participation from the private sector to improve the delivery of infrastructure facilities and public service in Malaysia. PFI projects are long term contractual agreements between the private and public sector through concession agreements. In PFI projects, the private sector finances and builds infrastructure such as hospitals or schools, and provides facilities management and maintenance services of the constructed facilities. The private sector will also receive payments over the course of the concession period from the public sector if the private sector is successful in delivering the facilities management and maintenance services according to the specifications set out in the concession agreement.

In 2016 Federal Government payments for PFIs stood at RM1.5 billion.[12] The Federal Government payments for PFIs include expenditure on the development of 12 Universiti Teknologi MARA campuses nationwide with 20-year concession periods. For the financial year ended 31 May 2017 TRIplc Berhad's collection for the availability charges and maintenance services provided under the concession agreement for Z1P2 of Universiti Teknologi MARA Puncak Alam Campus amounted to approximately RM52.9 million.

[11] As at June 2016. Source: UKAS
[12] Source: Federal Government Financial Statements 2009 – 2016, Accountant General's Department of Malaysia

As such, TRIplc Berhad garnered a market share of 3.5%, in comparison to the total Federal Government payments for PFIs of RM1.5 billion in the same year.

Federal Government payments for PFIs [a, b]



[a] *Data prior to 2009 is not publicly available as at the publication of this report*
[b] *Latest available as at 18 December 2017*
Source: Federal Government Financial Statements 2009 – 2016, Accountant General's Department of Malaysia, SMITH ZANDER

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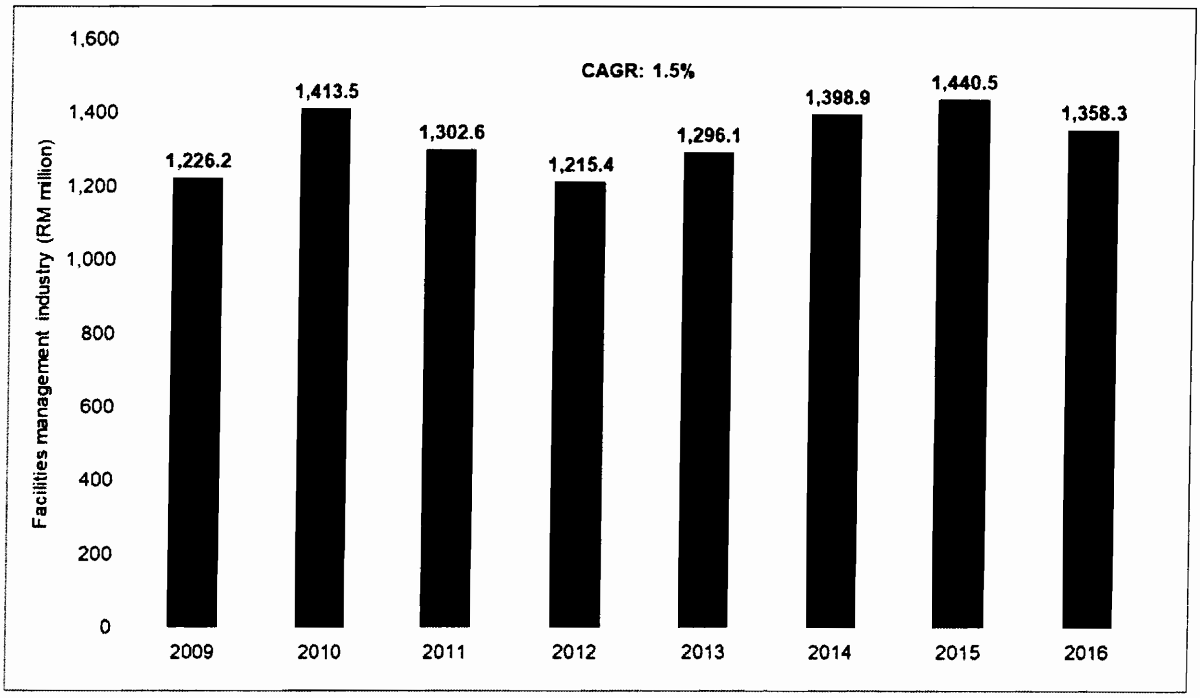
4 FACILITIES MANAGEMENT INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

Facilities management encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology. The facilities management industry in Malaysia, measured in terms of revenues of industry players offering facilities management services, increased from RM1,226.2 million in 2009 to RM1,358.3 million in 2016 at a CAGR of 1.5%.

Facilities management industry in Malaysia, based on the revenues of industry players offering facilities management services [a, b]



[a] *Latest available as at 18 December 2017*
[b] *May include revenue from outside Malaysia as segmental revenue by geography for private companies are not publicly available from the Companies Commission of Malaysia*

Source: Companies Commission of Malaysia, SMITH ZANDER

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Key Market Drivers, Trends and Development

Growth in property development and construction activities result in increased demand for facilities management services

Property development and construction activities in Malaysia, as measured by the value of projects awarded, grew from RM60.9 billion in 2006 to RM229.0 billion in 2016 at a CAGR of 14.2%. Over the same period, residential construction activities increased from RM16.6 billion to RM40.6 billion at a CAGR of 9.4% while commercial and industrial construction increased from RM22.1 billion to RM51.2 billion at a CAGR of 8.8%.[13] Based on SMITH ZANDER's analysis, construction activities in Malaysia are expected to further increase due to a greater demand for residential, commercial and industrial properties; availability of investments; and Government-driven initiatives for property development. The growth in property development and construction activities in Malaysia will result in increased demand for facilities management services.

Implementation of projects under the PFI creates demand for facilities management services

The PFI programme was announced under the 9MP (2006 – 2010) in 2006, and aimed to facilitate greater participation from the private sector to improve the delivery of infrastructure facilities and public service in Malaysia. PFI projects are long term contractual agreements between the private and public sector through concession agreements. In PFI projects, the private sector finances and builds infrastructure such as hospitals or schools, and provides facilities management and maintenance services of the constructed facilities. The private sector will also receive payments over the course of the concession period from the public sector if the private sector is successful in delivering the facilities management and maintenance services according to the specifications set out in the concession agreement. As the Government places greater focus on PFI projects, there would be a subsequent increase in the demand for facilities management services.

Growing awareness for sustainable built environments creates growth opportunities for facilities management services

Facilities management is the management, operation and maintenance of facilities to create a cohesive environment that enables an organisation to carry out its primary objective. There is a growing awareness and interest in creating a sustainable built environment, and as such, facilities management service providers are placing greater focus on integrating the processes of the built environment to increase efficiency and reduce costs.

In Malaysia, the Green Building Index was launched in 2009 to promote sustainability in the built environment and raise awareness of environmental issues amongst developers, architects, engineers, planners, designers, contractors, and the public. The Green Building Index is developed specifically for Malaysia's tropical climate, environmental and developmental context, cultural and social needs. A green building focuses on expanding the productivity of asset utilisation, namely energy, water and materials, while lowering building effect on human wellbeing and the earth amid the building's lifecycle, through improved siting, configuration, development, operation, upkeep and evacuation. The Green Building Index assesses a building's sustainability in terms of energy efficiency; indoor environmental quality; reasonable site planning; management; material and resources; water efficiency; and innovation. While compliance to

[13] *Historical construction activity data sourced from CIDB Quarterly Statistical Bulletins for 2006 and 2017; SMITH ZANDER in relation to construction activity data growth rate*

the Green Building Index is voluntary, the response rate has been encouraging due to the growing awareness for sustainability and energy efficiency among building contractors, building owners and building operators. This is evidenced by the growth in Green Building Index certified projects, which increased from 111 projects as at 15 January 2013 to 421 projects as at 15 September 2017 while total floor area of Green Building Index certified buildings increased from 40.8 million square feet to 195.0 million square feet over the same period.[14] As such, sustainability initiatives such as the Green Building Index are anticipated to continue creating opportunities for facilities management services.

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[14] *Source: Greenbuildingindex Sdn Bhd*

5 PUBLIC-PRIVATE PARTNERSHIPS IN MALAYSIA

Industry Performance, Outlook and Prospects

Malaysia has implemented privatisation programmes since 1983, and has since established 824 privatisation and PPP projects[15] in the transportation, road, communications, health and energy sectors. The value of awarded Government projects between the period of 2006 and 2016 is cyclical based on the launch of the Malaysia Plans, wherein higher values of awarded Government projects are witnessed at the beginning of the Malaysia Plan periods. In 2006, the value of awarded Government projects was RM22.5 billion before peaking at RM48.3 billion in 2007, on the back of the award of several PPP projects under the 9MP (2006 – 2010). Under the 9MP, 22 projects with an estimated value of RM12 billion were undertaken via privatisation and PPP. The value of awarded Government projects subsequently experienced a slowdown in 2008 and 2009 as public expenditure on construction activities was tightened due to the global financial crisis which occurred during the period.

The value of awarded Government projects rose from RM19.5 billion in 2010 to RM29.1 billion in 2016. In 2011, the 10MP (2011 – 2015) and the ETP (2011 – 2020) were launched, marking the next cycle of Government projects to be awarded. Under the 10MP, 52 privatisation and PPP projects with an estimated value of RM62.7 billion were under consideration, including seven toll highways, five Universiti Teknologi MARA branch campuses, the Integrated Transport Terminal in Gombak, privatisation of Penang Port and redevelopment of Angkasapuri Complex in Kuala Lumpur as Media City. The ETP (2011 – 2020) aims to promote Malaysia into an inclusive and sustainable high-income country by the year 2020, through 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth.

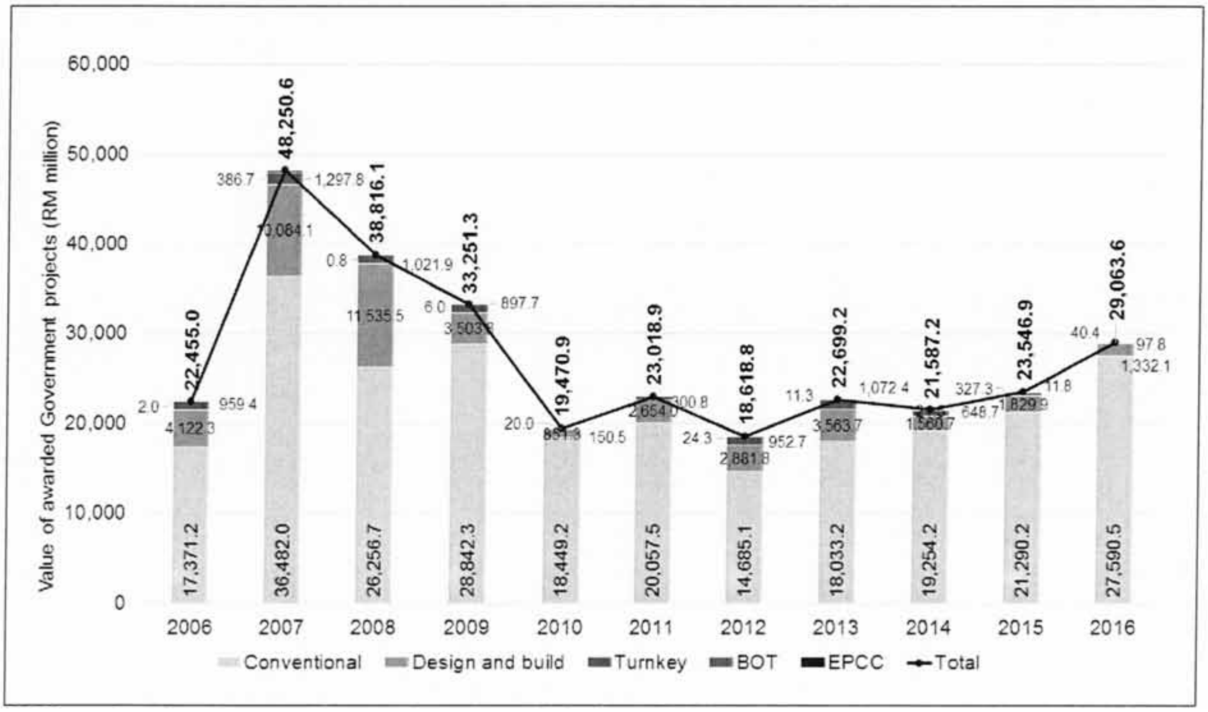
Among the PPP projects in Malaysia during the 2006 to 2016 period include the development of:

- Women and Children Hospital, Kuala Lumpur;
- Children Specialist Hospital, Universiti Kebangsaan Malaysia (UKM), Bangi, Selangor;
- Teaching Hospital for International Islamic University Malaysia, Kuantan, Pahang;
- International Islamic University Malaysia Foundation Studies Phase 3, Gambang, Pahang;
- Universiti Teknologi MARA campus, Kota Samarahan, Sarawak;
- Universiti Teknologi MARA campus, Tapah, Perak;
- Universiti Teknologi MARA campus, Pasit Gudang, Johor;
- Universiti Teknologi MARA campus, Seremban, Negeri Sembilan;
- Universiti Teknologi MARA campus, Jasin, Melaka;
- Universiti Teknologi MARA campus, Mukah, Sarawak;
- Universiti Teknologi MARA campus, Pusat Asasi Dengkil, Selangor;
- Universiti Teknologi MARA campus, Puncak Alam, Selangor;
- Universiti Teknologi MARA campus, Raub, Pahang;
- Universiti Teknologi MARA campus, Rembau, Negeri Sembilan;

[15] *As at June 2016. Source: UKAS*

- Pagoh Higher Education Hub; Pagoh, Johor;
- Hostel with 10,000 capacity for Universiti Teknologi MARA campuses;
- Hostel for Universiti Malaysia Perlis, Arau, Perlis;
- Extension of Damansara – Ulu Klang Expressway;
- West Coast Highway;
- Kuala Lumpur Outer Ring Road Highway
- Klang Valley MRT System, Greater Klang Valley;
- LRT 3 Extension Project, Greater Klang Valley;
- Second Penang Bridge;
- Lembaga Kemajuan Ikan Malaysia Fishing Complex, Kuching, Sarawak;
- Little India, Brickfields, Kuala Lumpur; and
- Redevelopment of Razak Mansion Affordable Homes, Sungai Besi, Kuala Lumpur.

Value of Government projects awarded in the construction industry in Malaysia [a]



EPCC – engineering, procurement, construction and commissioning
[a] Figures may not add up due to rounding

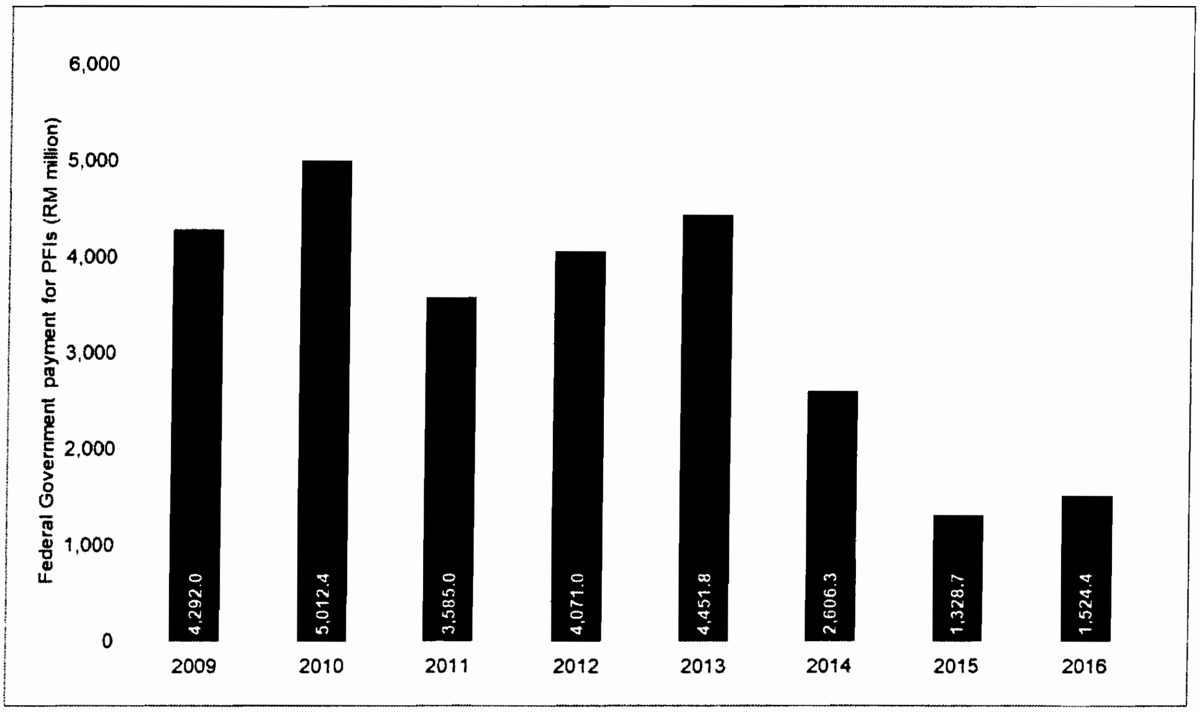
Source: CIDB, SMITH ZANDER

Through PPP projects, the Government aims to realise greater private investment in the economy, improve efficiency in the delivery of services and relieve the financial burden of the Federal Government. Under the 10MP, the Government introduced the Facilitation Fund with an allocation of RM20 billion to facilitate private sector investment in projects with high strategic value to the nation and multiplier effects. The Facilitation

Fund is designed to bridge the viability gap for private investment in priority areas such as infrastructure, education, tourism and health projects with priority given to new investments and large scale ventures that are in line with the strategic priorities of the country. Under Budget 2017, the Government committed an additional RM10 billion funding through PFIs for the implementation of *rakyat*-centric projects and under the Budget 2018, it was announced that part of the rakyat-centric projects will be implemented through private financing initiatives.

Projects with a minimum capital cost or investment of RM100 million are eligible for assistance under the Facilitation Fund. The private sector will be required to finance and undertake all risks with Government funding only used to improve viability of the project. Applicants must prove that they have secured the financing for the project before funds can be disbursed. Disbursements from the Facilitation Fund will be provided to finance land cost and basic infrastructure such as construction of access roads, bridges and provision of water supply required to make a project viable, with utilisation on the basis of reimbursable or progress payments. The processing of approvals, disbursement and monitoring of the Facilitation Fund is being undertaken by UKAS.

Federal Government payments for PFIs [a]



[a] Data prior to 2009 is not publicly available as at the publication of this report
[b] Latest available as at 18 December 2017
Source: Federal Government Financial Statements 2009 – 2016, Accountant General's Department of Malaysia, SMITH ZANDER

Among the PFI projects in Malaysia is the development of Government office buildings in the Federal Government Administrative Centre, Putrajaya, under the BLT method with 25-year concession periods. In the education sector, 12 Universiti Teknologi MARA branch campuses have been built under the BLMT method with 20-year concession periods.

Key Market Drivers, Trends and Development

PPPs create opportunities for private sector involvement in projects that benefit the population

Under traditional procurement, the private sector is responsible for delivering an asset on time and budget. In contrast, PPPs require the private sector to deliver assets on time and budget; ensure that those assets deliver the service levels required by the public sector; project manage the overall delivery of the project; ensure that the individual assets and other elements of the project that have been procured work together to successfully deliver services; and maintain and refurbish assets on an effective basis, so that services are delivered continuously at satisfactory levels over a stipulated long-term period. Thus, PPPs offer opportunities for the public sector and the population to benefit from private sector skills to a far greater degree because of these additional requirements.

The public sector often does not have sufficient in-house capabilities to deliver projects and maintain these assets over lengthy periods. This arises from the fact that the public sector may only procure projects infrequently and therefore lacks the necessary skills and training to implement projects, and therefore have no need to retain such a capacity in-house. Therefore, greater employment of the private sector throughout a project's life gives best value, as the private sector parties have that experience.

PPPs have the potential to improve the affordability of projects

Under PPPs, the private sector finances the construction of awarded projects, and is compensated by a service charge from the government over time or by revenues from the project, or a combination of both. Thus, when governments do not want to, or are unable to, increase their direct levels of borrowing, PPPs make projects affordable. The PPP payment structure has its benefits where the awarded project may become affordable within annual government budgets; and payments by the public sector more closely match the user benefits of a project as they are delivered. The latter can be observed more distinctly in transport projects, where user benefits grow over time.

Because individual projects become more affordable, the public sector can afford to procure a greater number of projects in aggregate, financed over a realistic long-term period. Governments are not constrained from taking the long-term view because of short-term budgetary and fiscal constraints.

PPPs are designed to maintain specific levels of service quality over the life of the PPP

The quality of service under a PPP is specified at the outset and is not expected to decline throughout the life of the PPP. The price committed to by the private sector is to maintain those standards throughout the life of the PPP project. This obligation contrasts with traditional procurement, where asset condition and hence service levels will often decline significantly as the asset becomes older.

PFIs are viewed as the mechanism of choice where there are major and complex capital projects with significant ongoing maintenance requirements. Here the private sector can offer project management skills, more innovative design and risk management expertise that can bring substantial benefits. Where it is effective, PFIs help to ensure that desired service standards are maintained; new services start on time and facilities are completed within budget; and the assets built are of sufficient quality to remain of high standard throughout their life.

Competitive Landscape

The Government has identified public transportation services and the development of education infrastructure as feasible projects for PFI implementation, where these projects may be implemented through several methods including BLT, BLMT and BLMOT.

Selected PFIs in Malaysia undertaken by public listed companies [a, b, c]

Industry player	Scope of PFI	Duration of PFI	Estimated cost (RM million)
Ahmad Zaki Resources Berhad	Peninsular Medic Sdn Bhd (wholly-owned subsidiary of Ahmad Zaki Resources Berhad) entered into a concession agreement with International Islamic University Malaysia and Ministry of Higher Education for the planning, design, development, construction, financing, landscaping, equipping, installation, completion, testing, commissioning and leasing of the facilities and infrastructure; and facilities management services of the International Islamic University Malaysia Teaching Hospital, Kuantan, Pahang	25 years	412.6 [a]
Menang Corporation Berhad	Protokol Elegan Sdn Bhd (subsidiary of Menang Corporation Berhad) entered into a concession agreement with Universiti Teknologi MARA and Ministry of Higher Education for the BLMT of the Institut Latihan Universiti Teknologi MARA, Nilai, Negeri Sembilan	23 years	101.0 [a]
Menang Corporation Berhad	Rumpun Positif Sdn Bhd (subsidiary of Menang Corporation Berhad) entered into a concession agreement with Universiti Teknologi MARA and Ministry of Higher Education for the BLMT of Universiti Teknologi MARA Satelit C, Puncak Alam, Selangor	23 years	260.0 [a]
Melati Ehsan Holdings Berhad	B.H.O. Melati Sdn Bhd (joint-venture company of Melati Ehsan Holdings Berhad) entered into a concession agreement with Universiti Malaysia Sabah and Ministry of Higher Education for the planning, design, financing development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure; and facilities management services of the Universiti Malaysia Sabah Teaching Hospital, Kota Kinabalu, Sabah	30 years	653.0 [a]
TRIplc Berhad	TRIplc Medical Sdn Bhd (wholly-owned subsidiary of TRIplc Berhad) entered into a concession agreement with Universiti Teknologi MARA and Ministry of Higher Education for the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure; and facilities management services of Zone 1 Phase 3 of Universiti Teknologi MARA, Puncak Alam Campus, Selangor	25 years	599.0 [b]
TRIplc Berhad	TRIplc Ventures Sdn Bhd (wholly-owned subsidiary of TRIplc Berhad) entered into a concession agreement with Universiti Teknologi MARA and Ministry of Higher	23 years	266.5 [b]

Industry player	Scope of PFI	Duration of PFI	Estimated cost (RM million)
	Education for the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure; and maintenance works of Zone 1 Phase 2 of Universiti Teknologi MARA, Puncak Alam Campus, Selangor		
WCT Berhad	WCT Berhad entered into a concession agreement with Malaysia Airports Holdings Berhad for the BOT comprising design, procurement, engineering, construction, completion, and thereafter, the operation, management and maintenance of the Integrated Complex at the New Low Cost Carrier Terminal at Kuala Lumpur International Airport, Sepang, Selangor	25 years	486.0 [a]
Zelan Berhad	Konsesi Pusat Asasi Gambang Sdn Bhd (wholly-owned subsidiary of Zelan Berhad) entered into a concession agreement with International Islamic University Malaysia for the BLMT of the Centre for Foundation Studies (Phase 3), International Islamic University Malaysia, Gambang Campus, Pahang	23 years	391.7 [a]

[a] *Estimated construction cost*
[b] *Estimated development cost*
[c] *The list above is not exhaustive*

Source: Announcements by various industry players on Bursa Malaysia Securities Berhad, SMITH ZANDER

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6 PROPERTY DEVELOPMENT IN MALAYSIA

Industry Performance, Outlook and Prospects

Property Supply

Between 2006 and 2016, total supply of residential properties in Malaysia increased from 5.1 million units to 6.4 million units at a CAGR of 2.2%. In 2016, incoming supply comprised 16.8% of existing stock while planned supply comprised 12.2% of existing stock. This, in comparison to the market scenario in 2006 where incoming supply comprised 16.0% of existing stock while planned supply comprised 16.6% of existing stock, suggests that demand and supply of residential properties are moving towards a state of equilibrium despite pockets of mismatch within the residential property sub-segments. The supply of residential property was 6.3 million units in the first half of 2016.

Commercial development in Malaysia, based on the supply of shops, shopping complexes, purpose-built offices and hotels, also achieved positive growth between 2006 and 2016. During this period, total supply of shop units increased at a CAGR of 3.2% from 415,149 units to 567,087 units while shopping complexes achieved a CAGR of 4.1% from 11.7 million square meters ("m^2") to 17.4 million m^2. Between 2006 and 2016, hotels and purpose-built offices recorded a CAGR of 2.4% respectively. The saturation of business activities and land scarcity have led to the opening of newer areas away from the city centres. Growth in commercial property also intensified during this period as the Government launched several regional economic corridors including the ECER, NCER, Iskandar Malaysia and SCORE.

The industrial property segment recorded a CAGR of 0.6% from 117,268 units in 2006 to 124,555 units in 2016. In the past, industrial properties have largely been functional and served as manufacturing space. However, new developments in the industrial sector have led to the construction of properties that house the manufacturing, storage and office/showroom areas in one building. Industrial property is also influenced by developments in the regional economic corridors including the ECER, NCER, Iskandar Malaysia and SCORE, albeit at a slower pace, as the Government's focus is to position Malaysia as an investment destination for high value-added, high technology, knowledge-intensive and innovation-based industries.

The years 2015 and 2016 witnessed fewer new projects being launched. Despite falling sales as witnessed by the dipping number of transactions and occupancy rates in 2016, property prices continued to rise driven by increasing costs and further aggravated by the implementation of Goods and Services Tax (GST) in April 2015. Generally, housing developers were maintaining high property prices while launching lesser number of units. As a result, residential property prices moved beyond the affordability levels of first time buyers.

Supply of residential, commercial and industrial properties in Malaysia

	Existing stock	Incoming supply [a]	Planned supply [b]	Total supply
Residential (units)				
2006	3,864,432	619,583	642,659	**5,126,674**
2007	4,063,167	573,716	666,928	**5,303,811**
2008	4,220,510	557,502	665,514	**5,443,526**
2009	4,338,609	538,894	667,936	**5,545,439**
2010	4,446,085	533,605	676,459	**5,656,149**

	Existing stock	Incoming supply [a]	Planned supply [b]	Total supply
2011	4,547,971	553,844	596,060	**5,697,875**
2012	4,640,269	628,655	610,679	**5,879,603**
2013	4,725,109	692,475	593,856	**6,011,440**
2014	4,848,030	769,788	673,235	**6,291,053**
2015	4,852,986	766,582	568,937	**6,188,505**
2016	4,945,140	829,687	601,671	**6,376,498**
			CAGR	**2.2%**
Commercial				
a) Shop (units)				
2006	317,098	46,089	51,962	**415,149**
2007	333,033	45,110	55,428	**433,571**
2008	344,456	49,312	56,064	**449,832**
2009	356,979	47,892	58,260	**463,131**
2010	367,347	47,648	60,506	**475,501**
2011	371,666	51,138	53,568	**476,372**
2012	381,904	60,794	59,625	**502,323**
2013	392,304	70,276	59,507	**522,087**
2014	406,105	82,390	74,818	**563,313**
2015	412,699	81,152	61,553	**555,404**
2016	429,601	77,365	60,121	**567,087**
			CAGR	**3.2%**
b) Shopping complex (m^2)				
2006	8,066,446	1,902,035	1,712,326	**11,680,807**
2007	8,695,298	1,655,304	2,224,060	**12,574,662**
2008	9,786,603	1,583,188	1,984,390	**13,354,181**
2009	10,089,826	1,807,595	1,943,418	**13,840,839**
2010	10,660,796	1,966,373	1,833,518	**14,460,687**
2011	11,591,949	1,444,980	486,244	**13,523,173**
2012	12,028,015	1,412,279	417,556	**13,857,850**
2013	12,446,900	1,254,847	483,472	**14,185,219**
2014	12,978,499	1,365,509	1,037,169	**15,381,177**
2015	13,828,953	1,505,201	1,029,596	**16,363,750**
2016	14,638,039	1,819,077	939,057	**17,396,173**
			CAGR	**4.1%**
c) Purpose-built office (m^2)				
2006	14,501,104	1,716,383	2,308,330	**18,525,817**
2007	14,975,062	2,066,169	2,472,529	**19,513,760**
2008	15,528,217	2,135,650	2,177,665	**19,841,532**
2009	16,126,410	2,277,670	2,177,718	**20,581,798**
2010	16,780,595	2,639,097	1,644,921	**21,064,613**

	Existing stock	Incoming supply [a]	Planned supply [b]	Total supply
2011	17,680,407	2,208,448	861,894	**20,750,749**
2012	18,823,624	2,027,348	683,293	**21,534,265**
2013	18,990,448	2,139,673	533,953	**21,664,074**
2014	19,553,129	1,735,743	573,997	**21,862,869**
2015	20,131,812	1,667,750	409,948	**22,209,510**
2016	20,748,333	2,005,349	828,183	**23,581,865**
			CAGR	**2.4%**
d) Hotel (rooms)				
2006	150,578	16,869	34,180	**201,627**
2007	155,601	17,496	35,432	**208,529**
2008	160,897	20,232	30,612	**211,741**
2009	165,487	24,854	27,843	**218,184**
2010	171,825	26,908	25,514	**224,247**
2011	177,603	16,503	14,361	**208,467**
2012	189,612	18,464	18,324	**226,400**
2013	193,879	24,211	16,232	**234,322**
2014	204,091	22,268	15,292	**241,651**
2015	208,747	24,069	16,341	**249,157**
2016	212,437	24,443	18,521	**255,401**
			CAGR	**2.4%**
Industrial (units)				
2006	88,535	6,362	22,371	**117,268**
2007	89,567	7,491	22,613	**119,671**
2008	91,324	7,216	23,140	**121,680**
2009	92,544	7,611	22,055	**122,210**
2010	93,283	7,638	22,284	**123,205**
2011	93,193	7,372	16,266	**116,831**
2012	94,385	8,015	16,002	**118,402**
2013	95,403	8,960	17,286	**121,649**
2014	97,704	11,264	17,534	**126,502**
2015	103,868	11,206	9,981	**125,055**
2016	110,140	6,901	7,514	**124,555**
			CAGR	**0.6%**

[a] Incoming supply is defined as properties under construction, where some units may have already been pre-sold
[b] Planned supply is defined as properties where their building plans have been approved by local authorities

Source: NAPIC, SMITH ZANDER

The Government of Malaysia provides financial assistance and enhanced regulatory framework to facilitate homeownership in an effort to meet the affordable housing needs of the low-income and middle-income society. Housing programmes for poor and low-income households in urban and rural areas are implemented nationwide through *Program Bantuan Rumah* ("PBR"), *Program Perumahan Rakyat* ("PPR") and *Rumah Mesra Rakyat 1Malaysia* ("RMR1M"), as well as housing for second-generation Federal Land Development Authority ("FELDA") and FELCRA Berhad ("FELCRA") settlers. Affordable housing for middle-income households is also provided through programmes such as the *Perumahan Rakyat 1Malaysia* ("PR1MA"), 1Malaysia Civil Servants Housing ("PPA1M") and *Rumah Wilayah Persekutuan* ("RUMAWIP").

The Government further launched supporting programmes to ensure that all affordable houses were adequately maintained, through the *Program Penyenggaraan Perumahan* for public low-cost housing and *Tabung Perumahan 1Malaysia* for private low-cost and medium-cost housing. In 2014, the MyBeautiful Malaysia programme was implemented under the National Blue Ocean Strategy to enhance the maintenance of Government quarters. Several guidelines, including the Green Neighbourhood Planning Guideline, Open Space and Recreation Guideline, and Physical Planning Guideline for Senior Citizens, were formulated by the Government to ensure a more conducive and liveable environment. These initiatives were aimed at improving the surrounding quality and living conditions of the population.

The Housing Development (Control and Licensing) Act 1996 (Act 118) was amended to provide an avenue to charge errant developers, thereby ensuring better protection for home buyers. In addition, new financing schemes such as the My First Home Scheme, Youth Housing Scheme, and Private Affordable Ownership Housing Scheme (MyHome) were introduced to provide financing facilities for the population to own houses at affordable prices.

Public affordable housing programmes nationwide developed under the Tenth Malaysia Plan (10MP)

Programme	Target population monthly household income (RM)	Ministry / Agency	Number of housing units		
			Completed	Under construction	Total
Program Bantuan Rumah (PBR)	Below poverty line income [b]	Ministry of Rural and Regional Development	56,668	8,298	64,966
Program Perumahan Rakyat (PPR)	2,500 and below	Ministry of Urban Wellbeing, Housing and Local Government	12,025	27,087	39,112
Rumah Mesra Rakyat 1Malaysia (RMR1M)	750 to 3,000	Syarikat Perumahan Negara Berhad	32,948	2,803	35,751
Perumahan Rakyat 1Malaysia (PR1MA) [a]	2,500 to 10,000	Perbadanan PR1MA Malaysia	560	18,400	18,960
1Malaysia Civil Servants Housing (PPA1M) [a]	2,500 to 10,000	Prime Minister's Department	0	13,539	13,539
Rumah Wilayah Persekutuan (RUMAWIP) [a]	6,000 and below	Ministry of Federal Territories	0	9,309	9,309

[a] *PR1MA, PPA1M and RUMAWIP commenced in year 2013; figures as of March 2015*

[b] *Poverty line income is a measure of absolute poverty based on the minimum requirement of food and non-food items for household members to live healthily and actively in society. In 2014, the average monthly poverty line income was RM930 for Peninsular Malaysia, RM1,170 for Sabah and RM990 for Sarawak*

Source: Tenth Malaysia Plan (10MP), Eleventh Malaysia Plan (11MP)

In Selangor, the State Government is cognizant about the high prices being imposed for residential properties, and is taking proactive effort via programmes such as Rumah Selangorku, PR1MA and the Rent-to-Own schemes to address the issue of providing more affordable housing for the population. Rumah Selangorku was launched in 2013, where this scheme takes over from the Selangor state low cost housing programme and aims to provide affordable housing for the population. Houses under the Rumah Selangorku scheme are priced between RM42,000 and RM250,000 depending on type, size, location and facilities provided.

Range of residential properties under Rumah Selangorku affordable housing scheme

Type	Size (square feet)	Maximum selling price (RM)	Priority income group (RM)
Rumah Selangorku type A	700	42,000	Up to 3,000
Rumah Selangorku type B	750	100,000	Up to 6,000
Rumah Selangorku type C	800	150,000	
	900	180,000	
	18' x 60'	200,000	
Rumah Selangorku type D	1,000	220,000	Up to 10,000
	20' x 60'	250,000	

Source: Lembaga Perumahan Dan Hartanah Selangor

The Government has committed to playing a major role in meeting the housing needs for targeted groups in urban and rural areas by continuing successful existing programmes, that include programmes under the PBR for the poor, and programmes for low-income and middle-income households such as the RMR1M, PPR, PRIMA, and PPA1M, as well as programmes for second-generation FELDA and FELCRA settlers. Financing schemes such as My First Home Scheme, Youth Housing Scheme and MyHome will also be enhanced to improve access and affordability for low-income and middle-income households.

In the urban areas, transit houses will be built for youth and young married couples, including those proposed under the 1Malaysia Youth City programme. These transit houses provide such families with short-term residence while they save to purchase their first home. The private sector will be encouraged to develop public housing, which can be done through public-private partnerships.

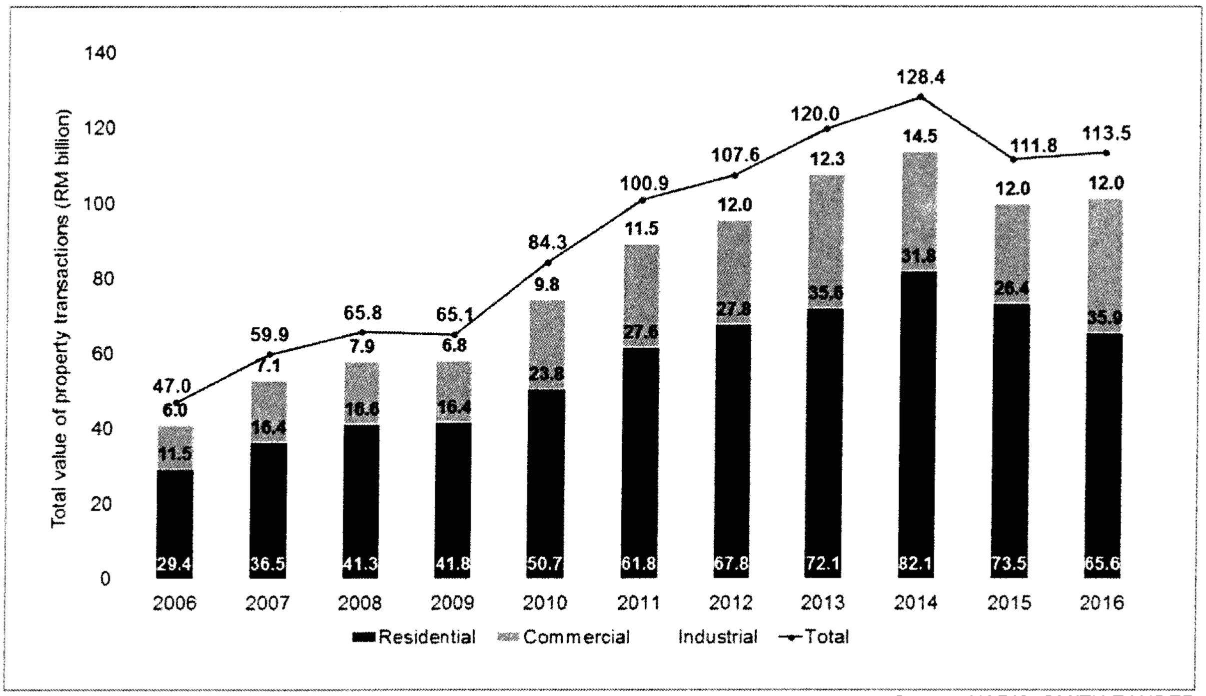
To improve the planning and development of affordable housing, an integrated database accessible to all relevant stakeholders will be established to ensure housing supply matches demand based on locality, price, and target groups. Additionally, a land bank will be established for the development of affordable housing, particularly in urban areas.

The Government announced its intention to advocate all new affordable housing developments to adopt sustainable practices, and provide liveable and environment-friendly facilities and infrastructure for the population, including population with special needs and senior citizens. A review of public housing rental rates will be conducted to ensure that sufficient funds are available to cover the cost of management and regular standard maintenance of public housing.

Property Demand

Demand for property in Malaysia, measured by value of property transactions, witnessed an increase from RM47.0 billion in 2006 to RM113.5 billion in 2016 at a CAGR of 9.2%. A significant 57.8% of total property transactions in 2016 was incurred for residential properties, while the remaining 31.7% and 10.6% were incurred for commercial and industrial properties respectively. The commercial property segment witnessed the highest CAGR of 12.1% between 2006 and 2016, recording a rise from RM11.5 billion to RM35.9 billion.

Demand for residential, commercial and industrial properties in Malaysia



Source: NAPIC, SMITH ZANDER

The Central region was the most significant regional property market in Malaysia in 2016 where RM68.4 billion worth of property transactions mainly for residential properties took place during that year. Property transactions in the Southern and Northern regions of Malaysia were RM16.9 billion and RM16.8 billion respectively, while the smaller regional property markets of East Malaysia and East Coast achieved transaction values of RM5.8 billion and RM5.6 billion respectively for the same period. Nevertheless, the most significant growth in property transaction value over the period of 2006 and 2016 was witnessed in the East Coast that recorded a CAGR of 11.1% from RM1.9 billion to RM5.6 billion compared to the national CAGR of 9.2%. The Southern region also witnessed a CAGR of 10.5% from RM6.2 billion to RM16.8 billion, while East Malaysia and the Northern and Central regions witnessed a slightly lower, but nevertheless still robust, CAGRs of 8.5% from RM2.6 billion to RM5.8 billion, 6.7% from RM8.8 billion to RM16.9 billion, and 9.6% from RM27.5 billion to RM68.4 billion over the period of 2006 and 2016.

Regional growth is strongly driven by growth of property demand in key sub-markets, with the Klang Valley strongly driving growth in the Central region, Johor driving growth in the Southern region and Penang and Perak driving growth in the Northern region. The state of Johor is a key driver for the high commercial property transactions in the Southern region as the launch of the Iskandar Malaysia masterplan in 2006 has resulted in intensified business activities in the state, thus creating strong demand for commercial properties.

The Central region comprises Selangor, Kuala Lumpur, Putrajaya and Negeri Sembilan. Property demand in Selangor increased from RM17.4 billion in 2006 to RM33.8 billion in 2016 at a CAGR of 6.8%. Over the same period, property demand in Kuala Lumpur increased from RM8.0 billion to RM29.4 billion at a CAGR of 13.9%, while property demand in Putrajaya increased from RM74.9 million to RM250.1 million at a CAGR of 12.8%. In Selangor, the residential property segment witnessed the highest growth rate, increasing from RM11.0 billion in 2006 to RM21.9 billion in 2016 at a CAGR of 7.1%. Over the same period, the commercial property segment witnessed the highest growth rate in Kuala Lumpur and Putrajaya, registering CAGRs of 21.5% and 24.5% respectively. [16]

Property demand in Negeri Sembilan increased from RM1.9 billion in 2006 to RM5.0 billion in 2016 at a CAGR of 9.9%. In Negeri Sembilan, the commercial property segment recorded the highest growth rate, increasing from RM362.0 million in 2006 to RM1.3 million in 2016 at a CAGR of 13.2%.[17]

SMITH ZANDER is of the view that the recovery in 2016 was positive for property construction activities, with the value of projects awarded rising from RM141.9 billion in 2015 to RM222.9 billion in 2016.

Regional demand for residential, commercial and industrial properties in Malaysia [a]

	Value of property transactions (RM million)					
	Northern	Central	Southern	East Coast	East Malaysia	Malaysia
Residential						
2006	5,679.5	17,405.4	3,602.9	1,196.9	1,562.2	**29,446.9**
2007	6,458.5	22,635.5	4,110.9	1,448.4	1,837.2	**36,490.6**
2008	7,520.1	25,490.3	3,991.7	1,852.8	2,449.1	**41,304.0**
2009	6,669.1	25,726.6	4,537.0	1,856.2	3,059.5	**41,848.4**
2010	8,214.9	31,849.8	5,198.7	2,126.0	3,264.7	**50,654.2**
2011	13,502.5	36,327.8	6,041.4	2,501.4	3,458.5	**61,831.6**
2012	13,174.0	40,038.1	7,060.1	3,525.3	3,964.7	**67,762.2**
2013	13,817.3	39,269.3	11,079.2	4,091.2	3,803.4	**72,060.4**
2014	14,902.0	42,923.7	15,996.5	4,180.7	4,056.7	**82,059.6**
2015	14,300.7	38,939.3	11,450.2	4,823.9	3,955.8	**73,469.9**
2016	12,584.1	34,311.2	10,681.3	4,270.2	3,727.6	**65,574.4**
CAGR	**8.3%**	**7.0%**	**11.5%**	**13.6%**	**9.1%**	**8.3%**
Commercial						
2006	2,136.8	6,358.2	1,723.3	592.3	709.6	**11,520.1**
2007	2,826.9	9,533.1	2,413.0	570.5	1,007.2	**16,350.7**
2008	2,676.1	10,106.7	1,944.6	773.9	1,114.7	**16,615.9**
2009	2,615.0	9,601.8	2,181.4	786.7	1,204.0	**16,389.0**

[16] *Historical property data sourced from NAPIC Annual Property Market Reports 2006 and 2016; SMITH ZANDER analysis in relation to property data growth rate*

[17] *Historical property data sourced from NAPIC Annual Property Market Reports 2006 and 2016; SMITH ZANDER analysis in relation to property data growth rate*

	Value of property transactions (RM million)					
	Northern	Central	Southern	East Coast	East Malaysia	Malaysia
2010	3,313.5	14,852.6	2,899.9	1,161.9	1,612.4	**23,840.2**
2011	3,952.6	16,560.7	3,726.5	1,687.2	1,637.1	**27,564.1**
2012	4,075.1	16,345.7	4,067.9	1,418.7	1,884.8	**27,792.2**
2013	4,156.0	15,813.3	12,701.5	1,276.9	1,614.3	**35,561.9**
2014	4,255.3	16,750.5	7,808.7	1,410.6	1,609.9	**31,835.1**
2015	4,022.3	14,614.1	4,668.1	1,254.0	1,841.2	**26,399.5**
2016	2,653.3	27,268.9	3,710.5	1,155.4	1,154.6	**35,942.6**
CAGR	**2.2%**	**15.7%**	**8.0%**	**6.9%**	**5.0%**	**12.1%**
Industrial						
2006	1,011.2	3,705.7	854.5	158.8	307.1	**6,037.3**
2007	999.5	4,324.9	1,102.8	200.8	452.2	**7,080.2**
2008	1,342.2	4,765.2	1,019.6	187.7	582.7	**7,897.4**
2009	1,164.1	3,893.5	1,130.8	161.4	483.6	**6,833.3**
2010	1,300.1	5,687.8	1,861.7	287.8	692.5	**9,829.8**
2011	1,832.5	7,008.1	1,700.1	284.9	716.5	**11,542.2**
2012	1,615.9	6,747.1	2,570.9	414.9	657.1	**12,006.0**
2013	1,798.6	7,022.5	2,580.6	262.5	664.4	**12,328.6**
2014	1,399.1	8,726.9	3,215.4	453.4	714.7	**14,509.4**
2015	1,458.2	6,679.6	2,693.5	522.8	616.7	**11,970.8**
2016	1,681.9	6,843.7	2,387.6	171.9	933.6	**12,018.7**
CAGR	**5.2%**	**6.3%**	**10.8%**	**0.8%**	**11.8%**	**7.1%**
Total						
2006	8,827.5	27,469.3	6,180.6	1,948.0	2,578.8	**47,004.3**
2007	10,284.9	36,493.5	7,626.8	2,219.8	3,296.6	**59,921.5**
2008	11,538.4	40,362.2	6,955.9	2,814.4	4,146.5	**65,817.3**
2009	10,448.2	39,222.0	7,849.2	2,804.2	4,747.1	**65,070.7**
2010	12,828.5	52,390.2	9,960.3	3,575.6	5,569.6	**84,324.2**
2011	19,287.6	59,896.6	11,468.0	4,473.6	5,812.1	**100,937.9**
2012	18,865.0	63,130.9	13,698.9	5,358.9	6,506.7	**107,560.4**
2013	19,771.9	62,105.1	26,361.3	5,630.6	6,082.1	**119,950.9**
2014	20,556.3	68,401.1	27,020.6	6,044.7	6,381.4	**128,404.1**
2015	19,781.2	60,233.0	18,811.8	6,600.6	6,413.6	**111,840.2**
2016	16,919.3	68,423.8	16,779.4	5,597.4	5,815.8	**113,535.7**
CAGR	**6.7%**	**9.6%**	**10.5%**	**11.1%**	**8.5%**	**9.2%**

[a] *Figures may not add up due to rounding*

Source: NAPIC, SMITH ZANDER

The property market in Malaysia is characterised by unevenness across properties in recent times, with demand outstripping supply in the residential property market. The rapid increase in house prices, particularly in the major urban centres, has been attributable partly to a shortfall in supply which is largely evident in the supply of affordable housing. This has created a scenario where more Malaysian households are increasingly being priced out from the housing market.[18]

The imbalance between demand and supply, particularly in the affordable housing segment, has contributed to a rapid rise in house prices. This has compounded housing affordability issues, particularly for the low-income and middle-income population. Between 2009 and 2014, average house prices in Malaysia rose by a CAGR of 7.9%, exceeding the CAGR in average household income of 7.3% over the same period. This contrasts sharply with the period in 2004 to 2007 when incomes (CAGR 3.2%) were rising more than the growth of house prices (CAGR 2.5%). Residential properties in Malaysia, on aggregate, were considered seriously unaffordable in 2014 (house price-to-income ratio of 4.4). In 2014, houses in Kuala Lumpur were severely unaffordable (house price-to-income ratio of 5.4), while houses in Selangor were moderately unaffordable (house price-to-income ratio of 4.0).[19]

Demand for residential properties in the districts of Hulu Selangor and Petaling in Selangor [a, b]

	Value of property transactions (RM million)			
	Hulu Selangor	Petaling	Rest of Selangor	Total
2006	149.6	7,390.5	3,458.1	**10,998.2**
2007	221.2	6,616.1	8,183.6	**15,020.9**
2008	180.4	7,353.3	8,447.0	**15,980.7**
2009	221.5	8,094.0	8,519.4	**16,834.9**
2010	190.1	9,920.3	10,074.9	**20,185.3**
2011	234.7	11,882.9	10,993.1	**23,110.7**
2012	280.2	13,473.6	11,620.1	**25,373.9**
2013	372.3	12,352.1	13,362.1	**26,086.5**
2014	379.8	12,811.2	13,763.2	**26,954.2**
2015	397.6	11,194.3	13,276.7	**24,868.6**
2016	422.5	9,539.8	11,971.4	**21,933.7**
CAGR	**10.9%**	**2.6%**	**13.2%**	**7.1%**

[a] *Mukim Serendah is located in the district of Hulu Selangor while Puncak Perdana is located in the district of Petaling. Property transaction data is provided at district level for the state of Selangor as detailed property transaction for Serendah and Puncak Perdana are not publicly available from NAPIC*
[b] *Figures may not add up due to rounding*

Source: NAPIC

An estimated 202,571 new houses will be required annually between 2016 and 2020 to match the estimated growth in households during this period.[20] The shrinking size of households, combined with continued growth in incomes and population, as well as rapid urbanisation, are expected to remain as important drivers of the overall demand for residential properties, especially in the major urban areas. Consistent with the underlying demand, especially in the major urban and employment centres, a holistic planning and implementation system is required to provide sufficient quality housing that is affordable for the low-income and middle-income households.

[18] *Source: Central Bank of Malaysia*
[19] *Source: Central Bank of Malaysia*
[20] *Source: Central Bank of Malaysia*

SMITH ZANDER is of the view that the office sector will remain challenging, and more office buildings are anticipated to undergo refurbishment exercises in the near future as a step to prevent tenants from relocating to newer office buildings. The strategy of refurbishment will also benefit the older office buildings in getting higher rental rate. The growth of luxury hotels in major cities is likely to see dampened performance in the short term, putting pressure on occupancy and room rates. The weakening of the Ringgit may have impacted businesses in general but it is expected to fuel the demand for domestic travel instead of outbound travels. For international travellers, Malaysia is a more economical and affordable travel destination. The introduction of E-Visa to 10 countries including the People's Republic of China commencing 2016 is expected to facilitate more tourist arrivals. In the long term, the hotel market is expected to remain resilient, driven by strong market fundamentals and tourism infrastructure investments.

SMITH ZANDER believes that the overall property market is expected to show moderate activity in the short term. Developments in location with strong fundamentals are still expected to perform well, though buyers are becoming more discerning in their purchases across all sectors while expecting bargain purchases to slowly creep up in the market.

SMITH ZANDER anticipates that further property developments in the state of Selangor, including Serendah and Shah Alam, will be supported by the recovery of the property market over the long term. The Government's efforts to launch and promote affordable housing programmes nationwide is expected to bode well for the construction industry, creating demand for construction services in affordable housing projects and benefitting industry players such as TRIplc Berhad that intend to participate in affordable housing construction projects.

Key Market Drivers, Trends and Development

Greater demand for residential, commercial and industrial properties as a result of increasing economic wealth

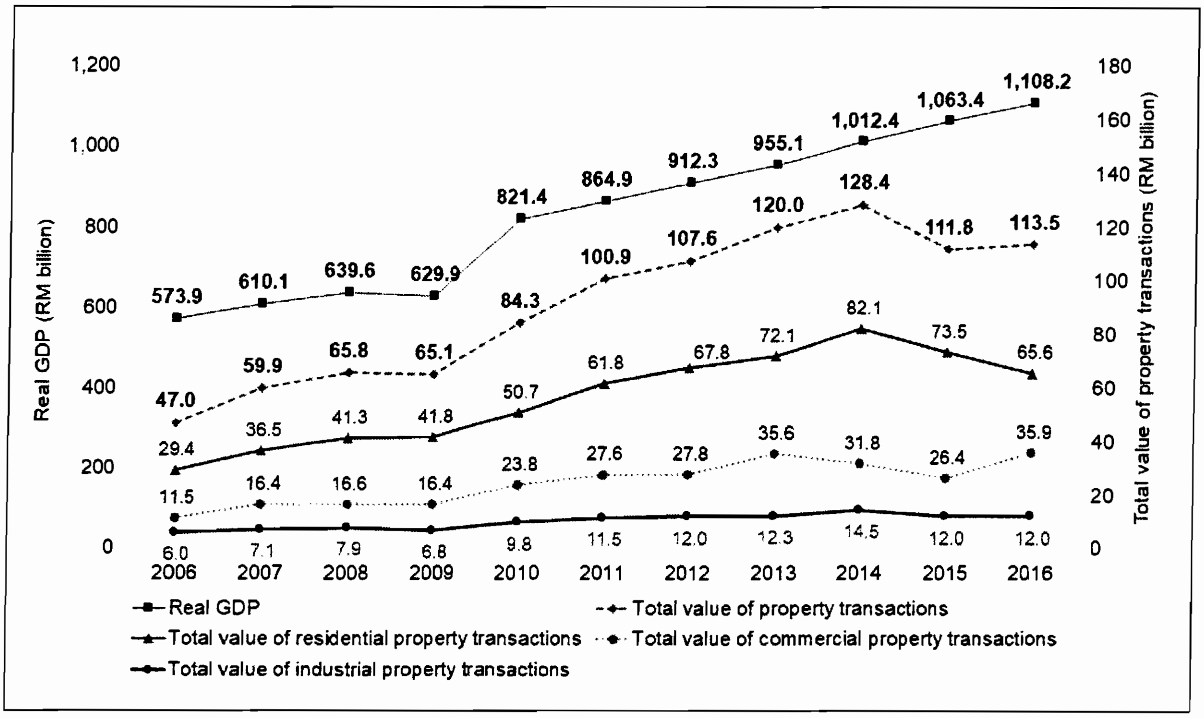
The key factor that influences the property market is the stability of the nation's economy. A robust economy has a positive impact on the property market while a sluggish economy will likewise result in a slowdown in property demand. Economic growth has the potential to contribute to increased disposable incomes among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for residential and commercial properties.

Economic growth is a catalyst for development and growth in the property market. Between 2006 and 2016, Malaysia's wealth, as depicted by its real GDP, increased from RM573.9 billion to RM1,108.2 billion.[21] Total property transaction value increased from RM47.0 billion to RM113.5 billion between 2006 and 2016, where the residential, commercial and industrial property segments recorded CAGRs of 8.4%, 12.1% and 7.2% respectively. Between the period of 2006 and 2016, transactions in the residential property segment increased from RM29.4 billion to RM65.6 billion while transactions in the commercial and industrial property segments increased from RM11.5 billion to RM35.9 billion, and RM6.0 billion to RM12.0 billion respectively.[22]

[21] *Source: Department of Statistics Malaysia*

[22] *Historical property data sourced from NAPIC Annual Property Market Reports 2006 and 2016; SMITH ZANDER analysis in relation to property data growth rate*

Economic impact on property transactions in Malaysia [a]



[a] GDP for the years 2006 to 2009 are based on constant 2005 prices, while GDP for the years 2010 to 2016 are based on constant 2010 prices

Source: Department of Statistics Malaysia, Ministry of Finance Malaysia, NAPIC, SMITH ZANDER

Long term disposable income growth and affluence of the population signifies growth opportunities in the property market

Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. Malaysia's GDP per capita increased from approximately RM25,942 in 2006 to RM34,950 in 2016 while purchasing power parity per capita income increased from approximately USD17,198 to USD27,234 during the same period. This increase in disposable income has led to a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products.

The increasing disposable income of Malaysia's population has a positive correlation on the demand for residential properties, whereby the growth trend in the number and value of residential property transactions has generally reflected the trend in the growth of disposable income. The total value of residential property transactions in Malaysia increased from RM29.4 billion to RM65.6 billion during the period of 2006 to 2016.[23]

In an effort to reduce the burden of the population and increase disposable income of lower-income population, the Government has improved the *Bantuan Rakyat 1Malaysia* ("BR1M") to households and single individuals in line with targeted subsidy programme whereby:

- BR1M to households with a monthly income of below RM3,000 will be increased from RM1,050 and RM1,000 to RM1,200;

[23] Historical property data sourced from NAPIC Annual Property Market Reports 2006 and 2016; SMITH ZANDER analysis in relation to property data growth rate

- For single individuals aged 21 and above with a monthly income not exceeding RM2,000, BR1M will be increased from RM400 to RM450; and
- For households with a monthly income of between RM3,001 and RM4,000, BR1M will be increased from RM800 to RM900. The assistance is given to alleviate the rising cost of living borne by the lower middle-income group.

Malaysia launched the ETP (2011 – 2020) in 2010 with a goal to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth. The potential growth opportunities for the property segment in Malaysia are underscored by the nation's economic potential as well as Government interventions via economic plans, policies and stimulus.

Plans, policies and stimulus by the Government to spur socio-economic development positively impact the property market in Malaysia

The Government has announced various measures in Budget 2017 to make residential property ownership accessible for all income stratas of the Malaysian society as follows:

- Implement a new National Blue Ocean Strategy initiative, namely MyBeautiful New Home, where a total of 5,000 units will be built for the bottom 40% at RM40,000 to RM50,000 per unit;
- Build 9,850 new houses and complete 11,250 houses under People's Housing Programme by the Ministry of Urban Wellbeing, Housing and Local Government through an allocation of RM710 million;
- Provide Government's vacant land at strategic locations to government linked corporations and Perumahan Rakyat 1Malaysia to build more than 30,000 houses at RM150,000 to RM300,000;
- Build 10,000 houses in urban areas for rental to eligible youths at below market rate;
- Build 5,000 units of People's Friendly Home with a subsidy of RM20,000 per unit through an allocation of RM200 million;
- Implement a special step-up end-financing scheme for PR1MA houses in collaboration with Bank Negara Malaysia, Employees Provident Fund and banks;
- Provide stamp duty exemption on instruments of transfer and loan agreements for first home ownership for the period 1 January 2017 until 31 December 2018; and
- Provide an allocation for Second Generation House infrastructure development, with RM200 million allocated to Federal Land Development Authority and RM100 million allocated to Felcra Berhad and Rubber Industry Smallholders Development Authority each.

In addition to the measures in the Budget 2017, the Government previously introduced a "My First Home Scheme" in Budget 2011 to assist purchasers below age 35 with a monthly income of less than RM5,000, to purchase their first residential property valued between RM100,000 and RM400,000. The scheme allows purchasers to obtain up to 100% financing from various financial institutions.

Thus, SMITH ZANDER is of the opinion that residential properties are viewed to gain a greater impact as a result of plans, policies and stimulus by the Government, which in turn will lead to a greater demand for residential properties.

7 PROSPECTS AND OUTLOOK FOR TRIPLC BERHAD

The construction industry in Malaysia is an important industry to the overall economic development. The construction industry in Malaysia, as measured by the GDP for construction activities in the country, contributed 4.5% of Malaysia's total GDP in 2016.

Driven by the following factors, the construction industry in Malaysia, as measured by the value of projects awarded grew at a CAGR of 14.2% from 2006 to 2016:

- The growth in demand for residential, commercial and industrial properties, as measured by the total property transaction value grew at a CAGR of 9.2% from 2006 to 2016.
- The growth in end-user market/industries will provide growth opportunities for the contruction industry.
- The nationwide growth of affordable housing programmes, creating demand for construction services.
- The availability of investments that drive overall economic growth.
- Government-driven initiatives are also expected to spur the construction industry. The Government targets to achieve an annual growth rate of 10.3% for the construction industry under the 11MP.

In 2016, Federal Government payments for PFIs stood at RM1.5 billion. The implementation of projects under the PFI, to faciliatate greater participation from the private sector to improve the delivery of infrastructure facilities and public service in Malaysia, is also expected to strongly drive future demand for construction services.

Driven by the growth in construction industry and growing awareness for sustainable built environments, the facilities management industry in Malaysia, measured in terms of industry revenues of industry players offering facilities management services, increased from RM1,226.2 million in 2009 to RM1,358.3 million in 2016 at a CAGR of 1.5%.

SMITH ZANDER believes that the prospects for TRIplc Berhad will be supported by the long term growth of the construction sector. The construction sector is forecast to grow from RM229.0 billion in 2016 to RM280.0 billion in 2019, based on value of projects awarded, at a CAGR of 6.9%.

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INFORMATION ON THE VENDOR

1. BACKGROUND

Pimpinan Ehsan was incorporated in Malaysia under the CA 1965 on 28 June 2016 and deemed registered under the Act as a private limited company under the name of Pimpinan Ehsan Sdn Bhd. It was subsequently converted into a public limited company on 6 September 2016.

The intended principal activity of Pimpinan Ehsan is investment holding company. As at the LPD, Pimpinan Ehsan has not commenced any business operations.

2. SHARE CAPITAL

As at the LPD, the issued share capital of Pimpinan Ehsan is RM2.00 comprising two Pimpinan Ehsan Shares.

The changes in the issued share capital of Pimpinan Ehsan since incorporation up to the LPD are as follows:

Date of allotment	No. of Pimpinan Ehsan Shares	Consideration	Cumulative issued share capital RM
28 June 2016	2	Cash	2

3. DIRECTORS

As at LPD, the directors and their respective shareholdings in Pimpinan Ehsan are as follows:

		Direct		Indirect	
Director	Nationality	No. of Pimpinan Ehsan Shares	%	No. of Pimpinan Ehsan Shares	%
Mohd Fhakaruddin Bin Mohd Nordin	Malaysian	1	50	-	-
Fauzi Bin Mamat	Malaysian	1	50	-	-
Shamshiah Binti Hashim @ Abu Bakar	Malaysian	-	-	-	-

4. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders and their respective shareholdings in Pimpinan Ehsan are as follows:

	Direct		Indirect	
Substantial shareholders	No. of Pimpinan Ehsan Shares	%	No. of Pimpinan Ehsan Shares	%
Mohd Fhakaruddin Bin Mohd Nordin	1	50	-	-
Fauzi Bin Mamat	1	50	-	-

SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

1. SALE AND PURCHASE OF THE SALE SHARES

Subject to the terms and conditions of the SSA, the Vendor, as the legal and beneficial owner of all the TRIplc Shares in issue representing the entire issued share capital of TRIplc as at the Completion Date (defined in **Paragraph 4** below) ("**Sale Shares**"), upon the completion of the Proposed Share Exchange, will sell and transfer and procure the sale and transfer of, and Puncak Niaga will purchase, the Sale Shares free from all encumbrances together with all rights, benefits, title to, interest in and entitlements.

2. CONSIDERATION

(a) The Purchase Consideration for the Sale Shares is RM210,000,000 to be satisfied entirely in cash, via telegraphic transfer to the Vendor's bank account, in the manner set out below:

(i) upon execution of the SSA, Puncak Niaga will pay the deposit of RM21,000,000, being 10% of the Purchase Consideration ("**Deposit**") to the Vendor. The Deposit will constitute part payment of the Purchase Consideration upon completion of the SSA. In consideration of the Vendor providing or procuring the provision of information on the TRIplc Group to Puncak Niaga, Puncak Niaga has agreed that a portion of the Deposit will be non-refundable ("**Said Sum**") provided that the Said Sum will be an amount not exceeding RM3,500,000 to be mutually agreed by both parties in writing. Failing such agreement, the Said Sum will be RM3,500,000; and

(ii) on the Completion Date, Puncak Niaga will pay RM189,000,000, being the balance purchase consideration ("**Balance Purchase Consideration**").

(b) The parties agree that:

(i) the Purchase Consideration will be subject to adjustment if TRIplc declares or pays any dividend or distribution to its shareholders from the date of the SSA to the Completion Date, in which case the Purchase Consideration will be adjusted on a Ringgit for Ringgit basis; and/or

(ii) Puncak Niaga may, at its sole discretion, where it has not exercised its right to terminate the SSA pursuant to **Paragraph 5(c)(i)(F)**, request for an adjustment in the Purchase Consideration if any contract or agreement entered by a company within the TRIplc Group with a value above RM8,500,000 is for whatsoever reason terminated or becomes void or an event has occurred which, with the giving of notice or passage of time, constitutes a default by any party resulting in the termination of such contract or agreement. The Purchase Consideration will be adjusted by the value accorded to such contract or agreement by the independent valuer appointed by Puncak Niaga and TRIplc in the valuation conducted by the independent valuer on the TRIplc Group.

3. CONDITIONS PRECEDENT

Completion of the SSA is conditional upon the satisfaction of each of the following conditions precedent ("**Conditions Precedent**") within eighteen months from the date of the SSA or such other later date as may be mutually agreed in writing by the parties:

Conditions Precedent to be satisfied by the Vendor:

(a) The approval of the shareholders of TRIplc being obtained in:

  (i) an EGM for the Proposed TRIplc Internal Reorganisation and disposal of the Sale Shares upon completion of the Proposed TRIplc Internal Reorganisation; and

  (ii) a court convened meeting for the Proposed TRIplc Internal Reorganisation;

(b) The approval of the shareholders of the Vendor for the Proposed TRIplc Internal Reorganisation and disposal of the Sale Shares upon completion of the Proposed TRIplc Internal Reorganisation being obtained;

(c) The order of the High Court of Malaya sanctioning the Proposed TRIplc Internal Reorganisation being obtained;

(d) Any approvals/consents from government authority(ies) as may be required for the disposal of the Sale Shares and/or any disclosure of information under the concession businesses of the TRIplc Group, or for any purpose incidental to it;

(e) Any other approval/consent being obtained from the banks, financiers and creditors of TRIplc, government authorities and/or third parties for the disposal of the Sale Shares; and

(f) The completion of the Proposed TRIplc Internal Reorganisation.

Conditions Precedent to be satisfied by Puncak Niaga:

(a) The approval of the shareholders of Puncak Niaga being obtained in an EGM to be convened for the acquisition of the Sale Shares from the Vendor;

(b) Puncak Niaga being satisfied with the results of the due diligence review conducted on the TRIplc Group within two months from receipt of the last of the documents/information requested by Puncak Niaga and/or its solicitors and which decision will be communicated within seven business days from the expiry of the said two months failing which it will be deemed that Puncak Niaga is satisfied with the results of the due diligence review of the TRIplc Group; and

(c) Approval of the SC being obtained for the significant change in the business direction of Puncak Niaga arising from the acquisition of the Sale Shares.

Joint Condition Precedent:

(a) The disclosure letter (in the approved terms by the parties) from the Vendor to Puncak Niaga within 30 days from the date of the SSA or such other longer period of time as may be mutually agreed in writing by the parties.

The date on which the last of the Conditions Precedent under the SSA is fulfilled or waived in accordance with the SSA will be referred to as "**Unconditional Date**".

4. COMPLETION

Subject to all the Conditions Precedent becoming unconditional, completion of the SSA will take place on the seventh business day after the Unconditional Date or such other date as the parties may otherwise agree in writing ("**Completion Date**").

5. TERMINATION

(a) If, at any time prior to the completion of the SSA and provided that Puncak Niaga is not in material breach of any of its obligations under the SSA:

(i) the Vendor commits any continuing or material breach of any of its obligations under the SSA which:

(A) is incapable of remedy; or

(B) if capable of remedy, is not remedied to the satisfaction of Puncak Niaga within 14 days from being given notice to do so;

(ii) any of the companies within the TRIplc Group ceases or threaten to cease or carry on the whole or any substantial part of its respective business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SSA); or

(iii) any of the Vendor's warranties is found at any time to be materially untrue or inconsistent,

Puncak Niaga will be entitled to elect to claim for specific performance against the Vendor of its obligations under the SSA or terminate the SSA by written notice to the Vendor and the Deposit (less the Said Sum) and all other monies paid under the SSA will be refunded to Puncak Niaga.

(b) If, at any time prior to the completion of the SSA and provided that the Vendor is not in material breach of any of its obligations under the SSA, Puncak Niaga fails to pay the Balance Purchase Consideration according to the SSA or commits any continuing or material breach of any of its obligations under the SSA which:

(i) is incapable of remedy; or

(ii) if capable of remedy, is not remedied to the satisfaction of the Vendor within 14 days from being given notice to do so,

the Vendor will be entitled to elect to claim for specific performance against Puncak Niaga of its obligations under the SSA or terminate the SSA by written notice to Puncak Niaga and the Deposit will be forfeited and all other monies paid under the SSA will be refunded to Puncak Niaga.

(c) Puncak Niaga will be entitled to serve a written notice to the Vendor on or before the Completion Date to terminate the SSA with immediate effect, if any of the following circumstances has occurred on or before the Completion Date:

(i) TRIplc or any of its subsidiaries:

(A) is or becomes, or is declared or found to be insolvent; or

(B) is (or is deemed to be) unable to or admits inability to pay its debts as they fall due which may have a material adverse effect; or

(C) save and except for the purpose of completing the Proposed TRIplc Internal Reorganisation, proposes or enters into any composition or other arrangement for the benefit of its creditors generally or proceedings are commenced in relation to TRIplc or any of its subsidiaries under any law, regulation or procedure relating to reconstruction or adjustment of debts; or

(D) has a petition or application for the winding up or dissolution presented against TRIplc or any of its subsidiaries and served on the relevant company or an order has been made or resolution passed for the winding up or dissolution of TRIplc or any of its subsidiaries; or

(E) a judicial manager or receiver or receiver and manager or a similar officer is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of TRIplc or any of its subsidiaries; or

(F) any contract or agreement entered by a company within the TRIplc Group with a value above RM8,500,000 is terminated as a result of default of the company within the TRIplc Group or becomes void or an event has occurred which, with the giving of notice or passage of time, constitutes a default by the company within the TRIplc Group resulting in the termination of such contract or agreement; or

(G) ceases or threatens to cease or carry on the whole or any substantial part of its respective business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SSA); or

(ii) any material change to, suspension, limitation, withdrawal or the revocation of the material licences of TRIplc or any of its subsidiaries; or

(iii) there is a material adverse event.

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Strictly private and confidential

The Board of Directors
Puncak Niaga Holdings Berhad
Level 10, Wisma Rozali
No. 4 Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor

Date: 15 January 2018

Dear Sirs

Puncak Niaga Holdings Berhad ("Puncak Niaga" or "Company")
Report on the compilation of the pro forma consolidated statements of financial position of the Company and its subsidiaries ("Puncak Niaga Group") for inclusion in the Company's circular to shareholders ("Circular") in connection with the proposed acquisition by Puncak Niaga of the entire issued share capital of TRIplc Berhad ("TRIplc") from Pimpinan Ehsan Berhad for a cash consideration of RM210 million ("Proposed TRIplc Acquisition")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of the Puncak Niaga Group prepared by the Company. The pro forma consolidated statements of financial position as at 31 December 2016 and related notes as attached to this report in **Appendix 1** have been stamped by us for identification purposes. The applicable criteria on the basis and assumptions of which the Directors of Puncak Niaga have compiled the pro forma consolidated statements of financial position are described in the notes to the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position have been compiled by the Directors of Puncak Niaga for inclusion in the Circular to solely illustrate the effects of Puncak Niaga's prior year adjustments as announced in Puncak Niaga Group's third quarter interim financial statements for the financial period ended 30 September 2017 ("PNHB Prior Year Adjustments"), the acquisition of effective equity interest of 90% of Danum Sinar Sdn. Bhd. ("Danum Sinar") (the "Danum Sinar Acquisition") by Puncak Niaga Group subsequent to 31 December 2016 and the effects of the Proposed TRIplc Acquisition on the Puncak Niaga's consolidated statement of financial position as at 31 December 2016, as if the Danum Sinar Acquisition and the Proposed TRIplc Acquisition had taken place on 31 December 2016. As part of this process, information about Puncak Niaga Group's pro forma consolidated statements of financial position has been extracted by the Directors of Puncak Niaga from the financial statements of Puncak Niaga Group for the financial year ended 31 December 2016, TRIplc for the financial year ended 31 May 2017 and Danum Sinar for the financial year ended 30 June 2017, on which audit reports have been published.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis and assumptions described in Note 1 in **Appendix 1**.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statement, and Other Assurance and Related Services Engagements* issued by Malaysian Institute of Accountants, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors of the Company on the basis and assumptions described in Note 1 in **Appendix 1**.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis and assumptions described in Note 1 in **Appendix 1**.

For the purpose of this engagement, we are not responsible for updating or re-issuing any reports or opinions made on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Circular is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entities as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of Puncak Niaga Group, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position have been properly compiled, in all material respects, on the basis and assumptions stated in Note 1 in **Appendix 1**.

Other matters

Our report on the pro forma consolidated statements of financial position has been prepared for inclusion in the Circular of the Company in connection with the Proposed TRIplc Acquisition and should not be relied upon for any other purposes.

KPMG

KPMG PLT
Firm Number: (LLP0010081-LCA & AF 0758)
Chartered Accountants

Thong Foo Vung
Approval Number: 02867/08/2018 J
Chartered Accountant

Appendix 1

PUNCAK NIAGA HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

The pro forma consolidated statements of financial position of Puncak Niaga Holdings Berhad ("Puncak Niaga" or the "Company") and its subsidiaries ("Puncak Niaga Group") as at 31 December 2016 as set out below have been prepared solely for illustrative purposes only, to show the effects of Puncak Niaga's prior year adjustments as announced in Puncak Niaga Group's third quarter interim financial statements for the financial period ended 30 September 2017 ("PNHB Prior Year Adjustments"), the effects of the acquisition of effective equity interest of 90% of Danum Sinar Sdn. Bhd. ("Danum Sinar") (the "Danum Sinar Acquisition") by Puncak Niaga Group subsequent to 31 December 2016 and the effects of the proposed acquisition of TRIplc Berhad ("TRIplc") (the "Proposed TRIplc Acquisition"). This pro forma consolidated statements of financial position should be read in conjunction with the notes accompanying the pro forma consolidated statements of financial position.

	Note	As at 31 December 2016*	PNHB Prior Year Adjustments	Effects of the Danum Sinar Acquisition	Pro forma I After the PNHB Prior Year Adjustments and Danum Sinar Acquisition	Effects of the Proposed TRIplc Acquisition	Pro forma II After Pro forma I and the Proposed TRIplc Acquisition
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets							
Property, plant and equipment	2	161,871	-	400,738	562,609	29,104	591,713
Investment properties	3	210,630	328,890	-	539,520	2,520	542,040
Plantation development expenditure	4	-	-	275,789	275,789	-	275,789
Service concession assets		14,506	-	-	14,506	-	14,506
Investment in associates		5	-	-	5	-	5
Investment in joint ventures		627	-	-	627	-	627
Goodwill	5	1,249	-	-	1,249	12,610	13,859
Deferred tax assets	6	2,110	-	-	2,110	28,744	30,854
Trade and other receivables	7	-	-	-	-	310,625	310,625
Total non-current assets		**390,998**	**328,890**	**676,527**	**1,396,415**	**383,603**	**1,780,018**

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Appendix 1

PUNCAK NIAGA HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(continued)

	Note	As at 31 December 2016*	PNHB Prior Year Adjustments	Effects of the Danum Sinar Acquisition	Pro forma I After the PNHB Prior Year Adjustments and Danum Sinar Acquisition	Effects of the Proposed TRIplc Acquisition	Pro forma II After Pro forma I and the Proposed TRIplc Acquisition
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Inventories	8	151	-	7,314	7,465	229,129	236,594
Trade and other receivables	9	159,511	-	10,511	170,022	10,164	180,186
Short-term investments	10	835,053	-	(274,735)	560,318	(189,000)	371,318
Tax recoverable		2,709	-	28	2,737	#191	2,928
Cash and cash equivalents	11	266,945	-	(5,597)	261,348	61,198	322,546
		1,264,369	-	(262,479)	1,001,890	111,682	1,113,572
Assets classified as held for sale		24,834	-	-	24,834	-	24,834
Total current assets		**1,289,203**	**-**	**(262,479)**	**1,026,724**	**111,682**	**1,138,406**
Total assets		**1,680,201**	**328,890**	**414,048**	**2,423,139**	**495,285**	**2,918,424**

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Puncak Niaga Holdings Berhad
Pro forma consolidated statements
of financial position and the notes thereon

Appendix 1

PUNCAK NIAGA HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(continued)

	Note	As at 31 December 2016*	PNHB Prior Year Adjustments	Effects of the Danum Sinar Acquisition	Pro forma I After the PNHB Prior Year Adjustments and Danum Sinar Acquisition	Effects of the Proposed TRIplc Acquisition	Pro forma II After Pro forma I and the Proposed TRIplc Acquisition
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Equity							
Share capital		449,284	-	-	449,284	-	449,284
Share premium		105,379	-	-	105,379	-	105,379
Treasury shares		(5,941)	-	-	(5,941)	-	(5,941)
Reserves		108,737	-	-	108,737	-	108,737
Retained earnings	12	770,929	312,445	(4,742)	1,078,632	(1,358)	1,077,274
		1,428,388	312,445	(4,742)	1,736,091	(1,358)	1,734,733
Non-controlling interests		12,963	-	(527)	12,436	-	12,436
Total equity		**1,441,351**	**312,445**	**(5,269)**	**1,748,527**	**(1,358)**	**1,747,169**
Liabilities							
Concession liability	13	-	-	-	-	89,400	89,400
Loans and borrowings		11,127	-	110,500	121,627	#261,070	382,697
Trade and other payables		-	-	-	-	#4,331	4,331
Deferred tax liabilities	14	12,538	16,445	83,597	112,580	55,822	168,402
Total non-current liabilities		**23,665**	**16,445**	**194,097**	**234,207**	**410,623**	**644,830**

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Appendix 1

PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

	Note	As at 31 December 2016*	PNHB Prior Year Adjustments	Effects of the Danum Sinar Acquisition	Pro forma I After the PNHB Prior Year Adjustments and Danum Sinar Acquisition	Effects of the Proposed TRIplc Acquisition	Pro forma II After Pro forma I and the Proposed TRIplc Acquisition
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans and borrowings		10,940	-	34,825	45,765	#34,292	80,057
Trade and other payables		185,869	-	190,395	376,264	51,129	427,393
Tax payable		2	-	-	2	#599	601
		196,811	-	225,220	422,031	86,020	508,051
Liabilities classified as held for sale		18,374	-	-	18,374	-	18,374
Total current liabilities		**215,185**	**-**	**225,220**	**440,405**	**86,020**	**526,425**
Total liabilities		**238,850**	**16,445**	**419,317**	**674,612**	**496,643**	**1,171,255**
Total equity and liabilities		**1,680,201**	**328,890**	**414,048**	**2,423,139**	**495,285**	**2,918,424**

* *Extracted from the audited financial statement of Puncak Niaga Group for the financial year ended 31 December 2016*
\# *Represents the carrying amount acquired in TRIplc as at 31 May 2017*

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Appendix 1

PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

1. Basis and assumptions of preparation

The pro forma consolidated statements of financial position of Puncak Niaga Group as at 31 December 2016 have been prepared based on the financial statements of Puncak Niaga Group, TRIplc and Danum Sinar for the financial year ended 31 December 2016, 31 May 2017 and 30 June 2017 respectively. The financial statements of Puncak Niaga Group and TRIplc were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 and Companies Act, 2016 respectively in Malaysia. The audited financial statement of Danum Sinar was prepared in accordance with Malaysian Private Entity Reporting Standards ("MPERS") and the requirements of the Companies Act, 2016 in Malaysia.

The auditors' reports of the audited financial statements of Puncak Niaga Group, TRIplc and Danum Sinar for the financial year ended 31 December 2016, 31 May 2017 and 30 June 2017 respectively were not subject to any qualification, modification or disclaimer of opinion. The accounting policies, basis and assumptions used in the preparation of the pro forma consolidated statements of financial position are consistent with those adopted by Puncak Niaga Group in the preparation of its financial statement for the financial year ended 31 December 2016.

The pro forma consolidated statements of financial position have been prepared for illustrative purposes only, incorporating the following events or transactions as if they were effected on 31 December 2016, and because of its nature, may not give a true picture of the actual financial position of Puncak Niaga Group.

The pro forma consolidated statements of financial position of Puncak Niaga Group have been prepared based on the following key basis and assumptions:

Pro forma I – PNHB Prior Year Adjustments and the Danum Sinar Acquisition

a) Incorporating PNHB Prior Year Adjustments as announced in Puncak Niaga Group's third quarter interim financial statements for the financial period ended 30 September 2017 (Please refer to Note 3(a) for further explanations);

b) Puncak Niaga Group through Danau Semesta Sdn. Bhd., a 90% owned subsidiary, acquires the entire issued share capital of Danum Sinar from Shin Yang Holding Sendirian Berhad for a total consideration of RM274.7 million which was fully satisfied via cash and the Danum Sinar Acquisition is completed as at 31 December 2016;

c) The expenses in relation to the Danum Sinar Acquisition of RM5.7 million which comprise professional fees, valuation fees and other related expenses are assumed to be expensed to profit or loss for the financial year ended 31 December 2016; and

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Appendix 1

PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

1. Basis and assumptions of preparation (continued)

Pro forma I – PNHB Prior Year Adjustments and the Danum Sinar Acquisition (continued)

d) The provisional fair values of assets and liabilities as determined in the purchase price allocation on the date of acquisition as announced in Puncak Niaga Group's third quarter interim financial statements for the financial period ended 30 September 2017 do not have further changes.

Pro forma II – The Proposed TRIplc Acquisition

a) Puncak Niaga Group acquires the entire issued share capital of TRIplc from Pimpinan Ehsan Berhad for a total consideration of RM210 million which is fully satisfied via cash and the Proposed TRIplc Acquisition is completed as at 31 December 2016;

b) Other than the fair value adjustments as discussed below, the financial position of TRIplc as at 31 May 2017 is the same as at 31 December 2016;

c) The fair values of the acquired identifiable assets and liabilities of TRIplc are the same as their carrying values as at 31 May 2017 other than those disclosed in the notes to pro forma consolidated statements of financial position below. The Directors of Puncak Niaga Group will ascertain the fair values of the identifiable assets and liabilities of TRIplc at the date of completion of the Proposed TRIplc Acquisition. Any adjustment to the fair values of the assets and liabilities of TRIplc may have a significant impact to the financial position of Puncak Niaga Group;

d) The pro forma consolidated statements of financial position incorporate the fair value of the following assets of TRIplc based on the lower range of valuation as indicated in the financial valuation report, dated 15 January 2018 prepared by an independent valuer:

- properties;
- inventories comprising properties;
- service concession arrangement Z1P2 ("CA-Z1P2"); and
- service concession arrangement Z1P3 ("CA-Z1P3");

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Appendix 1

PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

1. Basis and assumptions of preparation (continued)

Pro forma II – The Proposed TRIplc Acquisition (continued)

e) Recognising deferred tax assets of RM25.3 million arising from unutilised tax losses and development expenditure temporary deductible differences of a subsidiary of TRIplc amounting to RM52.6 million and RM52.9 million respectively as at 31 May 2017 (which were not recognised by the subsidiary of TRIplc in its audited financial statement for the financial year ended 31 May 2017) on the assumptions that:

- the subsidiary of TRIplc will be able to realise the fair value of the inventories by relaunching the same property development project and generating sufficient taxable income, and

- the subsidiary of TRIplc will be able to comply with the requirements and obtain sufficient documentary evidence that there is no cessation of business to utilise the tax losses and claim tax deduction of the development expenditures; and

f) The remaining estimated expenses in relation to the Proposed TRIplc Acquisition to be paid is RM2.673 million, which mainly comprise professional fees and relevant authorities' fees and other related expenses. The total estimated expenses is RM3.718 million where the difference of RM1.045 million has already been included in the audited financial statement of Puncak Niaga Group as at 31 December 2016.

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

2. Property, plant and equipment

	RM'000
Audited balance as at 31 December 2016	161,871
Effects of the Danum Sinar Acquisition:	
Add: Carrying amount of property, plant and equipment	86,290
Add: Fair value adjustment on the property, plant and equipment	314,448
Pro forma I	562,609
Effects of the Proposed TRIplc Acquisition:	
Add: Carrying amount of property, plant and equipment	12,482
Add: Fair value adjustment [(a)]	16,622
Pro forma II	**591,713**

(a) The fair value adjustment, which is based on the valuation report dated 15 January 2018, is solely related to properties held by TRIplc. This fair value adjustment represents the difference between the fair value based on the said valuation report and the carrying value of the assets as at 31 May 2017.

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Appendix 1

PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

3. Investment properties

	RM'000
Audited balance as at 31 December 2016	210,630
Add: PNHB Prior Year Adjustments [(a)]	328,890
Pro forma I	539,520
Effects of the Proposed TRIplc Acquisition:	
Add: Carrying amount of investment property	2,241
Add: Fair value adjustment [(b)]	279
Pro forma II	**542,040**

(a) The PNHB Prior Year Adjustments are due to a correction of the fair values of certain investment properties of Puncak Niaga Group in respect of four lots of leasehold land in Mukim of Ijok, Kuala Selangor and one lot of leasehold land in Mukim of Jeram, Kuala Selangor to better reflect the fair value as at 31 December 2016. Due to the recent development activities surrounding both Mukim of Ijok and Jeram, it was brought to the Directors' attention that the fair value of the leasehold land of Puncak Niaga Group in Mukim of Ijok and Jeram had increased substantially.

The Directors of Puncak Niaga Group are in the opinion that the desktop valuation performed by an independent professional valuer did not consider sufficient data and hence, the carrying value of the leasehold land of Mukim of Ijok and Jeram did not reflect the fair value as at 31 December 2016. As such, the Directors engaged another independent professional valuer to conduct a full valuation on the leasehold land of Mukim of Ijok and Jeram as at 31 December 2016. Adjustments are corrected retrospectively.

(b) The fair value adjustment, which is based on the valuation report dated 15 January 2018, is solely related to a property held by TRIplc. This fair value adjustment represents the difference between the fair value based on the said valuation report and the carrying value of the asset as at 31 May 2017.

4. Plantation development expenditure

	RM'000
Audited balance as at 31 December 2016	-
Effects of the Danum Sinar Acquisition:	
Add: Carrying amount of plantation development expenditure	214,588
Add: Fair value adjustment	61,201
Pro forma I and Pro forma II	**275,789**

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

5. Goodwill

	RM'000
Audited balance as at 31 December 2016 and Pro forma I	1,249
Effects of the Proposed TRIplc Acquisition[(a)]	12,610
Pro forma II	13,859

(a) The amount recognised as goodwill is derived as follows:

		RM'000
Total purchase consideration of TRIplc		210,000
Less: Estimated fair value of net assets acquired	#	(197,390)
Amount recognised as goodwill		**12,610**

\# The estimated fair value of the net assets acquired in TRIplc is determined as follows:

	Note	RM'000
Audited net assets of TRIplc as at 31 May 2017		184,184
Add/(Less): Fair value adjustments		
(i) Property, plant and equipment	2(a)	16,622
(ii) Investment properties	3(b)	279
(iii) Deferred tax impact on fair value adjustment relating to CA-ZIP2 and CA-ZIP3	6	28,666
(iv) Non-current trade and other receivables of CA-ZIP2 and CA-ZIP3	7(a) & 7(b)	(76,017)
(v) Inventories	8(a)	146,246
(vi) Full exercise of share options based on valuation report dated 15 January 2018	11	648
(vii) Concession liability arising from CA-ZIP3	13(a)	(89,400)
(viii) Deferred tax impact on fair value adjustments relating to property, plant and equipment, investment property and inventories	14	(13,838)
Estimated fair value of net assets acquired		**197,390**

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

6. Deferred tax assets

	RM'000
Audited balance as at 31 December 2016 and Pro forma I	2,110
Effects of the Proposed TRIplc Acquisition:	
Add: Carrying amount of deferred tax assets	78
Add: Deferred tax impact on the fair value adjustment relating to CA-Z1P2	7,210
Add: Deferred tax impact on the fair value adjustment relating to CA-Z1P3	21,456
Pro forma II	**30,854**

7. Non-current trade and other receivables

	RM'000
Audited balance as at 31 December 2016 and Pro forma I	-
Effects of the Proposed TRIplc Acquisition:	
Add: Carrying amount of non-current trade and other receivables acquired in TRIplc	386,642
Less: Fair value adjustment arising from CA-ZIP2 [(a)]	(30,041)
Less: Carrying amount of amount due from a contract customer relating to CA-ZIP3 [(b)]	(45,976)
Pro forma II	**310,625**

(a) The fair value adjustment arising from CA-ZIP2 is derived as follows:

	RM'000
Carrying amount of amount due from a contract customer relating to CA-ZIP2 as at 31 August 2017 [(i)]	(362,772)
Add: Carrying amount of loans and borrowings as at 31 August 2017 [(i)]	245,751
Net carrying amount of CA-ZIP2 as at 31 August 2017	(117,021)
Net fair value adjustment excluding cash and cash equivalents [(ii)]	86,980
	(30,041)

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

7. Non-current trade and other receivables (continued)

(a) The fair value adjustment arising from CA-ZIP2 is derived as follows (continued):

(i) Carrying amount of amount due from a contract customer and carrying amount of loans and borrowings as at 31 August 2017 were used to calculate the fair value adjustment as the financial forecast and projections used in the valuation report dated 15 January 2018 was from 31 August 2017 up to the end of the concession period i.e. 31 May 2034.

(ii) The fair value adjustment based on the financial forecast and projections indicated in the valuation report dated 15 January 2018 included cash and cash equivalents held as at 31 August 2017. Hence, cash and cash equivalents is excluded to derive the net fair value adjustment for comparative purposes.

	RM'000
Fair value adjustment from valuation report dated 15 January 2018	117,120
Less: Cash and cash equivalents as at 31 August 2017	(30,140)
Net fair value adjustment excluding cash and cash equivalents	86,980

(b) This relates to the carrying amount of amount due from a contract customer as at 31 August 2017 arising from CA-ZIP3. This carrying amount is eliminated to obtain the net fair value of CA-ZIP3 as disclosed in Note 13 below.

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(continued)

8. Inventories

	RM'000
Audited balance as at 31 December 2016	151
Effects of the Danum Sinar Acquisition:	
Add: Carrying amount of inventories	4,002
Add: Fair value adjustment on inventories	3,312
Pro forma I	7,465
Effects of the Proposed TRIplc Acquisition:	
Add: Carrying amount of inventories	82,883
Add: Fair value adjustment [(a)]	146,246
Pro forma II	**236,594**

(a) The fair value adjustment, which is based on the valuation report dated 15 January 2018, is solely related to properties held by TRIplc. This fair value adjustment represents the difference between the fair value based on the said valuation report and the carrying value of the assets as at 31 May 2017.

9. Current trade and other receivables

	RM'000
Audited balance as at 31 December 2016	159,511
Effects of the Danum Sinar Acquisition:	
Add: Carrying amount of current trade and other receivables	4,900
Add: Fair value adjustment on the current trade and other receivables [(a)]	5,611
Pro forma I	170,022
Effects of the Proposed TRIplc Acquisition:	
Add: Carrying amount of current trade and other receivables	31,164
Less: Deposit paid	(21,000)
Pro forma II	**180,186**

(a) This relates to the prepayments for the upkeep and maintenance of immature areas and cost to rehabilitate a road in Danum Sinar.

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

10. Short-term investments

	RM'000
Audited balance as at 31 December 2016	835,053
Effects of the Danum Sinar Acquisition:	
Less: Purchase consideration	(274,735)
Pro forma I	560,318
Effects of the Proposed TRIplc Acquisition:	
Less: Remaining purchase consideration	(189,000)
Pro forma II	**371,318**

11. Cash and cash equivalents

	RM'000
Audited balance as at 31 December 2016	266,945
Effects of the Danum Sinar Acquisition:	
Add: Carrying amount of cash and cash equivalents	77
Less: Danum Sinar Acquisition expenses	(5,674)
Pro forma I	261,348
Effects of the Proposed TRIplc Acquisition:	
Add: Cash and cash equivalents acquired in TRIplc	63,223
Less: Estimated expenses	(2,673)
Add: Cash inflows upon full exercise of share options	648
Pro forma II	**322,546**

12. Retained earnings

	RM'000
Audited balance as at 31 December 2016	770,929
Effects of the PNHB Prior Year Adjustments and Danum Sinar Acquisition:	
Add: PNHB Prior Year Adjustments	312,445
Less: Danum Sinar Acquisition expenses [(a)]	(5,107)
Add: Gain on bargain purchase upon the Danum Sinar Acquisition [(b)]	365
Pro forma I	1,078,632
Effects of the Proposed TRIplc Acquisition:	
Less: Remaining estimated expenses [(c)]	(1,358)
Pro forma II	**1,077,274**

(a) The share of non-controlling interest of 10% has been accounted for in the acquisition expenses in retained earnings.

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

12. Retained earnings (continued)

(b) Gain on bargain purchase upon the Danum Sinar Acquisition is derived as follows:

		RM'000
Purchase consideration		274,735
Less: Cash and cash equivalents acquired		(77)
		274,658
Less:		
Provisional fair value of assets		
Property, plant and equipment	(400,738)	
Plantation development expenditure	(275,789)	
Inventories	(7,314)	
Other receivables	(10,511)	
Tax recoverable	(28)	
		(694,380)
Add:		
Provisional fair value of liabilities		
Trade and other payables	190,395	
Loans and borrowings	145,325	
Deferred tax liabilities	83,597	
		419,317
Gain on bargain purchase		405
Less: Non-controlling interest share of the gain on bargain purchase		(40)
		365

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (continued)

12. Retained earnings (continued)

(c) The remaining estimated expenses of the Proposed TRIplc Acquisition is derived as follows:

	RM'000
(i) Total estimated expenses of the Proposed TRIplc Acquisition	(3,718)
(ii) Expenses paid and included in the audited financial statement of Puncak Niaga Group as at 31 December 2016	1,045
(iii) Accrued estimated expenses that was already included in the audited financial statement of Puncak Niaga Group as at 31 December 2016	1,315
Remaining estimated expenses of the Proposed TRIplc Acquisition to be provided	**(1,358)**

13. Concession liability

	RM'000
Audited balance as at 31 December 2016 and Pro forma I	-
Effects of the Proposed TRIplc Acquisition:	
Add: Fair value adjustment [(a)]	(89,400)
Pro forma II	**(89,400)**

(a) The fair value adjustment after taking into account of the elimination of non-current amount due from a contract customer as explained in Note 7(b) above is derived as follows:

	RM'000
Additional equity capital injection in respect of the funding of CA-ZIP3	(129,900)
Add: Fair value of CA-ZIP3 based on the valuation report dated 15 January 2018 (after eliminating the amount due from contract customer as disclosed in Note 7(b))	40,500
	(89,400)

The fair value of concession liability, which is based on the valuation report dated 15 January 2018, relates specifically to CA-ZIP3.

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PUNCAK NIAGA HOLDINGS BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(continued)

14. Deferred tax liabilities

	RM'000
Audited balance as at 31 December 2016	12,538
Effects of the PNHB Prior Year Adjustments and Danum Sinar Acquisition:	
Add: Deferred tax impact on PNHB Prior Year Adjustments	16,445
Add: Deferred tax impact arising from the fair value adjustments relating to property, plant and equipment, plantation development expenditure and inventories	83,597
Pro forma I	112,580
Effects of the Proposed TRIplc Acquisition:	
Add: Deferred tax liabilities assumed in TRIplc	41,984
Add: Deferred tax impact on the fair value adjustments relating to property, plant and equipment, investment properties and inventories	13,838
Pro forma II	**168,402**

[End of Report]

Ferrier Hodgson

CORPORATE FINANCE

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PUNCAK NIAGA HOLDINGS BERHAD
(Company No: 416087-U)

AND

TRIPLC BERHAD
(Company No: 242896-A)

VALUATION REPORT

ON

EVALUATION OF THE FAIR MARKET VALUE OF THE ENTIRE EQUITY INTEREST IN TRIPLC BERHAD FOR A CORPORATE EXERCISE INVOLVING BOTH PUNCAK NIAGA HOLDINGS BERHAD AND TRIPLC BERHAD

15 January 2018

THIS VALUATION REPORT PREPARED BY FHMH CORPORATE ADVISORY SDN BHD ("FHCA") SHOULD BE READ IN ITS ENTIRETY AND IT IS PREPARED FOR THE INCLUSION IN THE CIRCULAR TO THE SHAREHOLDERS OF PUNCAK NIAGA HOLDINGS BERHAD. FHCA DOES NOT BY THIS REPORT COMMENT ON THE MERITS OF ANY PROPOSED TRANSACTIONS OR ANY OTHER MATTERS OTHER THAN FORMING AN OPINION ON THE FAIR MARKET VALUE OF THE ENTIRE EQUITY INTEREST IN TRIPLC BERHAD.

Ferrier Hodgson
CORPORATE FINANCE

FOREWORD

This Valuation Report ("**Report**") is prepared in connection with a corporate exercise involving both Puncak Niaga Holdings Berhad ("**Puncak Niaga**") and TRIplc Berhad ("**TRIplc**") (collectively the "**Parties**") ("**Proposed Transaction**").

FHCA has been appointed by the Board of Directors ("**Board**") of the Parties on 24 November 2016 as an Independent Valuer to provide a Report which evaluates the fair market value of the entire equity interest in TRIplc ("**Valuation**").

We have made all reasonable enquiries and conducted our own reviews, where possible, with regards to the information provided to us. We have also relied on the directors and management of TRIplc to exercise due care to ensure that all information and documents provided to us and that all relevant facts, information and representations necessary for our Valuation have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate. Based on our review and the enquiries made by us, we are satisfied that the information and documents provided by TRIplc to us are sufficient, the bases and assumptions used for future financial information of TRIplc's service concession segment over its relevant contractual periods ("**Future Financials**") are reasonable and we have no reason to believe that any such information provided to us is untrue, inaccurate or misleading or the disclosure of which might reasonably affect our Valuation and opinion as set out in this Report.

The Board of TRIplc has, individually and collectively, accepted full responsibility for all material facts, financial and other information in this Report, and for the accuracy of the information in respect of this Valuation (save for those in relation to our Valuation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading.

No representation or warranty, whether expressed or implied, is given by FHCA that the information and documents provided will remain unaltered subsequent to the issuance of this Report. However, should FHCA become aware of any significant change affecting the information contained in this Report or have reasonable grounds to believe that any statement in this Report is misleading or deceptive or have reasonable grounds to believe that there is material omission in this Report, we will immediately notify the Board of the Parties. If circumstances require, a supplementary Report will be issued to the Board of the Parties.

This Report has been prepared exclusively for the specific purpose mentioned in the above paragraph for the purposes of submission to the Securities Commission Malaysia and Bursa Malaysia Securities Berhad in relation to the Proposed Transaction and will be included in the circular to the shareholders of Puncak Niaga.

Please do not hesitate to call either Mr Ng Woon Lit or Mr Tan Dai Liang of this office if you have any queries in relation to this Report.

For and on behalf of
FHMH CORPORATE ADVISORY SDN BHD

NG WOON LIT
Director

DEFINITIONS

In this Report, unless otherwise stated, the expressions standing in the first column shall have the meaning immediately corresponding to such word and/or expression in the second column:

1Q	:	First quarter
2Q	:	Second quarter
BDO Tax Report	:	Tax report on unabsorbed tax losses and impairment loss incurred by ZWSB up to the Year of Assessment 2012 prepared by BDO Tax Services Sdn Bhd dated 16 January 2017
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad
CAPM	:	Capital Asset Pricing Model
Central Challenger or CCSB	:	Central Challenger (M) Sdn Bhd
Danajamin	:	Danajamin Nasional Berhad, being the guarantor of MTN in Z1P2 Project and Senior Sukuk in Z1P3 Project
Date of Opinion	:	26 October 2017
DSCR	:	Debt service coverage ratio
DSRA	:	Debt service reserve account
ESOS	:	The rights granted to the eligible person to subscribe for one (1) new TRIplc Share for each option granted under the Employees' Share Option Scheme 2014/2019 of TRIplc
FCFE	:	Free cash flows to equity
FHCA or Independent Valuer	:	FHMH Corporate Advisory Sdn Bhd
FPE	:	Financial period ended or ending, as the case may be
Future Financials	:	The future financial information of TRIplc's service concession segment over its relevant contractual periods
FYE	:	Financial year ended or ending, as the case may be
GDP	:	Gross Domestic Product
Government	:	Government of Malaysia
GST	:	Malaysian Goods and Services Tax
IASB	:	Insa Alliance Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in property development and provision of project management services

Junior Note	:	Junior notes bearing nominal value of RM35.00 million issued by TRIplc Ventures
Junior Sukuk	:	A debt financing bearing nominal value of RM100.00 million to be issued by TRIplc Medical under the Shariah principal of Murabahah and is subordinated to the Senior Sukuk
Khong & Jaafar	:	Khong & Jaafar Sdn Bhd
LKSB	:	Layar Kekal (M) Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in property development
MTN	:	The medium term note bearing nominal value of RM240.00 million issued by TRIplc Ventures on 10 October 2011
NA	:	Net assets
Parties	:	Puncak Niaga and TRIplc
PAT	:	Profit after tax
PBSB	:	Prinsip Barisan (M) Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in property investment
PBT	:	Profit before tax
Projects	:	Z1P2 Project and Z1P3 Project
Property Valuation Certificate	:	Property valuation certificate prepared by Khong & Jaafar dated 20 October 2017
Property Valuation Reports	:	Property valuation reports prepared by Khong & Jaafar dated 13 October 2017
Puncak Niaga	:	Puncak Niaga Holdings Berhad
RM	:	Ringgit Malaysia
RMCD	:	Royal Malaysian Customs Department
RNAV	:	Revalued Net Asset Valuation
Senior Sukuk	:	A debt financing bearing nominal value of RM639.00 million to be issued by TRIplc Medical under the Shariah principal of Murabahah
SISB	:	Suasa Integrasi (M) Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in property development
SOPV	:	Sum of parts valuation
SSB	:	Samasys Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in property development

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TGSB	:	Tirai Gemilang Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in property development
TISB	:	TRIplc Industries Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in the provision of construction and related activities
TRIplc	:	TRIplc Berhad
TRIplc FMS or TFSB	:	TRIplc FMS Sdn Bhd
TRIplc Group	:	TRIplc and its subsidiaries, collectively
TRIplc Medical or TMSB	:	TRIplc Medical Sdn Bhd
TRIplc Share(s)	:	Ordinary share in TRIplc
TRIplc Resources or TRSB	:	TRIplc Resources Sdn Bhd
TRIplc Ventures or TVSB	:	TRIplc Ventures Sdn Bhd
UiTM	:	Universiti Teknologi MARA
USB	:	Usahasewa Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in property development
Z1P2	:	Zone 1 Phase 2
Z1P2 Concession Agreement	:	Concession Agreement dated 4 May 2010 entered into by the Government as represented by the Ministry of Higher Education Malaysia, UiTM and TRIplc Ventures for Z1P2 of UiTM Puncak Alam Campus
Z1P2 Project	:	Construction of a campus located in UiTM Puncak Alam Campus consisting of three (3) faculties to accommodate not less than 5,000 students, hostel accommodation for 2,500 students, ten (10) units of fellow accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre; and thereafter to carry out the maintenance works for the facilities
Z1P3	:	Zone 1 Phase 3
Z1P3 Concession Agreement	:	Concession Agreement dated 18 February 2016 entered into by the Government as represented by the Ministry of Higher Education Malaysia, UiTM and TRIplc Medical for Z1P3 of UiTM Puncak Alam Campus
Z1P3 Project	:	Construction of facilities and infrastructure of a teaching hospital consisting of a 400-bed teaching hospital, academic facilities and accommodation together with the agreed amenities, utilities and fixtures and fittings; and thereafter to carry out the maintenance works for the facilities in UiTM Puncak Alam Campus
ZWSB	:	Zuriat Watan Sdn Bhd, a wholly-owned subsidiary of TRIplc, principally involved in property development

Properties

Bandar Pinggiran Subang Office	:	Two adjoining units of three-storey intermediate terrace shop/offices bearing address No. 6 and 8, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan
Jempol Properties	:	A parcel of industrial land of which about 7.22 acres is built-upon with a single storey factory building with two-storey office section, single storey workers' quarters and two car park sheds bearing address No. PT 1152, Batu 36 Jalan Pahang, 72200 Batu Kikir, Negeri Sembilan Darul Khusus of which about 7.22 acres is built upon with a factory building, Negeri Sembilan Darul Khusus
Perdana Heights Land	:	53 vacant detached house lots within Perdana Heights Taman Puncak Perdana, Section U10, 40170 Shah Alam, Selangor Darul Ehsan
Puncak Perdana Land	:	A 25.65-acre state alienated development land (formerly part of Bukit Cherakah Forest Reserve) approved for residential development located within Taman Puncak Perdana, Section U10 Shah Alam, in the Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan
Puncak Perdana Land (Phase 2)	:	A parcel of residential building land comprising the remaining undeveloped part of Lot 10965 which has been approved for development a medium-cost apartment development located along Jalan Pulau Angsa U10/14, Taman Puncak Perdana, Section U10, 40170 Shah Alam, Selangor Darul Ehsan
Subang Impian Office	:	Two units of three-storey intermediate terrace shop/offices bearing address Nos. 20 and 22, Jalan Uranus AH U5/AH, Subang Impian, Section U5, 40150 Shah Alam, Selangor Darul Ehsan
Zuriat Watan Land	:	906 sub-divided building plots approved for development and three parcels of agricultural land with development potential which are not approved for any development as yet, all located within an undeveloped housing scheme to be known as Desa Cempaka, located off Jalan Sungai Buaya, Seksyen 20, Bandar/Mukim of Serendah, Disctrict of Ulu Selangor, Selangor Darul Ehsan

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EXECUTIVE SUMMARY

FHCA has been appointed by the Board of the Parties on 24 November 2016 as an Independent Valuer to provide a Report which evaluates the fair market value of the entire equity interest in TRIplc.

The date of our opinion is 26 October 2017.

TRIplc is a public company listed on the Main Market of Bursa Securities. TRIplc Group is involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services.

In establishing our opinion on the fair market value of the entire equity interest in TRIplc, FHCA has considered various valuation methodologies, which are commonly used for valuation, taking into consideration the TRIplc Group's future earnings generating capabilities, projected future cash flows and its sustainability as well as various business considerations and risk factors affecting its business.

Given that TRIplc is structured as a holding company with six (6) different business segments, we consider it appropriate to value the business segments separately to arrive at an aggregate valuation of the TRIplc Group on a sum-of-parts basis, i.e. the SOPV methodology.

A summary of our Valuation of the entire equity interest in TRIplc is shown in the table below.

Operating segments of TRIplc Group	Valuation method	Lower range (RM 'million)	Higher range (RM 'million)
Service concession	Discounted FCFE Methodology		
- Z1P2 Project		117.12	134.36
- Z1P3 Project		40.50	44.54
Property development, property investment, construction, investment holding and others	RNAV Methodology		
- Total NA of the segments		25.95	25.95
- Revaluation of land and buildings held by the property development, property investment and others segment [1]		149.36	149.36
- Remaining equity funding for Z1P3 Project [2]		(129.90)	(129.90)
Add: Cash inflows from full exercise of ESOS [3]		0.65	0.65
Estimated fair market value of the entire equity interest in TRIplc Group	**SOPV**	**203.68**	**224.96**
Impact on valuation arising from [1]:			
- Tax deduction of the development expenditures previously impaired		(12.69)	(12.69)
- Tax losses brought forward		(12.63)	(12.63)

Note:

[1] It should be noted that the range of value of TRIplc Group's operating segments other than its service concession was arrived at after taking into consideration, amongst others, the BDO Tax Report and assuming that ZWSB is able to:

[a] claim tax deduction of the development expenditures previously impaired amounting to RM52.88 million which arose from the temporary suspension of a property development project on a piece of land held by ZWSB. The impairment losses were not deductible for tax purposes in the year it was recognised; and

[b] prove that there is no cessation of business to utilise the tax losses brought forward of RM52.61 million to set off against its future taxable profits.

FHCA has reviewed the source documents of the material items relating to the development expenditures previously impaired and concur with the BDO Tax Report. The realisability of the above deferred tax assets are subject to ZWSB being able to comply with the requirements, as may be required by the IRB. In the event that any of ZWSB's deferred tax assets are not realisable, the range of value could potentially be reduced by up to RM25.32 million.

[2] Being the present value of the remaining equity funding required for the Z1P3 Project. Please refer to Section 5.6 of this Report for further details.

[3] As at the Date of Opinion, 0.49 million ESOS have not been exercised. The exercise price of the ESOS to subscribe for each TRIplc Share is between RM1.11 and RM1.39. Based on the SOPV of the TRIplc and 69.13 million diluted number of issued TRIplc Shares, the TRIplc Share is valued between approximately RM2.95 to approximately RM3.25 each. In view that the ESOS are in-the-money, i.e. its exercise price is below the fair market value of the TRIplc Share, FHCA had assumed that the 0.49 million ESOS will be fully exercised and TRIplc will receive cash inflows of RM0.65 million therefrom.

Premise on the above, FHCA is of the opinion that the fair market value of the entire equity interest in TRIplc ranges from RM203.68 million to RM224.96 million based on the SOPV Methodology.

We have made all reasonable enquiries and conducted our own reviews, where possible, with regards to the information provided to us. We have also relied on the directors and management of TRIplc to exercise due care to ensure that all information and documents provided to us and that all relevant facts, information and representations necessary for our Valuation have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate.

In performing this Valuation, we have performed, among others, the following procedures:
- Obtain an understanding on TRIplc Group's business activities through interviewing the management of TRIplc Group and reviewing its historical audited financial statements and the latest unaudited financial statements;
- Obtain a general understanding on the industry outlook of which TRIplc Group is involved in;
- Review the reasonableness of the underlying assumptions of the Future Financials for the Z1P2 Project and Z1P3 Project over its respective contractual periods, including verification of material items contained therein;
- Review the Property Valuation Certificate and Property Valuation Reports; and
- Consider, adopt and apply an appropriate valuation methodology for each business segments of TRIplc Group.

The Board of TRIplc have, individually and collectively, accepted full responsibility that all material facts, financial and other information in this Report, and for the accuracy of the information in respect of the Valuation (save for those in relation to our Valuation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading. We have not undertaken an independent investigation into the business of TRIplc Group.

With respect to the Future Financials furnished to us by TRIplc, the directors and management of TRIplc have confirmed that it had been reasonably prepared on the best currently available estimates and judgement by the directors and management of TRIplc on its future financial performance and of which they are solely responsible for the bases and assumptions and the preparation and presentation of the same. Based on the reviews and enquiries made by us, we are satisfied that the information and documents provided by the directors and management of TRIplc to us are sufficient, the bases and assumptions used for the Future Financials are reasonable and we have no reason to believe that any such information provided to us is untrue, inaccurate or misleading or the disclosure of which might reasonably affect our Valuation and opinion as set out in this Report.

It should be noted that valuation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used therein. It should also be highlighted that valuation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon which the relevant reports and Future Financials were based. As such, the adoption of such assumptions and projections does not imply that we warrant their validity or achievability. It is also based on prevailing economic, market and other conditions that may change significantly over a relatively short period of time.

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CORPORATE FINANCE

1 TERMS OF REFERENCE

1.1 Objectives

FHCA has been appointed by the Board of the Parties on 24 November 2016 as an Independent Valuer to provide a Report which evaluates the fair market value of the entire equity interest in TRIplc.

The basis of our opinion is the fair market value which is defined as the arms' length price at which such asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, in an open and unrestricted market and both having reasonable knowledge of relevant facts. The concept of market value means the cash equivalent price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the assets. The amount would not be considered market value if it was influenced by special motivations or characteristic of a typical buyer or seller.

1.2 Sources of Information

The sources of information which we have used in our Valuation are as follows:-

(i) Future Financials of TRIplc Ventures and TRIplc FMS in relation to the Z1P2 Project up to FYE 31 May 2034;
(ii) Future Financials of TRIplc Medical and TRIplc FMS in relation to the Z1P3 Project up to FYE 31 May 2042;
(iii) Salient terms of the Z1P2 Concession Agreement;
(iv) Salient terms of the Z1P3 Concession Agreement;
(v) Audited financial statements for the FYE 31 May 2014 to FYE 31 May 2017 of the TRIplc Group;
(vi) Management accounts for the three months FPE 31 August 2017 of the TRIplc Group;
(vii) Expert's certification from DBA Akitek (M) Sdn. Bhd. in relation to the verification of construction costs of the Z1P3 Project dated 22 July 2016 and the estimated maintenance costs for the first five years of maintenance services for Z1P3 Project dated 4 August 2016;
(viii) Property Valuation Certificate and Property Valuation Reports;
(ix) BDO Tax Report issued to the management of TRIplc dated 16 January 2017;
(x) Relevant loan agreements and certificates of the TRIplc Group;
(xi) Representation and explanation by the directors and management of the Parties; and
(xii) Other publicly available information.

We have made all reasonable enquiries and conducted our own reviews, where possible, with regards to the information provided to us. We have also relied on the directors and management of TRIplc to exercise due care to ensure that all information and documents as mentioned above and that all relevant facts, information and representations necessary for our Valuation have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate.

In performing this Valuation, we have performed, among others, the following procedures:

- Obtain an understanding on TRIplc Group's business activities through interviewing the management of TRIplc Group and reviewing its historical audited financial statements and the latest unaudited financial statements;
- Obtain a general understanding on the industry outlook of which TRIplc Group is involved in;
- Review the reasonableness of the underlying assumptions of the Future Financials for the Z1P2 Project and Z1P3 Project over its respective contractual periods, including verification of material items contained therein;
- Review the Property Valuation Certificate and Property Valuation Reports; and
- Consider, adopt and apply an appropriate valuation methodology for each business segments of TRIplc Group.

The Board of TRIplc have, individually and collectively, accepted full responsibility that all material facts, financial and other information in this Report, and for the accuracy of the information in respect of the Valuation (save for those in relation to our Valuation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading.

We have not undertaken an independent investigation into the business of TRIplc Group. With respect to the Future Financials furnished to us by TRIplc, the directors and management of TRIplc had confirmed that it had been reasonably prepared on the best currently available estimates and judgement by the directors and management of TRIplc on its future financial performance and of which they are solely responsible for the basis and assumptions and the preparation and presentation of the same.

Based on the above and from our review of the relevant documents and the Future Financials provided by the directors and management of TRIplc, we are satisfied that the information and documents provided by the directors and management of TRIplc to us are sufficient, the bases and assumptions used for the Future Financials are reasonable and have no reason to believe that any such information provided to us are untrue, inaccurate or misleading or the disclosure of which might reasonably affect our Valuation as set out in this Report.

It should be noted that valuation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used in therein. It should also be highlighted that valuation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon which the relevant reports and Future Financials were based. As such, the adoption of such assumptions and projections does not imply that we warrant their validity or achievability. It is also based on prevailing economic, market and other conditions that may change significantly over a relatively short period of time.

1.3 Date of Opinion

The date of our opinion is 26 October 2017.

1.4 Scope and Limitation of Review

FHCA was not involved in the formulation or any deliberation and negotiation on the terms and conditions of the Proposed Transaction. Our role as the Independent Valuer does not extend to expressing an opinion on the commercial merits of the Proposed Transaction. The assessment of the commercial merits of the Proposed Transaction is solely the responsibility of the Board of the Parties, although we may draw upon their views in arriving at our opinion. As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference does not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposed Transaction.

The directors and management of TRIplc are responsible to make available to us all relevant information pertaining to our Valuation exercise, including informing us of any material changes in the subject matters which may have an impact on our opinion.

Our work includes holding discussions with and making enquiries on the directors and management of TRIplc regarding representations made on TRIplc Group. We rely on the directors and management's oral and written representations and in no event shall we, our partners, principals, directors, shareholders, agents or employees are liable for any misrepresentations by the directors and management of TRIplc.

Our procedures and inquiries do not include any verification work that constitutes an audit on the information that we have relied upon in preparing this Report. Further, certain information relied upon are only representation of the directors and management of TRIplc, as well as reliance on third party experts as explained in the relevant sections of this Report.

The preparation of this Report is based upon market, economy, industry and other conditions prevailing as at the Date of Opinion, as well as publicly available information and information provided to us by TRIplc. Such conditions may change significantly over a relatively short period of time. No representation or warranty, whether expressed or implied, is given by FHCA that the information and documents provided will remain unaltered subsequent to the issuance of this Report. However, should FHCA become aware of any significant change affecting the information contained in this Report; being informed of any material changes in the subject matters which may have an impact on FHCA's opinion or have reasonable grounds to believe that any statement in this Report is misleading or deceptive or that there are material omission in this Report, we will immediately notify the Board of the Parties. If circumstances require, a supplementary Report will be issued to the Board of the Parties.

We have obtained a responsibility statement from the directors and management of TRIplc that all material facts, financial and other information essential to our Valuation have been disclosed to us and that they have seen this Report and they, individually and collectively, accept full responsibility for the accuracy of such information contained in this Report and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein false or misleading.

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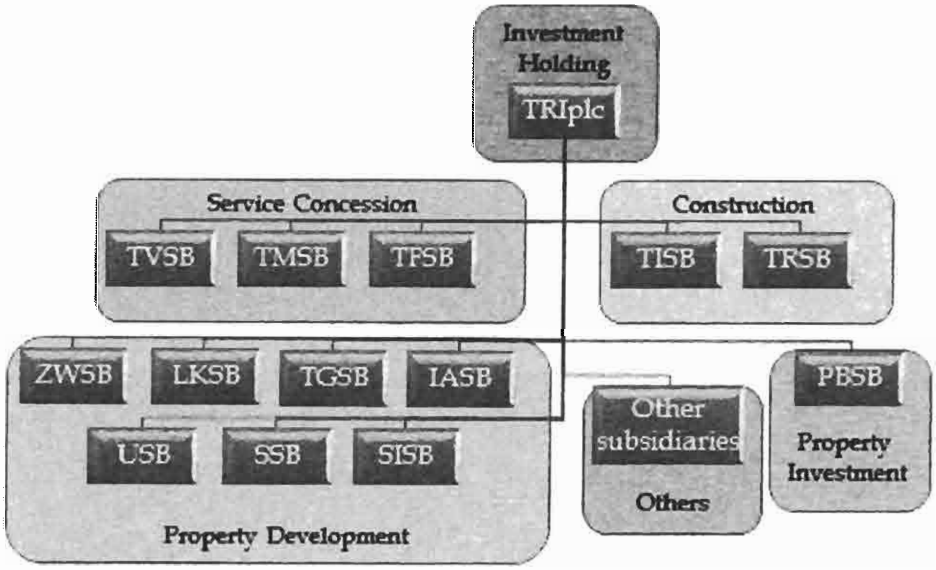
2 BACKGROUND INFORMATION

2.1 Background Information on TRIplc

TRIplc is a public company listed on the Main Market of Bursa Securities. TRIplc Group is involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services.

A summary of TRIplc group structure is shown in the chart below:



2.2 Information on TRIplc Group's Business Segments

Property Development

The companies operating under this business segment mainly owns land for development purposes. The land held includes Perdana Heights Land, Puncak Perdana Land, Puncak Perdana Land (Phase 2) and Zuriat Watan Land. The directors and management of TRIplc has represented that they have no immediate plans to launch any of the development projects.

Service Concession

This business segment comprises the Z1P2 Project and Z1P3 Project.

In May 2010, TRIplc, via its wholly-owned subsidiary, TRIplc Ventures was awarded the Z1P2 Project. Construction activities for the Z1P2 Project were successfully completed and handed over to UiTM in April 2014. The TRIplc Group is currently undertaking the maintenance services of Z1P2 Project for the remaining 17years until 2034.

On 25 February 2016, TRIplc announced that TRIplc Medical, its wholly-owned subsidiary, has been awarded with the Z1P3 Project. In accordance with the salient terms and conditions of the Z1P3 Concession Agreement, the construction commencement date was 11 April 2017 and expected to complete within three years. The maintenance services will start after the completion of the construction works.

The Z1P2 Project comprises two (2) phases as follows:-

(i) Three years construction period for completion of three (3) faculties to accommodate not less than 5,000 students, hostel accommodation for 2,500 students, ten units of fellow accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre. The construction works has been completed and accepted by UiTM on 11 April 2014; and
(ii) Twenty (20) years of management and maintenance of the said facilities upon completion of the construction works, i.e. commencing from 11 April 2014 to 10 April 2034.

Throughout the maintenance period, TRIplc Ventures is entitled to payments from UiTM in respect of construction contract ("**Availability Charges**") and maintenance services ("**Maintenance Charges**"). All assets will be transferred to UiTM at the end of the concession tenure, i.e. 10 April 2034.

The Z1P3 Project comprises two (2) phases as follows:-

(i) Three (3) years construction period for completion of a 400-bed teaching hospital, academic facilities and accommodation together with the required amenities, utilities, fixture and fittings. In accordance with the salient terms and conditions of the Z1P3 Concession Agreement, the construction commencement date was 11 April 2017; and
(ii) Twenty-two (22) years of management and maintenance of the said facilities upon completion of the construction works.

Throughout the maintenance period, TRIplc Medical is entitled to the Availability Charges and Maintenance Charges from UiTM. All assets will be transferred to UiTM at the end of the concession tenure.

Construction

The construction segment mainly serves to undertake the construction activities of TRIplc Group (excluding construction works carried out under the service concession segment). As at the Date of Opinion, this segment has not secured any external construction projects.

Property Investment

This business segment owns properties for own use as well as generation of rental income. Properties held include Bandar Pinggiran Subang Office, Jempol Properties and Subang Impian Office.

Investment Holding

The investment holding segment serves as the holding company for the subsidiaries, with its source of revenue derived mainly from dividend of the subsidiaries.

Others

This segment comprises dormant subsidiaries and subsidiaries involved in project management activity, which is inactive.

3 OUTLOOK OF THE INDUSTRY

Overview of the Malaysian economy

The Malaysian economy recorded a stronger growth of 5.8% in 2Q 2017 (1Q 2017: 5.6%). Private sector spending continued to be the main driver of growth. On the external front, growth was further supported by the robust expansion in real exports of goods and services (9.6%; 1Q 2017: 9.8%) following strong demand for manufactured and commodity products. Real imports moderated slightly to 10.7% (1Q 2017: 12.9%) following more moderate expansion in investment. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.3% (1Q 2017: 1.8%)

(Source: Quarterly Bulletin, 2nd Quarter of 2017, Bank Negara Malaysia)

As a small and highly open economy, Malaysia is vulnerable to developments in the external environment. However, the structural reforms undertaken over the years to diversify the economy and strengthen the financial system, have placed the economy on a stronger footing as well as enhanced its resilience to weather the external challenges. The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4% - 4.5%).

Strong economic fundamentals such as a stable labour market with full employment, manageable inflation, healthy foreign reserves and a sound financial system with efficient intermediation are expected to support the growth of the economy.

Meanwhile, output of domestic-oriented industries such as food products and construction related cluster are expected to continue to be strong in line with robust domestic consumption and implementation of infrastructure projects. The construction sector is expected to grow significantly on account of acceleration of civil engineering projects and building of residential properties.

(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)

Overview of the Construction Industry in Malaysia

The construction sector grew by 8.3% in 2Q 2017 (1Q 2017: 6.5%), driven mainly by civil engineering activity in the transportation and power plant segments.

(Source: Quarterly Bulletin, 2nd Quarter of 2017, Bank Negara Malaysia)

The value of construction work done in 2Q 2017 recorded double digit growth of 11.2% year-on-year to record RM33.8 billion (1Q 2017: RM35.1 billion). The expansion in value of construction work done was driven by positive growth in all sub-sectors: civil engineering (19.3%), special trades activities (11.6%), non-residential buildings (9.7%) and residential buildings (3.8%) sub-sector. The private sector continued to propel the construction activity with 63.8% share (RM21.6 billion) as compared to the public sector with 36.2% share (RM12.2 billion).

(Source: Quarterly Construction Statistics, 2nd Quarter of 2017, Department of Statistics Malaysia)

The construction sector is projected to grow 8.3% (2016: 8.7%) mainly supported by the commencement of large infrastructure projects such as MRT Sungai Buloh - Serdang - Putrajaya Line, Pan Borneo Highway, Sungai Besi - Ulu Klang Elevated Expressway and Damansara - Shah Alam Elevated Expressway. The upgrading road works from Klang Container Terminal - North Port and the construction of infrastructure in Malaysia Vision Valley are expected to further support the sector. The residential subsector is projected to expand driven by affordable housing programmes, particularly 1Malaysia Civil Servants Housing. Meanwhile, the non-residential subsector is expected to benefit from the mixed commercial development mainly in Klang Valley, Johor and Pahang.

(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)

4 FUTURE FINANCIALS AND ITS BASES AND ASSUMPTIONS

We have reviewed the Future Financials for Z1P2 Project and Z1P3 Project over its respective contractual periods which was prepared based on a set of assumptions made by the directors and management of TRIplc Group, including assumptions about future events and outlook that may or may not necessarily occur. In particular, the Future Financials are dependent on the achievability of the specific assumptions as set out below. The Future Financials results can be materially affected by economic and other circumstances. The actual results may vary considerably from the Future Financials. The Future Financials for Z1P2 Project and Z1P3 Project over its respective contractual period have been prepared on the bases consistent with the salient terms of Z1P2 Concession Agreement and Z1P3 Concession Agreement respectively.

We have considered and evaluated the key bases and assumptions adopted in the Future Financials for Z1P2 Project and Z1P3 Project over its respective contractual periods and are satisfied that the key bases and assumptions used in the preparation of the Future Financials are reasonable given the prevailing circumstances and significant factors that are known as at the Date of Opinion.

Specific Key Assumptions:-

<u>Z1P2 Project</u>

(i) The annual Availability Charges will be paid by UiTM to TRIplc Ventures based on the salient terms of Z1P2 Concession Agreement;

(ii) The Maintenance Charges will be paid by UiTM to TRIplc Ventures, TRIplc Ventures may request for a review of the Maintenance Charges, at the interval of every five years. It is assumed that the Government will approve the proposed increase in Maintenance Charges which will at all times allow Z1P2 Project to breakeven in its maintenance cost. The proposed revision of the Maintenance Charges for Z1P2 Project over its concession period is based on the estimated inflation rate of 3.47%;

(iii) Based on the salient terms of Z1P2 Concession Agreement, an amount of 20% of the Maintenance Charges is required to be contributed to the maintenance reserve fund for the replacement of assets in respect of the Z1P2 Project. The corresponding estimated asset replacement costs have been taken into consideration in estimating the maintenance costs to be incurred;

(iv) Maintenance cost is estimated based on the cost to be incurred in maintaining the Z1P2 Project, including the asset replacement costs, building maintenance, cleaning services, landscaping costs and waste disposal, as well as the related manpower and administrative costs;

(v) Administration cost primarily comprises utilities charges, office rental, repairs and maintenance cost for motor vehicles and office equipment, insurance cost, audit, tax and secretarial fee and others. Administration cost is estimated to increase at approximately 3.0% per annum;

(vi) The MTN and JN bear coupon rate of 3.00% and 0% per annum respectively for the first three years of the tenure and ranging from 5.40% to 5.93% and 8.00% per annum respectively for the remaining years of the tenure

(vii) TRIplc Ventures will ensure that an amount equivalent to the aggregate of annual guarantee fee to Danajamin and 6 months' interest payment under the MTN; and the coupon under the Junior Notes for the next 6 months are maintained in a reserve account, as imposed by Danajamin;

(viii) TRIplc Ventures will maintain DSCR of at least 1.5 times following the declaration of restricted distributions (if any) such as cash dividends to shareholders until FYE 31 May 2027, as imposed by Danajamin; and

(ix) TRIplc Ventures will be able to carry out the maintenance services in relation to the Z1P2 Project according to the service description, frequency and parameter value and within the relevant periods as set out in the Z1P2 Concession Agreement and there will be no demerit value penalty imposed by UiTM;

(x) TRIplc Ventures will cease to exist at the end of the concession period and the equity share capital will be distributed to the equity holder at the end of the concession period;

(xi) UiTM will be paying 6.0% GST on the annual Availability Charges, Maintenance Charges and asset replacement program charges with effect from April 2017; and

(xii) All GST net input tax paid by TRIplc Ventures are assumed to be collectible in full and on timely basis from the RMCD.

Z1P3 Project

(i) The construction of the teaching hospital under the Z1P3 Project is expected to be completed and accepted by UiTM by second quarter of 2020;

(ii) On 23 October 2017, TRIplc Medical had issued the Senior Sukuk of RM639.00 million in nominal value. For the purpose of conducting the valuation, the issuance is forecast to be issued in October 2017;

(iii) TRIplc Medical will ensure that four (4) years profit payments of the Senior Sukuk and four (4) years of guarantee fee payments is maintained in a reserve account upon the issuance of the Senior Sukuk, as imposed by the guarantors;

(iv) The annual guarantee fee for the Senior Sukuk is 1.75% per annum for year 1 to year 3 and 2.00% in year 4. The annual guarantee fees will be computed based on the outstanding balance of the Senior Sukuk;

(v) TRIplc Medical will ensure that an amount equivalent to the 6 months' profit payment due and payable under the Senior Sukuk is maintained in a reserve account from October 2021 to October 2035, as imposed by the guarantors;

(vi) The total project cost for Z1P3 Project will be financed by 20% equity and 80% debt financings. The equity capital comprises share capital, Junior Sukuk and shareholder advances whilst the debt capital consist solely the Senior Sukuk. TRIplc being the sole shareholder of TRIplc Medical, is assumed to be able to secure the required equity capital for Z1P3 Project through debt financing by 31 May 2020 to fully subscribe the Junior Sukuk, shareholder advances and equity share capital of TRIplc Medical;

(vii) Administration cost primarily comprises professional fees such as audit, tax and secretarial fees as well as miscellaneous expenses. Administration cost is estimated to increase at approximately 3.0% per annum;

(viii) The construction progress payment is assumed to be in accordance with the following schedule. The payment terms of the construction cost is assumed to be 60 days.

FYE 31 May	Estimated % of completion
2018	30.0%
2019	55.0%
2020	10.0%
2021	2.5%
2023	2.5%

(ix) The Availability Charges will be paid by UiTM to TRIplc Medical based on the salient terms of Z1P3 Concession Agreement;

(x) The Maintenance Charges will be paid by UiTM to TRIplc Medical, TRIplc Medical has may request for a review of Maintenance Charges, at the interval of every five years. It is assumed that the Government will approve the proposed increase in Maintenance Charges which will at all times allow Z1P3 Project to breakeven in its maintenance services expenses. The proposed revision of the Maintenance Charges for Z1P3 Project over its concession period is based on the estimated increase in management services expenses;

(xi) Based on the salient terms of Z1P3 Concession Agreement, the Maintenance Charges do not include the maintenance reserve fund for the replacement of assets. The maintenance reserve fund will be contributed solely by UiTM by way of monthly payments in arrears. As such, the asset replacement costs will not be reflected in the cash flows for the Z1P3 Project;

(xii) Management services cost is estimated based on the cost to be incurred in maintaining Z1P3 Project, including the building, medical equipment, healthcare waste, cleaning, linen and laundry as well as the related manpower and administrative costs. The estimated stepped up increase in management services cost after the first five years of the teaching hospital's operation is due to the expiration of the defect liability period for the building and warranty period for certain medical equipment and mechanical and electrical equipment;

(xiii) TRIplc Medical will maintain DSCR of at least 1.65 times following the declaration of restricted distributions (if any) such as cash dividends to shareholders, payment of profit for Junior Sukuk and shareholder advances until October 2035, as imposed by the guarantors;

(xiv) TRIplc Medical will be able to carry out the maintenance services for the Z1P3 Project according to the service description, frequency and parameter value and within the relevant periods as set out in the Z1P3 Concession Agreement and there will be no demerit value penalty imposed by UiTM;

(xv) TRIplc Medical will cease to exist at the end of the concession period and the equity share capital will be distributed to the equity holder at the end of the concession period. The repayment of equity contribution relates to repayment of Z1P3 Project's equity financing as determined in Z1P3 Concession Agreement, which comprises Junior Sukuk (repayment in FYE 31 May 2037 and 2038), advances from holding company (repayment in FYE 31 May 2038) and equity share capital of TRIplc Medical;

(xvi) UiTM will be paying 6.0% GST on the annual Availability Charges, Maintenance Charges and asset replacement program charges throughout the maintenance service period; and

(xvii) All GST net input tax paid by TRIplc Medical are assumed to be collectible in full and on timely basis from the RMCD.

General Assumptions

(i) There will be no significant changes in the principal activities, group structure, key management personal, operating policies, accounting and business policies presently adopted by the TRIplc Group;

(ii) The Future Financials has been prepared based on prevailing economic conditions and information available as at the date of its preparation and does not encompass any assessment of the potential for future changes in the economic conditions in Malaysia;

(iii) There will be no significant changes to the prevailing economic, political and market conditions in Malaysia and elsewhere that will have direct and indirect effects on the activities and performance of TRIplc Group and the business of TRIplc Group's major customers and suppliers;

(iv) There will be no material changes to the present legislation and Government's regulations and other operation regulations or restrictions affecting the TRIplc Group's activities or the market in which it operates;

(v) There will be no significant changes in the credit period granted or received by the TRIplc Group;

(vi) The statutory income tax rate and other relevant duty and tax rate applicable to the TRIplc Group will remain at their respective existing rates with no significant changes in the bases of taxation and there will be no significant changes in the structure which would adversely affect the cash flow of the TRIplc Group;

(vii) There will be no material adverse effect from service disruptions, equipment or network breakdown or other similar occurrences, wars, epidemic, terrorist attacks and other natural risks, both domestic and foreign, which will adversely affect the operations, income and expenditure of the TRIplc Group;

(viii) The rate of inflation will not fluctuate significantly from their projected levels;

(ix) There will be no substantial impairment to the carrying value of the TRIplc Group's investment, property, plant and equipment and other assets;

(x) There will be no significant changes in the wages, supplies, administration, overhead expenses and other costs other than those forecasted and projected;

(xi) There will be no termination of any significant agreements or contracts from which the legal rights accruing to the TRIplc Group, in respect of the principal activities are derived;

(xii) The capital expenditure will be incurred as scheduled with no material changes in the expected cost or price and there will be no material acquisition or disposal of property, plant and equipment other than those planned; and

(xiii) There will be no major legal proceedings against the TRIplc Group which will adversely affect the activities or performance of the TRIplc Group or give any contingent liability which materially affects the financial position or business of the TRIplc Group.

5 VALUATION METHOD

5.1 Date of Opinion

The date of our opinion is 26 October 2017.

5.2 Basis and Method Used to Form an Opinion on Valuation

In establishing our opinion on the fair market value of the entire equity interest in TRIplc, FHCA has considered various methodologies, which are commonly used for valuation, taking into consideration TRIplc Group's future earnings generating capabilities, projected future cash flows, its sustainability as well as various business considerations and risk factors affecting its business.

Given that TRIplc is structured as a holding company with six (6) different business segments as discussed in Section 2 of this Report, we consider it appropriate to value the business segments separately to arrive at an aggregate valuation of the TRIplc Group on a sum-of-parts basis, i.e. the SOPV methodology. The SOPV methodology provides a range of values for a company's equity by summing the value of its individual businesses.

In evaluating and arriving at the valuation methodologies adopted for each business segment to derive the SOPV, we have considered and adopted the following valuation methodologies:

Operating segments of TRIplc Group	Valuation method	Justification
Service concession	Discounted FCFE methodology	The service concession segment comprises the Projects, of which the sources of revenue are based on the salient terms of the concession agreements. Hence, FHCA has concluded that this methodology is suitable in our Valuation of the fair market value of the service concession segment.
Property development, property investment, construction, investment holding and others	RNAV methodology	The property development, property investment and others segment own land and buildings for own use and for rental income. The construction segment mainly serves to undertake the construction activities of TRIplc Group (excluding construction works carried out under the Projects). As at the Date of Opinion, this segment has not secured any external construction projects. The investment holding segment serves as the holding company for the subsidiaries, with its source of revenue derived mainly from dividend of the subsidiaries. In view that the value of these segments lies with the underlying assets instead of its business operations, FHCA has concluded that this methodology is suitable in our Valuation of the fair market value of these segments.

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Further, FHCA has also considered the other valuation methodologies and found that the following methodologies are not suitable in establishing our opinion on the fair market value of the entire equity interest in TRIplc based on the following factors:

Valuation Methodologies	Discussion
Relative Valuation Analysis ("**RVA**")	RVA method seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. In view that TRIplc Group's main revenue source is from the service concession business, the RVA may not accurately reflect the potential of TRIplc Group.
Comparable Transaction Analysis ("**CTA**")	CTA is a valuation method whereby it seeks to compare a company's implied trading multiple against other recent comparable transactions undertaken by companies in the similar industry as TRIplc Group. FHCA has considered and concluded that there are no recent comparable transactions of the same size and industry as TRIplc Group.
Market price of TRIplc	FHCA has considered and concluded that the traded share price of TRIplc is not suitable for reasons similar to that considered for the RVA as set out above.

5.3 Discounted FCFE Methodology – Service Concession Segment

Discounted FCFE Methodology is a valuation method used based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the equity holders of a company. FCFE is the free cash flows available to be paid to the equity shareholders of the company after all expenses, reinvestment and debt repayment.

For the purposes of the Discounted FCFE Methodology, reference was made to the valuation of service concession companies listed on Bursa Securities that we consider broadly comparable to the Projects ("**Comparable Companies**"). In our selection of the Comparable Companies, we have considered, amongst others, the revenue contribution from the service concession segment, the profile of the service concession and the profitability of the Comparable Companies. In arriving at the appropriate discount rate for the Projects, we have applied the prevailing risk free rate and market risk premium, as well as adopted the betas of available Comparable Companies with relevant adjustments made taking into consideration the gearing and the risk profile as well as other risk factors that may affect the Projects respectively.

All information obtained was sourced from Bloomberg as at the Date of Opinion unless stated otherwise.

The projected FCFE as determined annually based on the Projects' Future Financials which shall be discounted using the cost of equity adjusted based on the average gearing level of the Comparable Companies in respect of the Z1P2 Project and the targeted gearing level of the Z1P3 Project, as assessed by FHCA.

The cost of equity takes into account a combination of risk factors associated with the industry in which the Projects are involved in, namely, the systematic risk, i.e. the inherent market risk such as interest rate fluctuation, and the capital structure, i.e. the financing risk. These risks are translated into the required rate of return as determined below, which is built upon the CAPM. For the purpose of determining the fair market value of the service concession segment, the Comparable Companies' beta are adjusted (de-geared) for their individual gearing ratio, and the average is then re-geared based on the average gearing level of the Comparable Companies in respect of the Z1P2 Project as it is more reflective of the optimal gearing level of the Z1P2 Project; and the targeted gearing level of the Z1P3 Project, respectively.

The details of the Comparable Companies and the input parameters for CAPM at the Date of Opinion are set out as follows:

Comparable Companies	Principal activities
TRIplc	Involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services.
Menang Corporation (M) Berhad ("**Menang**")	Involved in property development, concession arrangements, leasing and hire-purchase, management services, property investment and investment holding.

Comparable Company	Market Cap (RM million)	Levered Beta	Debt/Equity %	Unlevered Beta
TRIplc	147.11	0.86	156.84	0.39
Menang	241.73	0.76	208.35	0.29
Average			182.60	0.34

It is important to note that the Comparable Companies tabulated herein may differ from the Projects in term of, inter alia, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, future prospects, capital structure, marketability of their securities and other criteria. One should also note that any comparisons made with respect to the Comparable Companies are merely to provide a comparison to the implied fair market value of the Projects and the selection of Comparable Companies and adjustments made are highly subjective and judgmental, therefore the selected companies may not be entirely comparable due to various factors.

A specific risk premium is also applied to the CAPM to adjust for the respective Project's unsystematic risks, which are derived from the risk factors further discussed in the table below, to arrive at a range of fair market value of the service concession segment.

Risk Factors	Remarks
Revenue risks	Based on the salient terms and conditions of the Z1P2 Concession Agreement and the Z1P3 Concession Agreement, TRIplc Ventures and TRIplc Medical have the right to request for a review of the Maintenance Charges, at an interval of every five years and the Government shall have the absolute discretion in determining the increment of the Maintenance Charges requested by TRIplc Ventures and TRIplc Medical. There can be no assurance that any incremental rate on the Maintenance Charges requested by TRIplc Ventures and TRIplc Medical in the future will be approved by the Government.
Operational risks	TRIplc Ventures and TRIplc Medical, through TRIplc FMS, provide maintenance services for the Projects. There can be no assurance that UiTM will accept and deem that TRIplc FMS has achieved the agreed service level specified in the Z1P2 Concession Agreement and the Z1P3 Concession Agreement and not impose demerit value penalty over the respective contractual periods.

Risk Factors	Remarks
	TRIplc FMS may also be exposed to cost escalation of maintenance services cost arising from external factors beyond the control of TRIplc FMS.
Construction risks	TRIplc Group as the main contractor for the construction for the teaching hospital under the Z1P3 Project is exposed to potential cost overrun arising from external factors beyond the control of the TRIplc Group, amongst others: - quantity re-measurement of the construction and building materials upon completion due to, amongst others, unforeseen underground formation and change in authority requirements; - increase in the prices of medical equipment which are subject to the fluctuation in global and domestic market prices; - obtaining licenses, permits or approvals from various regulatory authorities particularly in respect of concession and construction work; and - changes in government policies.

5.4 Valuation of Z1P2 Project

In the Valuation of the fair market value of Z1P2 Project, and based on the Discounted FCFE Methodology using the Future Financials for Z1P2 Project from nine months FPE 31 May 2018 up to the end of concession period, i.e. 10 April 2034, the following were noted:

CAPM Inputs	Low Range Valuation	High Range Valuation
Debt/Equity Ratio of Comparable Companies as at the Date of Opinion	182.60%	
Risk-Free Rate [1]	4.00%	
Market Return [2]	10.69%	
Un-geared Beta [3]	0.34	
Re-geared Beta [3]	0.82	
Specific Risk Premium [4]	3.00%	1.00%
Discount rate derived using CAPM	12.49%	10.49%
Fair Market Value of Z1P2 Project derived therefrom	**RM117.12 million**	**RM134.36 million**

Notes:

[1] Based on the risk-free rate for Malaysia as extracted from Bank Negara Malaysia website. This risk-free rate is based on the yield of ten (10) years Malaysian Government Securities as at the Date of Opinion, which bears an annual coupon rate of 3.899% and will mature on 30 November 2027.

[2] Based on the historical average market return for Malaysia as extracted from Bloomberg. The historical average market return is based on the average return of FTSE Bursa Malaysia Top 100 Index for the past ten years extracted on the Date of Opinion, of which the 10-year period is selected as it is reflective of the most recent economic cycle (based on Malaysia's historical GDP data) as well as to commensurate the time horizon selected for the risk-free rate.

[3] Re-geared beta is arrived at based on the un-geared five years weekly average adjusted beta and the average debt/equity ratio of the Comparable Companies publicly available as at the Date of Opinion.

[4] A specific risk premium of 3.00% and 1.00% had been applied for low range and high range valuation of Z1P2 Project respectively based on the risk factors as discussed in Section 5.3 of this Report to derive the discount rate using CAPM.

Premised on the above, the assessment on the valuation of the fair market value of Z1P2 Project ranges from RM117.12 million to RM134.36 million.

5.5 Valuation of Z1P3 Project

In the Valuation of the fair market value of Z1P3 Project, and based on the Discounted FCFE Methodology using the Future Financials for Z1P3 Project from nine months FPE 31 May 2018 up to the expected end of concession period of 10 April 2042, the following were noted:

CAPM Inputs	Low Range Valuation	High Range Valuation
Initial Debt/Equity Ratio of Z1P3 Project [1]	400.00%	
Risk-Free Rate [2]	4.00%	
Market Return [3]	10.69%	
Un-geared Beta [4]	0.34	
Re-geared Beta [4]	1.39	
Specific Risk Premium [5]	8.00%	6.00%
Discount rate derived using CAPM	21.30%	19.30%
Fair Market Value of Z1P3 Project derived therefrom	**RM40.50 million**	**RM44.54 million**

Notes:

[1] Based on the initial capital structure of Z1P3 Project as extracted from the salient terms of Z1P3 Concession Agreement. The initial capital structure of Z1P3 Project is selected as the funding for Z1P3 Project, i.e. Senior Sukuk, Junior Sukuk, share capital and shareholder advances, which has yet to be completed as at the Date of Opinion will be assumed by the potential acquirer.

[2] Based on the risk-free rate for Malaysia as extracted from Bank Negara Malaysia website. This risk-free rate is based on the yield of ten (10) years Malaysian Government Securities as at the Date of Opinion, which bears an annual coupon rate of 3.899% and will mature on 30 November 2027.

[3] Based on the historical average market return for Malaysia as extracted from Bloomberg. The historical average market return is based on the average return of FTSE Bursa Malaysia Top 100 Index for the past ten years extracted on the Date of Opinion, of which the 10-year period is selected as it is reflective of the most recent economic cycle (based on Malaysia's historical GDP data) as well as to commensurate the time horizon selected for the risk-free rate.

[4] Re-geared beta is arrived at based on the un-geared five (5) years weekly average adjusted beta of the Comparable Companies and the initial debt/equity ratio of Z1P3 Project as at the Date of Opinion.

[5] A specific risk premium of 8.00% and 6.00% for low range and high range valuation of Z1P3 Project respectively based on the risk factors as discussed in Section 5.3 of this Report had been applied to derive the discount rate using CAPM.

Premised on the above, the assessment on the valuation of 100% equity interest in Z1P3 Project ranges from RM40.50 million to RM44.54 million.

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5.6 RNAV Methodology

The RNAV Methodology seeks to adjust the NA value of a company to take into consideration the revaluation of assets of a company, which in this instance relates to the land and buildings held. The RNAV is then adjusted to take into consideration the additional debt to be assumed by TRIplc Group to finance the equity contribution to the Z1P3 Project.

Computation to determine the RNAV of the property development, property investment, construction, investment holding and others segment is as follows:-

	RM' million
NA of the property development segment [1]	72.73
NA of the property investment segment [1]	5.76
NA of the construction segment [1]	(10.75)
NA of the investment holding segment [1]	(43.76)
NA of the others segment [1]	1.97
	25.95
Revaluation of land and buildings held by the property development, property investment and others segment [2]	149.36
Remaining equity funding for Z1P3 Project [3]	(129.90)
RNAV of the property development, property investment, construction, investment holdings and others segment	**45.41**

Notes:

[1] Based on the management accounts as at 31 August 2017 of which no limited review was performed.

[2] Computed based on the difference between the fair value of the land and buildings as extracted from the Property Valuation Reports, adjusted for deferred taxation at the corporate tax rate of 24.0% based on the Malaysian Financial Reporting Standards guidance; and the carrying amounts of the land and buildings as extracted from the management accounts of the property development, property investment and others segment as at 31 August 2017. A summary of the computation is shown in the table below:

Properties	Valuation Methodology [a]	Valuation [b] (RM' million)	Carrying Amount as at 31 August 2017 [c] (RM' million)	Revaluation Surplus (RM' million)
Bandar Pinggiran Subang Office	Cost approach	2.14	1.06	1.08
Subang Impian Office	Cost approach	2.52	2.23	0.29
Puncak Perdana Land (Phase 2)	Income approach	7.00	4.89	2.11
Puncak Perdana Land	Comparison approach	42.46	39.32	3.14
Perdana Heights Land	Comparison approach	25.77	1.44	24.33
Zuriat Watan Land	Comparison approach	153.90	37.23	116.67
Jempol Properties	Cost approach	24.64	9.05	15.59
Total		**258.43**	**95.22**	**163.21**
Deferred tax at 24.0%				(13.85)[d]
Revaluation of land and buildings held by the property development, property investment and others segment				**149.36**

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Notes:

[a] The valuation methodology listed is the primary valuation methodology adopted by Khong & Jaafar for the respective properties. Khong & Jaafar has adopted secondary valuation methodology for the respective properties, where applicable, to cross-check against the valuation results from the primary valuation methodology. Please refer to the Property Valuation Certificate for the detailed valuation methodologies adopted by Khong & Jaafar for the respective properties.

[b] Based on our review of the valuation methodologies and bases and assumptions used in the Property Valuation Reports, and after making all reasonable enquiries and to the best of our knowledge, we are satisfied that the bases and assumptions used for the Property Valuation Reports are reasonable.

[c] Carrying amount comprises the land cost, building cost and development cost incurred, if any.

[d] The revaluation surplus for Zuriat Watan Land was adjusted for the following before the computation of deferred tax at 24.0%:

- Development expenditures previously impaired amounting to RM52.88 million which arose from the temporary suspension of a property development project on Zuriat Watan Land, which the impairment losses was not deductible for tax purposes in the year it was recognised. FHCA has reviewed the source documents of the material items relating to the development expenditures previously impaired; and
- Unutilised tax losses brought forward of RM52.61 million. As such, any future taxable gain from the new development or sale of the Zuriat Watan Land may be set off against the said unutilised tax losses. This is subject to the IRB being satisfied with documentary evidence from ZWSB to prove that there was no cessation of business at any time since the losses were incurred.

[3] Being the present value of the remaining equity funding required for the Z1P3 Project amounting to RM140.40 million based on the targeted capital structure of Z1P3 Project, discounted at the TRIplc Group's after tax cost of debt of 4.79%.

The breakdown of the equity funding required for the Z1P3 Project is as follows:

	(A) Total equity funding required RM' million	(B) Equity funded as at 31 August 2017 RM' million	(C) = (A) - (B) Remaining equity funding required RM' million
Share capital	13.00	5.00	8.00
Shareholder advances	26.54	15.63	10.91
Junior Sukuk	121.49	0.00	121.49
Total	**161.03**	**20.63**	**140.40**

Based on the above analysis, the preliminary assessment on the valuation of 100% equity interest in the property development, property investment, construction, investment holding and other segments of TRIplc Group is RM45.41 million.

6 LIMITATIONS

It should be noted that the valuation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used therein. It should also be highlighted that the valuation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon which the relevant reports and the Future Financials were based.

One should also recognise that there is no publicly listed company which may be considered to be identical to the TRIplc Group in terms of, inter-alia, composition of business activities, scale of business operations, risk profile, assets base, accounting and tax policies, track record, future prospects, competitive environment, financial positions and that such business may have fundamentally different profitability objectives.

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7 CONCLUSION

It should be recognised that the valuation of any entity is always subject to a great deal of uncertainty and involves a high degree of subjectivity and element of judgement. Because of the susceptibility of valuations to inputs of the model applied, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook (whether in general or relating to the industry itself).

In establishing our opinion on the fair market value of the entire equity interest in TRIplc, FHCA has considered various valuation methodologies, which are commonly used for valuation, taking into consideration the TRIplc Group's future earnings generating capabilities, projected future cash flows and its sustainability as well as various business considerations and risk factors affecting its business.

Given that TRIplc is structured as a holding company with six (6) different business segments as discussed in Section 2 of this Valuation Report, we consider it appropriate to value the business segments separately to arrive at an aggregate valuation of the TRIplc Group on a sum-of-parts basis, i.e. the SOPV methodology.

A summary of our Valuation of the fair market value of the entire equity interest in TRIplc is shown in the table below.

Operating segments of TRIplc Group	Valuation method	Lower range (RM 'million)	Higher range (RM 'million)
Service concession	Discounted FCFE Methodology		
- Z1P2 Project		117.12	134.36
- Z1P3 Project		40.50	44.54
Property development, property investment, construction, investment holding and others	RNAV Methodology		
- Total NA of the segments		25.95	25.95
- Revaluation of land and buildings held by the property development, property investment and others segment [1]		149.36	149.36
- Remaining equity funding for Z1P3 Project [2]		(129.90)	(129.90)
Add: Cash inflows from full exercise of ESOS [3]		0.65	0.65
Estimated fair market value of the entire equity interest in TRIplc Group	**SOPV**	**203.68**	**224.96**
Impact on valuation arising from [1]:			
- Tax deduction of the development expenditures previously impaired		(12.69)	(12.69)
- Tax losses brought forward		(12.63)	(12.63)

Note:

[1] It should be noted that the range of value of TRIplc Group's operating segments other than its service concession was arrived at after taking into consideration, amongst others, the BDO Tax Report and assuming that ZWSB is able to:

[a] claim tax deduction of the development expenditures previously impaired amounting to RM52.88 million which arose from the temporary suspension of a property development project on a piece of land held by ZWSB. The impairment losses were not deductible for tax purposes in the year it was recognised; and

[b] prove that there is no cessation of business to utilise the tax losses of RM52.61 million brought forward to set off against its future taxable profits.

FHCA has reviewed the source documents of the material items relating to the development expenditures previously impaired and concur with the BDO Tax Report. The realisability of the deferred tax assets above are subject to ZWSB being able to comply with the requirements, as may be required by the IRB. In the event that any of ZWSB's deferred tax assets are not realisable, the range of value could potentially be reduced by up to RM25.32 million.

[2] Being the present value of the remaining equity funding required for the Z1P3 Project amounting to RM140.40 million based on the targeted capital structure of the Z1P3 Project, discounted at the TRIplc Group's after tax cost of debt of 4.79%.

[3] As at the Date of Opinion, 0.49 million ESOS have not been exercised. The exercise price of the ESOS to subscribe for each TRIplc Share is between RM1.11 and RM1.39. Based on the SOPV of the TRIplc and 69.13 million diluted number of issued and paid-up TRIplc Shares, the TRIplc Share is valued between approximately RM2.95 and approximately RM3.25 each. In view that the ESOS are in-the-money, i.e. its exercise price is below the fair market value of the TRIplc Share, FHCA had assumed that TRIplc will receive cash inflows of RM0.65 million upon full exercise of the 0.49 million ESOS.

Premise on the above, FHCA is of the opinion that the fair market value of the entire equity interest of TRIplc ranges from RM203.68 million to RM224.96 million based on the SOPV Methodology.

[End of Report]

VALUATION CERTIFICATE BY KHONG & JAAFAR

KHONG & JAAFAR SDN BHD (31218-T)

VALUERS (REAL ESTATE, BUSINESSES, INTANGIBLES & PLANT & MACHINERY), ESTATE AGENTS, PROPERTY CONSULTANTS, PROPERTY MANAGERS, PROPERTY INVESTMENT ADVISORS, MARKET & FEASIBILITY RESEARCHERS, LITIGATION SUPPORT, TENANT REPRESENTATION, DISPUTE RESOLUTION (EXPERT DETERMINATION) V(1)0005

PENILAI (HARTA TANAH, BISNES, HARTA TANAH TAK KETARA & LOJI), EJEN HARTA TANAH, PERUNDING HARTA TANAH, PENASIHAT PELABURAN HARTA TANAH, PENYELIDIK PASARAN DAN KEMUNGKINAN, SOKONGAN TINDAKAN UNDANG-UNDANG, PERWAKILAN PENYEWA, PENGURAIAN PEMBANTAHAN (PENENTUAN PAKAR) V(1)0005

RICS

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Our Ref: MV(G) 365/2017 (A) to (G)

1 5 JAN 2018

PUNCAK NIAGA HOLDINGS BERHAD
Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan

Dear Sirs

VALUATION CERTIFICATE
VALUATION OF 7 PROPERTIES OWNED BY TRIplc BERHAD FOR PURPOSES OF ACQUISITION BY PUNCAK NIAGA HOLDINGS BERHAD (HEREAFTER REFERRED TO AS THE "PROPERTIES")

This Valuation Certificate has been prepared for inclusion in the Circular to the shareholders of Puncak Niaga Holdings Berhad to be dated ...1 8 JAN 2018 in relation with the purchase and subsequent submission to the Securities Commission Malaysia for approval in relation to the proposed acquisition of the Properties.

In accordance with your instructions to value the above-mentioned Properties, we have inspected the Properties at various dates in September and October 2017, and in instances re-inspected on subsequent dates and we have completed our investigations, searches and calculations to arrive at our opinion of values.

The material date of valuation is usually taken to be as at the last date of inspection of the respective Properties. However, **as specifically instructed** the material date of valuation for all the Properties is **21 September 2017**.

Consequently, all available data used to establish the estimate of market value is viewed as of this date.

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

The table below is a summary of market values for the Properties valued:-

PENANG - NO. 24, 1ST FLOOR, JALAN SULTAN AHMAD SHAH, 10050 PENANG. TEL :04-2614184 & 2613501 FAX:04-2621075 **IPOH** - 1ST FLOOR, 8 JALAN SULTAN IDRIS SHAH, 30000 IPOH. TEL:05-2411322 (2 LINES) FAX:05-2552828
JOHOR - 2ND FLOOR, NO. 18-B JALAN INDAH 15/3, TAMAN BUKIT INDAH, 79150 NUSAJAYA, JOHOR BAHRU. TEL:07-2395407

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

No.	Ref. No.	Description	Market Value
1.	MV(G) 365/2017 (A)	Lots PT 33384 and PT 33383, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan (2 adjoining units of 3-storey terrace shop/offices bearing address Nos. 6 and 8, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam)	RM2,140,000
2.	MV(G) 365/2017 (B)	Lots PT 2774 and PT 2775, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan (2 units of 3-storey terrace shop/offices bearing address Nos. 20 and 22, Jalan Uranus AH U5/AH, Subang Impian, Section U5, 40150 Shah Alam)	RM2,520,000
3.	MV(G) 365/2017 (C)	Part of Lot 10965, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan (A parcel of residential building land having an estimated land area of 3.625 acres approved for development with 250 units of medium-cost apartments located along Jalan Pulau Angsa U10/14, Taman Puncak Perdana, Section U10, 40170 Shah Alam)	RM7,000,000
4.	MV(G) 365/2017 (D)	A 25.65-acre parcel of residential development land located within Taman Puncak Perdana, Section U10, Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	RM42,460,000
5.	MV(G) 365/2017 (E)	Lots 57580 to 57583 (inclusive), Lots 57592 to 57597 (inclusive), Lots 57615 to 57626 (inclusive), Lots 57628 to 57650 (inclusive), Lot 57751, Lots PT 2104 to PT 2108 (inclusive), Lots PT 2118 and PT 2119, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan (53 Detached House Lots Within Perdana Heights, Taman Puncak Perdana, Section U10, 40170 Shah Alam)	RM25,770,000
6.	MV(G) 365/2017 (F)	389 detached house lots, 453 terrace house lots, 56 terrace shop lots, 7 parcels of residential building land, a parcel of commercial building land and 3 parcels of agricultural land with development potential all located within an undeveloped as yet housing scheme to be known as Desa Cempaka, located off Jalan Sungai Buaya, Seksyen 20, Bandar/Mukim Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan	RM153,900,000
7.	MV(G) 365/2017 (G)	Lot 267 (Previously Lot PT 1152), Mukim Serting Ulu, Daerah Jempol, Negeri Sembilan Darul Khusus (Industrial Premises bearing address No. PT 1152, Batu 36, Jalan Pahang, 72200 Batu Kikir)	RM24,640,000
		TOTAL	**RM258,430,000**

The Market Values shown above have been arrived at by using either one or more of the following approaches:-

1. The Comparison Approach to Value - where this approach is used, reference is made to market sale transactions as well as asking prices of similar properties within the neighbourhood of the Properties. The Comparison Approach generally estimates the value of the properties by analysing sales of similar properties and making adjustments to those sales for dissimilarities (physical, legal and economic) between each of the selected comparables and the properties under consideration. The next step is a reconciliation of adjusted values and a selection of the more suitable comparable and a final decision of each of the Properties is made judgementally based on professional experience.

2. The Income Approach to Value (Investment Method) - where this approach is used, it has, as a starting point, the estimation of the gross rental of the Properties as established from evidences of rental value in the market for similar properties. The gross rental less estimated outgoings gives a net rental. The net rental per annum is then capitalised at an "all-risks" yield to give an estimate of market value, from the income or investment perspective. Just as the gross rental is market derived, the "all-risks" yield is also market derived.

3. The Income Approach to Value (Discounted Cash Flow Methodology) - where this approach is used, there are broadly three components: the expected cash inflows, the expected cash outflows and the present valuing of the net cash flow to adjust for the time value of money. The risk element is accounted for in our valuation model by adopting a market derived rate. Jointly, the developer's profit which accounts for risk and the present value factor which accounts for the time value of money constitute the discount rate. Our valuation model is a "no growth" model meaning that the gross development value and the various items of costs are based on today's prices. The model is also a calibrated model in that it is developed from analyses of sales of similar projects in the past, and thus it meets the critical criteria in valuation standards for market value estimates to be based on market derived elements.

4. The Cost Approach to Value – where this approach is used, it is founded on the economic principle of substitution and expressed in methodology as the value of the land plus the depreciated cost of the buildings, depreciation being measured not only by physical deterioration but by functional and economic obsolescence.

   The estimate of the land value in the Cost Approach is arrived at principally by the Comparison Approach, where reference is made to recent market sale transactions and asking prices of similar properties in the neighbourhood. The Comparison Approach to Value used in arriving at the land value of the Properties, analyses the market sales of similar properties and makes the necessary adjustments for dissimilarities (legal, economic and physical) and arrives at the indicative, adjusted land value for each of the comparables used. The next step is a reconciliation of adjusted values and the selection of the more suitable comparable or comparables and a final decision made judgementally based on our professional experience.

   The estimate of the building value in the Cost Approach to Value as shown in our valuation is based on the estimated current replacement cost new of the building and then discounted or depreciated for physical deterioration and functional and economic obsolescence. The current replacement cost new of the buildings and structures within the Property is arrived at based on industry average figures.

This report is prepared in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the mandatory Malaysian Valuation Standards, issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia ("Board"). The Board is the regulatory authority for Registered Valuers in Malaysia.

Disclosures as required under Chapter 6 of the Asset Valuation Guidelines are as follows:-

Our Ref No.: MV(G) 365/2017 (A)

1. Identification of Properties:

2 adjoining units of 3-storey intermediate terrace shop/offices bearing address Nos. 6 and 8, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan.

2. Title Particulars:

Lot Nos. / Title Nos.	:	Lots PT 33384 & PT 33383 / HSD 103098 & HSD 103097, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan
Category of Land Use	:	"Bangunan"
Express Condition	:	"Bangunan Perniagaan"
Tenure	:	Leasehold for a term of 99 years expiring on 10 June 2095 (the unexpired term is about 77.72 years)
Provisional Land Area	:	Lot PT 33384 - 156 square metres (1,679 square feet) Lot PT 33383 - 156 square metres (1,679 square feet)
Registered Proprietors	:	CENTRAL CHALLENGER (M) SDN BHD (A subsidiary company of TRIplc Berhad)

3. General Description:

3.1 The Properties are presently owner occupied and serves as the office of TRIplc.

3.2 The buildings within the Properties are designed for use as a shop area on the ground floor and offices on the first and second floors.

3.3 The gross floor areas of each of the Properties is 472.87 square metres (i.e. approximately 5,090 square feet), respectively.

3.4 The buildings are constructed basically of reinforced concrete framework with concrete floors, plastered brickwalls and flat main roof. Internally the floor finishes of the buildings are of wall-to-wall carpeting and ceramic tiles whilst the ceilings are of fibrous plaster and gypsum softboards.

3.5 During the course of our inspection, we observed that the buildings within the Properties have been internally renovated. The internal renovations that were carried out within the Properties such as the change of floor finishes and the addition of fibrous plaster and softboard ceilings, do not require any permit from the local authority. The internal renovations that involved the addition of gypsum board office partitions on all floors, the demolition of an approximately 8.12-metre (or 26.64-foot) long party wall on the ground floor and the creation of a 0.95-metre (or 3-foot) door opening in the party wall on the first floor for access between the two units, have obtained a permit from the Majlis Bandaraya Shah Alam on 20 January 2017.

3.6 The buildings have been issued with a Certificate of Fitness for Occupation (CFO) by the Majlis Perbandaran Shah Alam on 12 May 1996. The approximate age of the buildings is about 21 years.

3.7 The general decorative and repairing condition of the buildings are good.

4. Market Value:

4.1 The **Market Value** of the leasehold Properties having an unexpired term of about 77.72 years, in their existing condition, with vacant possession and subject to the respective Titles being free from encumbrances good marketable and registrable is **RM2,140,000** (Malaysian Ringgit Two Million One Hundred And Forty Thousand Only) made up as follows:-

Description	Market Value
Lot PT 33384 (Shop/Office No. 6)	RM1,070,000
Lot PT 33383 (Shop/Office No. 8)	RM1,070,000
Market Value	**RM2,140,000**

4.2 The above estimate of value was arrived at using the Cost Approach to Value.

4.3 For this valuation, we have considered the following market sales to arrive at the land value:-

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	No. 17, Jalan Utarid U5/B, Taman Mutiara Subang, Section U5, 40150 Shah Alam	No. 4, Jalan Bulan BL U5/BQ, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam	No. 37, Jalan Bulan BL U5/BL, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type and Land Use	3-storey intermediate terrace shop/office for Building (Commercial) use		
Location	Taman Mutiara Subang	Bandar Pinggiran Subang	
Date of Transaction	2 September 2016	5 August 2016	2 October 2015
Vendor(s)	Lee Hye Chuan and 3 others	Summit Gateway Sdn Bhd	Llivin Motors Sdn Bhd
Purchaser(s)	Aziki Enterprise Sdn Bhd	Ribuan Seni Sdn Bhd	Merlin Technologies Sdn Bhd
Tenure	99-year leasehold tenure with an unexpired term of about 80.19 years	99-year leasehold tenure with an unexpired term of about 80.40 years	99-year leasehold tenure with an unexpired term of about 81.24 years
Land Area	1,765 square feet	1,760 square feet	1,760 square feet
Gross Floor Area	4,952 square feet	5,118 square feet	5,118 square feet
Consideration	RM1,100,000	RM1,000,000	RM1,100,000
Analysis of the transaction	RM412 psf	RM362 psf	RM406 psf
	We have adopted RM90 per square foot for the main floor area, RM50 per square foot for the ancillary floor area and a depreciation rate of 15% for Comparables Nos. 1 and 3 and 20% for Comparable No. 2.		
Adjustments	Adjustment factor considered for all the above-mentioned comparables is time.		
Adjusted Value	**RM412.00 psf**	**RM362.00 psf**	**RM426.30 psf**

4.4 We have placed higher reliance on Comparable 1 as it is the most recent sale. After considering all relevant factors, we are of the opinion that the indicative land value for each of the Properties under consideration is RM410 per square foot.

4.5 The building cost of the buildings are shown as follows:-

Description	Building Cost Per Square Foot	Depreciation Rate
Main Floor Area	RM90	-15%
Ancillary Floor Area	RM50	

4.6 We have adopted a depreciation rate of 15% for physical deterioration and functional obsolescence (economic obsolescence being not applicable, in our opinion, in this case) of each of the buildings, to reflect the overall current state of the buildings.

4.7 We have also counterchecked the valuation of the Properties by the Income Approach to Value (Investment Methodology). We have used the following parameters:-

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

	Description	Rate Adopted	Remarks
1	Rental Rates	Ground Floor - RM2,500 pm First Floor - RM1,500 pm Second Floor - RM800 pm	The rental rate used is based on current asking rentals of commercial properties in the neighbourhood. In particular we have considered the current asking rentals for 3-storey terrace shop/offices ranging from RM2,500 to RM6,000 for ground floor, RM1,000 to RM2,500 for first floor and RM700 to RM1,500 for second floor depending on size, age/condition of the property and location.
2	Outgoings	15% of the gross annual rental	The annual outgoings rates are derived from our study of the current market and counter-checked against our records of outgoings for other shop/offices in Selangor that are available in our firm. We have adopted outgoings at about 15% of the annual rental i.e. RM8,640)
3	Yield	4.50%	There are several factors that affect the yield of the 3-storey shop/offices and they include the market value of the comparable properties, rentals receivable and actual outgoings (assessment, quit rent, fire insurance and repair and maintenance cost). From our yield analysis, we note that the net yields for 3-storey shop/offices that have been transacted in the market, range from 4.45% to 4.90%.
4	Void Allowance	10%	To reflect the fact that at any one time there may be vacancies and on an average over the life of the Properties, a 10% deduction seems reasonable.

4.8 Reconciliation of values:-

Valuation Approach	Derivation of Values (for each unit)	Derivation of Values (in total)
Cost Approach to Value	RM1,070,000	RM2,140,000
Income Approach to Value	RM910,000	RM1,820,000

4.9 We have placed higher reliance on the Cost Approach to Value as compared to the Income Approach to Value. This is because the rental rates for 3-storey shop/offices within Bandar Pinggiran Subang are relatively low since there are many other shop/offices available within the locality and the occupancy rate is still moderate. Therefore, the Income Approach to Value is not suitable. Nonetheless the Income Approach to Value can, in the circumstances, broadly act as a check.

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

Our Ref No.: MV(G) 365/2017 (B)

1. Identification of Properties:

2 units of 3-storey intermediate terrace shop/offices bearing address Nos. 20 and 22, Jalan Uranus AH U5/AH, Subang Impian, Section U5, 40150 Shah Alam, Selangor Darul Ehsan.

2. Title Particulars:

Lot Nos. / Title Nos.	:	Lots PT 2774 & PT 2775 / HSD 136264 & HSD 136265, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan
Category of Land Use	:	"Bangunan"
Express Condition	:	"Perniagaan"
Tenure	:	Leasehold for a term of 99 years expiring on 3 April 2099 (the unexpired term is about 81.53 years)
Provisional Land Area	:	Lot PT 2774 - 163.52 square metres (1,760 square feet) Lot PT 2775 - 163.52 square metres (1,760 square feet)
Registered Proprietors	:	CENTRAL CHALLENGER (M) SDN BHD (A subsidiary company of TRIplc Berhad)

3. General Description:

3.1 The Properties are presently unoccupied.

3.2 The buildings within the Properties are designed for use as a shop area on the ground floor and offices on the first and second floors.

3.3 The gross floor areas of each of the Properties is 490.77 square metres (i.e. approximately 5,283 square feet), respectively.

3.4 The buildings are constructed basically of reinforced concrete framework with concrete floors, plastered brickwalls and flat main roof. Internally the floor finishes of the buildings are of cement rendering whilst the ceilings are of cement sheets.

3.5 The buildings have been issued with a Certificate of Fitness for Occupation (CFO) by the Majlis Perbandaran Shah Alam on 28 May 2015. The approximate age of the buildings is about 2 years.

3.6 The general decorative and repairing condition of the buildings are good.

4. Market Value:

4.1 The **Market Value** of the leasehold Properties having an unexpired term of about 81.53 years, in their existing condition, with vacant possession and subject to the respective Titles being free from encumbrances good marketable and registrable is **RM2,520,000** (Malaysian Ringgit Two Million Five Hundred And Twenty Thousand Only) made up as follows:-

Description	Market Value
Lot PT 2774 (Shop/Office No. 20)	RM1,260,000
Lot PT 2775 (Shop/Office No. 22)	RM1,260,000
Market Value	**RM2,520,000**

4.2 The above estimate of value was arrived at using the Cost Approach to Value.

4.3 For this valuation, we have considered the following market sales to arrive at the land value:-

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	No. 17, Jalan Utarid U5/B, Taman Mutiara Subang, Section U5, 40150 Shah Alam	No. 4, Jalan Bulan BL U5/BQ, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam	No. 37, Jalan Bulan BL U5/BL, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type and Land Use	3-storey intermediate terrace shop/office for Building (Commercial) use		
Location	Taman Mutiara Subang	Bandar Pinggiran Subang	Bandar Pinggiran Subang
Date of Transaction	2 September 2016	5 August 2016	2 October 2015
Vendor(s)	Lee Hye Chuan and 3 others	Summit Gateway Sdn Bhd	Llivin Motors Sdn Bhd
Purchaser(s)	Aziki Enterprise Sdn Bhd	Ribuan Seni Sdn Bhd	Merlin Technologies Sdn Bhd
Tenure	99-year leasehold tenure with an unexpired term of about 80.19 years	99-year leasehold tenure with an unexpired term of about 80.40 years	99-year leasehold tenure with an unexpired term of about 81.24 years
Land Area	1,765 square feet	1,760 square feet	1,760 square feet
Gross Floor Area	4,952 square feet	5,118 square feet	5,118 square feet
Consideration	RM1,100,000	RM1,000,000	RM1,100,000
Analysis of the transaction	RM412 psf	RM362 psf	RM406 psf
	We have adopted RM90 per square foot for the main floor area, RM50 per square foot for the ancillary floor area and a depreciation rate of 15% for Comparables Nos. 1 and 3 and 20% for Comparable No. 2.		
Adjustments	Adjustment factor considered for all the above-mentioned comparables is time.		
Adjusted Value	**RM412.00 psf**	**RM362.00 psf**	**RM426.30 psf**

4.4 We have placed higher reliance on Comparable 1 as it is the most recent sale. After considering all relevant factors, we are of the opinion that the indicative land value for each of the Properties under consideration is RM410 per square foot.

4.5 The building cost of the buildings are shown as follows:-

Description	Building Cost Per Square Foot	Depreciation Rate
Main Floor Area	RM110	-5%
Ancillary Floor Area	RM50	

4.6 We have adopted a depreciation rate of 5% for physical deterioration (functional obsolescence and economic obsolescence being not applicable, in our opinion, in this case) of each of the buildings, to reflect the overall current state of the buildings.

4.7 We have also counterchecked the valuation of the Properties by the Income Approach to Value (Investment Methodology). We have used the following parameters:-

	Description	Rate Adopted	Remarks
1	Rental Rates	Ground Floor - RM2,500 pm First Floor - RM1,500 pm Second Floor - RM800 pm	The rental rate used is based on current asking rentals of commercial properties in the neighbourhood. In particular we have considered the current asking rentals for 3-storey terrace shop/offices ranging from RM2,500 to RM6,000 for ground floor, RM1,000 to RM2,500 for first floor and RM700 to RM1,500 for second floor depending on size, age/condition of the property and location.
2	Outgoings	10% of the gross annual rental	The annual outgoings rates are derived from our study of the current market and counter-checked against our records of outgoings for other shop/offices in Selangor that are available in our firm. We have adopted outgoings at about 10% of the annual rental i.e. RM5,760)
3	Yield	4.50%	There are several factors that affect the yield of the 3-storey shop/offices and they include the market value of the comparable properties, rentals receivable and actual

			outgoings (assessment, quit rent, fire insurance and repair and maintenance cost). From our yield analysis, we note that the net yields for 3-storey shop/offices that have been transacted in the market, range from 4.45% to 4.90%.
4	Void Allowance	10%	To reflect the fact that at any one time there may be vacancies and on an average over the life of the Properties, a 10% deduction seems reasonable.

4.8 Reconciliation of values:-

Valuation Approach	Derivation of Values (for each unit)	Derivation of Values (in total)
Cost Approach to Value	RM1,260,000	RM2,520,000
Income Approach to Value	RM980,000	RM1,960,000

4.9 We have placed higher reliance on the Cost Approach to Value as compared to the Income Approach to Value. This is because the rental rates for 3-storey shop/offices within Subang Impian are relatively low since there are many other shop/offices available within the locality and the occupancy rate is still moderate. Therefore, the Income Approach to Value is not suitable. Nonetheless the Income Approach to Value can, in the circumstances, broadly act as a check.

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

Our Ref No.: MV(G) 365/2017 (C)

1. Identification of Property:

A parcel of residential building land having an estimated land area of 3.625 acres approved for development with 250 units of medium-cost apartments located along Jalan Pulau Angsa U10/14, Taman Puncak Perdana, Section U10, 40170 Shah Alam.

2. Title Particulars:

Lot Nos. / Title Nos.	:	Lot 10965 / PN 16618, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan
Category of Land Use	:	"Bangunan"
Express Condition	:	"Bangunan Kediaman dan Perniagaan"
Tenure	:	Leasehold of 99 years expiring on 9 April 2099 (the unexpired term is about 81.55 years)
Title Land Area	:	33,716 square metres (i.e. approximately 362,916 square feet or 8.33 acres) (Note: The Property is part of Lot 10965 which is vacant. The developed part of this Lot has been issued with Documents of Strata Title. The estimated land area of the Property is about 3.625 acres (i.e. approximately 157,905 square feet or 14,670 square metres) as stated in the Letter of Survey and the Survey Plan prepared by Bumi Solutions Survey Consultant).
Registered Proprietor	:	PERBADANAN PENGURUSAN PN 16618
Beneficial Owner	:	INSA ALLIANCE SDN BHD (a wholly-owned subsidiary company of TRIplc Berhad)

3. General Description:

3.1 The Property which is located at the south-eastern portion of Lot 10965 is generally flat in terrain and lies slightly above the level of the frontage road i.e. Persiaran Pulau Carey. Except for the northern and western boundaries which are fenced with chain links, the remaining boundaries are not demarcated with any sort of fencing. There are no buildings within the Property and the grounds are overgrown with shrubs and bushes.

4. The Approved Development:

4.1 Lot 10965 was originally approved for 4 blocks of 5-storey medium-cost apartments comprising a total of 503 units vide the Approved Site Layout Plan dated 29 November 2001.

4.2 In 2003, a building consent was granted vide an Approval Letter for part of the development comprising 2 blocks (253 units) of 5-storey medium-cost apartments, 2 shop units, a laundrette, a reading room, a management office, a multi-purpose hall, a kindergarten, a stand-alone surau, a guard house, and a swimming pool complete with a changing room, a pump room and a distribution room. The Approval Letter also mandate the construction of a TNB substation on Lot 8 (as mentioned in the letter) which does not fall within the boundary of the Property. This approval was conveyed by the Majlis Perbandaran Shah Alam vide an Approval Letter dated 4 August 2003.

4.3 The abovementioned 2 blocks of 5-storey medium-cost apartments known as the Resak Apartment, were completed in 2005 and issued with a Certificate of Completion and Compliance (CCC). Presently, all the units in these apartment blocks have been issued with individual Documents of Strata Title.

4.4 The Property under consideration comprises the undeveloped part of Lot 10965 which has been approved for a medium-cost apartment development vide an approved Site Layout Plan. It is located at the south-eastern portion of Lot 10965.

4.5 From our enquiries made with the Jabatan Perancang, Majlis Bandaraya Shah Alam, we were informed that the Approved Amended Site Layout Plan dated 2001 is still valid as a section of the approved development consisting of 253 units of medium-cost apartments in 2 blocks (of the 503 units in 4 blocks that were approved in 2001) have been constructed, completed and fully sold. The Property under consideration forms the remaining part of the approved development which has not been developed as yet.

4.6 We have taken the said Layout Plan into consideration in arriving at the market value of the Property as a part of the approved development is completed and according to the relevant authority, the said layout plan is still valid.

5. Town Planning:

Enquiries made at the Jabatan Perancang, Majlis Bandaraya Shah Alam indicate that the Property is presently zoned for residential use at a permissible density of 60 units per acre.

6. Market Value:

6.1 The **Market Value** of the leasehold Property having an unexpired term of about 81.55 years, with the benefit of the Planning Permission and Approved Site Layout Plan for the undeveloped portion of the land approved for 250 units of medium-cost apartments, with vacant possession, subject to the Title assumptions made hereinbefore and to the Deed of Assignment to effect a transfer of the beneficial interest in the Property being legally enforceable is **RM7,000,000** (Malaysian Ringgit Seven Million Only) i.e. equivalent to about RM473 per square metre or **RM44 per square foot** based on the estimated land area of the Property.

6.2 The above estimate of value is arrived at principally by the Income Approach to Value (Discounted Cash Flow Methodology). A summary of the parameters adopted in our Discounted Cash Flow model is shown below:-

Component	No. of Units	Built-up Area (sq. ft.)	Selling Price (RM per unit)	Gross Development Value	Gross Development Cost / Building Cost	Development Period
Medium Cost Apartments 2 blocks of 5-storey apartments	250	853	RM100,000	RM25,000,000	RM12,795,000	Year 1 to Year 3
Other Development Costs				-	RM5,053,466	-
Total				RM25,000,000	RM17,848,466	3 Years

6.3 The following is a breakdown of the cash flows from Year 1 to Year 3 in our Discounted Cash Flow model:-

	Year 1	Year 2	Year 3	Total
Total Cash Inflow	RM15,000,000	RM7,500,000	RM2,500,000	RM25,000,000
Total Cash Outflow	RM6,791,149	RM8,174,794	RM2,882,523	RM17,848,466
Net Cash Flow	RM8,208,851	(RM674,794)	(RM382,523)	RM7,151,534

6.5 The gross development value shown in our Income Approach to Value (Discounted Cash Flow Methodology) is arrived at based on the approval by the State Government for alienation of the land vide a letter from the Pejabat Daerah/Tanah Petaling dated 23 April 2001 which stipulates that the selling price for medium-cost apartments are fixed at RM100,000 per unit with a Bumiputra Sale Quota of 70% and a discount at 7%. However, we have been informed by the Lembaga Perumahan dan Hartanah Selangor that since the selling prices for the medium-cost apartment are fixed, no bumiputra discount are applicable.

6.6 The total Gross Development Cost is RM17,848,466. The main items of costs are as follows:-

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

Description	Total Cost	Remarks
1. Titles/Survey Plans @ RM500 per title	RM125,000	Based on our records from our previous valuations of similar properties in Selangor and data compiled and kept in our records.
2. Estimated Statutory Contribution	RM796,750	
3. Site Clearance & Earthworks @ RM50,000 per acre	RM181,250	The general rate for earthworks and site clearing based on industry average figures is between RM50,000 to RM200,000 per acre depending on the physical attributes of the land including its terrain. We are of the opinion that the rate adopted in our calculation is reasonable as the terrain of the Property is generally flat and covered with shrubs and bushes.
4. Infrastructure & landscaping (inclusive of roads, drains, telecommunication, street lights etc.) @ RM200,000 per acre	RM725,000	The costs for infrastructure and landscaping of similar developments are in the range of RM200,000 to RM750,000 per acre depending on the total infrastructure that needs to be provided and the landscape envisaged by the developer. We are of the opinion that this rate is reasonable and in line with industry average figures for developments which are predominantly for affordable housing (medium-cost apartments). We are of the opinion that the estimate of RM200,000 per acre for infrastructure and landscaping cost is reasonable to meet the cost required to provide the same, bearing in mind that the development would be predominantly for affordable housing.
5. Building Cost @ RM60 per square foot	RM12,795,000	Based on our data compiled from previous valuations of similar properties, the cost to construct medium-cost apartments are in the region of RM60 to RM70 per square foot. We are of the opinion that this rate is reasonable and in line with industry average figures.
6. Professional Fees (5% of items 3 to 5 above)	RM685,063	These are the fees payable to Architects, Engineers, Land Surveyors, Planners and Quantity Surveyors based on their scale fee, and have been arrived at by referring to records of similar developments and enquiries with the respective professionals which reveal that the professional fees normally range from about 5% to 8% depending on the size of the project and the development content.
7. Marketing and Management (2% of the GDV)	RM500,000	It is derived from analyses of sales of similar schemes as well as recognising rates used in our previous valuations and after taking into account the development content of the Property under consideration.
8. Interest on Capital	RM790,403	The finance cost adopted is 10% per annum on 50% of the costs. This cost is the normal rate we use in all our DCF valuations for similar properties and is in line with the industry average borrowing cost from financial institutions.
9. Developer's Profit	RM1,250,000	The estimate of developer's profit of 5% of the GDV for the medium-cost units is derived from analyses of similar properties over the years and from the continuous use of the Discounted Cash Flow model. We have always used about 20% developer's profit and sometimes small adjustments are made to this rate for example when we consider units that have been sold in an ongoing scheme, we lower the 20% profit to as low as 5% as risk is lower. The developer's profit reflects the risk in the project whilst the present value reflects the time value of money. Jointly they make up the defacto discount rate. The discount rate is required to be market derived when estimations of Market Value are the end objective. Our discount rate is market derived and it is, generally, the implied pre-tax discount rate from analyses of sales of development lands from past transactions in Malaysia.

6.7 We have adopted a development period of three years for this development based on its size which involves a total of 250 units of medium-cost apartments.

6.8 The development period assumed in our Discounted Cash Flow model is three years, as in our opinion, this is the time frame required for construction and completion and the marketing of the units of development. The development period is essentially market derived and is also based on analyses of similar ongoing projects.

6.9 We have also counterchecked our valuation by the Comparison Approach to Value. For this valuation, we have considered the following market sales:-

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lot 27036, Bandar Bukit Raja, District of Petaling, Selangor Darul Ehsan.	Lots 4033 and 4034, Bandar Bukit Raja, District of Petaling, Selangor Darul Ehsan.	Lot PT 27758, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan.
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Vacant parcels of land zoned for residential use		
Land Use	Agricultural land with residential development potential		Building (residential use)
Location	Within Kampung Bukit Cherakah	Along Jalan Paip, Kampung Bukit Cherakah	Along Jalan BRP 4/1, Bukit Rahman Putra
Date of Transaction	22 February 2016	10 July 2015	14 April 2014
Vendor(s)	Siti Zahrah Bt Hj Abdul Aziz	Roanah Binti Marzuki	Bisraya Acres Sdn Bhd
Purchaser(s)	Orogenic Resources Sdn Bhd	Fedapi Sdn Bhd	Pinnacle Paradise Sdn Bhd
Tenure	Leasehold 99 years with an unexpired term of about 85.61 years	Leasehold 99 years with an unexpired term of about 52.06 years	Freehold
Land size	129,275 square feet (2.968 acres)	184,386 square feet (4.233 acres)	179,183 square feet (4.113 acres)
Consideration	RM3,100,000	RM5,897,675	RM16,000,000
Analysis of the transaction	RM24.00 per square foot	RM32.00 per square foot	RM89.00 per square foot
Adjustments	Adjustment factors considered for all the above-mentioned comparables are time, location and accessibility, physical attributes, category of land use, tenure, planning & zoning, planning approvals, restrictions and the absence of a separate title.		
Adjusted value	**RM36.54 psf**	**RM45.76 psf**	**RM37.38 psf**

6.10 Based on the 3 comparables above, we find that after adjustments for dissimilarities, Comparable 2 is the most suitable because it is similar in location and size. Comparables 1 and 3 are also of good weightages as they are similar in terms of location and Comparable 1 was recently transacted. Having considered all relevant factors, we are of the opinion that the market value of the Property is RM45.76 per square foot or RM7,100,000.

6.11 Reconciliation of Values:-

Valuation Approach	Derivation of Values
Income Approach to Value (Discounted Cash Flow Methodology)	RM7,000,000
Comparison Approach to Value	RM7,100,000

6.12 We have relied more on the Income Approach to Value (Discounted Cash Flow Methodology) as compared to the Comparison Approach to Value as the Property is a parcel of residential land approved for development. Nonetheless the Comparison Approach to Value can, in the circumstances, broadly act as a check. The model for the Income Approach to Value (Discounted Cash Flow Methodology) we have used is our standard model which we normally use to analyse transactions as well as value development properties.

Our Ref No.: MV(G) 365/2017 (D)

1. Identification of Property:
A 25.65-acre parcel of residential development land, located within Taman Puncak Perdana, Section U10, Shah Alam.

2. Title Particulars:

Lot No. / Title No.	:	The Property are two parcels of state land that were approved for disposal vide separate alienations to Suasa Integrasi (M) Sdn Bhd and Insa Alliance Sdn Bhd that was conveyed in the letters of approval from the Pejabat Daerah/Tanah Petaling, both dated 23 April 2001.
Locality	:	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan
Category of Land Use	:	The Document of Title will be issued under the category of land use "Bangunan"
Tenure	:	Document of Title will be issued under a 99-year leasehold tenure
Estimated Land Area	:	25.65 acres
Registered Proprietor	:	State Alienated Land not issued with Documents of Title as yet
Beneficial Owners	:	SUASA INTEGRASI (M) SDN BHD and INSA ALLIANCE SDN BHD (both of which are wholly-owned subsidiary companies of TRIplc Berhad)

3. General Description:

3.1 The Property is a near rectangular shaped parcel of land.

3.2 Generally, the terrain of the Property is hilly and undulating. It lies above the level of the frontage road i.e. Persiaran Mokhtar Dahari and ascends from its eastern side at about 70 metres (230 feet) above the mean-sea-level, towards its north-western section where it reaches a height of about 130 metres (427 feet) above the mean-sea-level. The southern section of the Property rises from about 70 metres (230 feet) above the mean-sea-level, towards the central section where it ascends to about 110 metres (361 feet) above the mean-sea-level.

3.3 At present, the grounds are generally covered with light vegetation and undergrowth. There are no buildings and structures within the site and the perimeter is not demarcated with any sort of fencing.

3.4 There are 2 water tanks (on SYABAS land) that lie at the crest of the hill but do not form part of the Property. We also observed that there is a telecommunications tower near the water tanks which is located within the compound of this land.

4. The Approved Development:

4.1 The site are two parcels of state land that were approved for disposal vide separate alienations to Suasa Integrasi (M) Sdn Bhd and Insa Alliance Sdn Bhd that was conveyed in the letters of approval from the Pejabat Daerah/Tanah Petaling, both dated 23 April 2001. The said letters stipulated the terms and conditions for the issuance of the titles for the development content within the Scheme, including an additional condition in relation to the type of houses, "bumiputera" quota and discount.

4.2 Originally, in accordance with the original Approved Site Layout Plan 1996 and the Approved Amended Site Layout Plan 2000, the Property was designated for commercial use comprising 247 terrace shop/offices.

4.3 We have been informed by TRIplc Berhad that the land alienation premium amounting to RM4,044,448 was paid on 2 April 1997 for 124 units of terrace shop/offices (i.e. part of the 247 terrace shop/offices as approved) in 2 payments. Attention is drawn to the fact that the Letter of Alienation stating the amount of premium chargeable is untraceable. We were further informed by TRIplc that they had overlooked on the current status of the payment of the land alienation premium. Our enquiries with the Pejabat Tanah dan Daerah Petaling revealed that the State Authority will consider the amount of premium paid of RM4,044,448 to be part payment of the total amount of alienation premium payable, based on the new use (residential).

4.4 The Approved Site Layout plans have been further revised, re-submitted and re-approved vide Approved Amended Site Layout Plans 2002 and 2005 respectively, with the change of use from commercial to future development (institution/residential) with a density of 15 units per acre.

4.5 According to the Approved Amended Site Layout Plan, the Property has an estimated land area of about 25.65 acres designated for future development (institution/residential).

5. Town Planning:
In accordance with the gazetted Local Plan [Rancangan Tempatan Majlis Bandaraya Shah Alam (Pengubahan 3) 2020], dated 16 February 2017, the Property is presently zoned for residential use at a permissible density of 50 units per acre.

6. Market Value:

6.1 The **Market Value** of the leasehold Property, in its existing condition with vacant possession, subject to the Title assumptions made hereinbefore and to the Deed of Assignment to effect a transfer of the beneficial interest in the Property being legally enforceable is **RM42,460,000** (Malaysian Ringgit Forty-Two Million Four Hundred and Sixty Thousand Only) i.e. equivalent to about **RM38 per square foot** based on the estimated land area of the Property of about 25.65 acres.

6.2 The Market Value of the Property is based on the permissible land use as per the gazetted Local Plan which also reflects the highest and best use of the Property.

6.3 The above estimate of value is arrived at principally by the Comparison Approach to Value. For this valuation, we have considered the following market sales:-

	Comparable No. 1	**Comparable No. 2**	**Comparable No. 3**
Description	Lot PT 39004, Mukim Of Bukit Raja, District of Klang, Selangor Darul Ehsan	Lot 10333, Bandar Bukit Raja, District of Petaling, Selangor Darul Ehsan	Lots 27758 and 29301, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Vacant parcel of building land zoned for residential use		
Land Use	Building (residential)		
Location	Shah Alam Utama adjacent to Bandar Bukit Raja, Shah Alam	Along Jalan U9/18, Monterez Golf & Country Club, Section U19, Shah Alam	Along Jalan BRP 4/1, Bukit Rahman Putra, Sungai Buloh
Date of Transaction	18 November 2015	12 December 2012	22 April 2013
Vendor(s)	Awan Megah (M) Sdn Bhd	Creative Interlink Sdn Bhd	Malaysia Building Society Berhad
Purchaser(s)	Suntrack Development Sdn Bhd	Senandung Raya Sdn Bhd	Bisraya Acres Sdn Bhd
Tenure	Freehold	Leasehold tenure of 99 years with an unexpired term of about 75 years	Freehold
Land size	1,016,256 square feet (23.33 acres)	380,074 square feet (8.725 acres)	419,144 square feet (9.622 acres)
Consideration	RM39,650,000	RM16,500,000	RM47,000,000
Analysis of the transaction	RM39.00 per square foot	RM43.00 per square foot	RM112.00 per square foot
Adjustments	Adjustment factors considered for all the above-mentioned comparables are time, location and accessibility, size, physical attributes, issuance of building title (residential), tenure and planning & zoning.		
Adjusted value	**RM38.12 psf**	**RM39.13 psf**	**RM39.20 psf**

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

6.4 Based on the 3 comparables above, we find that after adjustments for dissimilarities, Comparable 1 is the most suitable because it is a recent transaction located in a fairly similar locality and is of a similar development type. Having considered all relevant factors, we are of the opinion that the market value of the Property is RM38 per square foot or RM42,460,000.

6.5 For this valuation, the Comparison Approach to value is eminently suitable and reliable as there are sufficient, recent market sales of very similar properties in order to establish an estimate of value for the Property under consideration. Very few and not substantial adjustments are needed to be made to the comparables in order to render them useful to establish the Market Value for the Property under consideration.

6.6 As the Property under consideration is a parcel of residential development land with no approved site layout plan (other than the Master Site Layout Plan for the whole Scheme), the other two approaches i.e. the Income Approach and the Cost Approach are not applicable.

Our Ref No.: MV(G) 365/2017 (E)

1. Identification of Properties:
The Properties comprise 53 vacant detached house lots located within Perdana Heights, Taman Puncak Perdana, in Section U10, 40170 Shah Alam.

2. Title Particulars:

Lot Nos. / Title Nos.	:	Cluster A - 17 vacant detached house lots made up of Lots 57580 to 57583 / PN 81600 to PN 81603 (inclusive), 57592 to 57597 / PN 81612 to PN 81617 (inclusive), PT 2104 to PT 2108 / HSD 114797 to HSD 114801 (inclusive), PT 2118 / HSD 114811 and PT 2119 / HSD 114812. Cluster B - 35 vacant detached house lots made up of Lots 57615 to 57626 / PN 81635 to PN 81646 (inclusive) and 57628 to 57650 / PN 81647 to PN 81669 (inclusive). A vacant detached house lot - Lot 57751 / PN 81670 All in the Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan
Category of Land Use	:	"Bangunan"
Express Condition	:	"Bangunan kediaman"
Tenure	:	Leasehold for a term of 99 years expiring on 5 July 2105 (the unexpired term is about 87.79 years) For Lots PT 2104 to PT 2108, PT 2118 & PT 2119 only: Leasehold for a term of 99 years expiring on 28 October 2096 (the unexpired term is about 79.10 years)
Total Title/Provisional Land Area	:	50,263 square metres (or 541,026 square feet)
Registered Proprietors	:	SUASA INTEGRASI (M) SDN BHD (A subsidiary company of TRIplc Berhad)

3. General Description:

3.1 Briefly the Properties under consideration may be further described as follows:-

Cluster A

3.2 It is located within the northern section of Perdana Heights.

3.3 Lot 57583 has a frontage onto Jalan Pulau Angsa U10/2A whilst Lots PT 2104 to PT 2108 (inclusive), Lot PT 2118 and Lot PT 2119 each has a frontage onto Jalan Pulau Angsa U10/4. The access and frontage roads to Lots 57580 to 57582 (inclusive), and Lots 57592 to 57597 (inclusive) are not made up as yet.

3.4 The terrain of some of the lots in Cluster A, i.e. Lots 57580 to 57582 (inclusive), Lots 57592 to 57597 (inclusive), Lot PT 2104 to Lot PT 2106 and part of Lot PT 2107, is generally hilly and rises from the southern boundary, at about 80 metres (262 feet) above the mean-sea-level, towards the northern section where it ascends to about 110 metres (361 feet) above the mean-sea-level. At present, the sites are overgrown with small trees, shrubs, bushes and some light vegetation.

3.5 The terrain of the remaining lots in Cluster A, i.e. Lot 57583, Lots PT 2104 to PT 2108 (inclusive), Lot PT 2118 and Lot PT 2119 is generally flat and lies about level with the frontage roads. At present, the site of these lots is presently cleared and levelled and ready for immediate building construction.

Cluster B

3.6 It is located within the south-western section of Perdana Heights.

3.7 The terrain of Cluster B is hilly except for Lots 57615, 57616, 57646 to 57650 and part of Lots 57639 to 57644, and gently rises from its eastern boundary, at about 80 metres (262 feet) above the mean-sea-level towards the western and south-western sections where it ascends to about 130 metres (426 feet) above the mean-sea-level. At present, the sites are overgrown with small trees, shrubs, bushes and some light vegetation.

Lot 57751

3.8 It is located at the southern portion of Perdana Heights.

3.9 The site of this lot is generally flat and lies about level with the frontage road. At present, the site is overgrown with shrubs and bushes.

4. Town Planning:

Enquiries made at the Jabatan Perancang, Majlis Bandaraya Shah Alam indicate that the Properties are presently zoned for residential use at a density of 8 units per acre.

5. Market Value:

5.1 The **Market Value** of the leasehold Properties having unexpired terms of 87.79 and 79.10 years, in their existing condition with vacant possession and subject to the respective Titles being free from encumbrances good marketable and registrable is RM25,770,000 (Malaysian Ringgit Twenty-Five Million Seven Hundred And Seventy Thousand Only) i.e. equivalent to about RM517 per square metre or **RM48 per square foot** based on the combined title/provisional land area of the Properties.

5.2 The above estimate of value is arrived at principally by the Comparison Approach to Value.

5.3 Using the comparables, we have made adjustments to reflect the dissimilarities between these comparables and the Properties under consideration including that for time and other factors such as size and location.

5.4 The following adjustments are made to the comparables to arrive at a base value for Lot 57649 with a land area of 733 square metres (7,890 square feet):

	Comparable No. 1	**Comparable No. 2**	**Comparable No. 3**
Description	Lot PT 2178, Mukim of Bukit Raja, District of Petaling	Lot PT 1274, Mukim of Bukit Raja, District of Petaling	Lot PT 1465, Mukim of Bukit Raja, District of Petaling
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Vacant detached house lot		
Land Use	Building (residential) use		
Location	No. 13, Jalan Pulau Angsa U10/6B, Puncak Perdana (Perdana Heights), Section U10, Shah Alam)	No. 2, Jalan U9/1A, Kayangan Heights, Section U9, Shah Alam)	Lot 260, Jalan U9/4A, Kayangan Heights, Section U9, Shah Alam)
Date of Transaction	29 April 2016	9 March 2016	25 February 2016
Vendor(s)	Machula A/P P. Kandasamy	Mohammad Razman Bin Rahim	Yeo Bee Hew
Purchaser(s)	Fatric Sdn Bhd	Low Weng Kong and another	Ngiow Chyong Ing and another
Tenure	Leasehold with an unexpired term of about 80.50 years	Leasehold with an unexpired term of about 76.21 years	Leasehold with an unexpired term of about 76.25 years
Land Area	16,146 square feet	9,612 square feet	17,502 square feet
Consideration	RM1,000,000	RM624,780	RM1,120,128
Analysis of the consideration	RM61.93 per square foot	RM65.00 per square foot	RM64.00 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are time, location and size.		
Adjusted value	**RM68.28 psf**	**RM71.66 psf**	**RM73.92 psf**

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

5.5 We are of the opinion that all three comparables above are good as they were recently transacted and are of a similar size, however only Comparable No. 1 is located within the same Scheme. Therefore, we have rounded up the adjusted value to RM70.00 per square foot as a base value. From this point, we have made further adjustments based on the land size, physical attributes, location (view) and access for each of the remaining lots forming the Properties under consideration to ascertain the Market Value of the individual Lots.

5.6 We have adopted a downward adjustment for size between 5% to 10%, physical attributes between 5% to 50%, road access between 10% to 15%, the upward adjustment for location of 5% as compared to the base Lot 57649 which, in our professional judgement, is reasonable. Having considered all relevant factors, we are of the opinion that the market value for each of the Properties ranges between RM25.00 to RM70.00 per square foot.

5.7 We relied more on the Comparison Approach as the Properties are parcels of vacant detached house lots and the use of the other two approaches i.e. the Income Approach and the Cost Approach, to arrive at the Market Value of the Properties is not suitable nor reliable. As such, we have only adopted one approach to value. For this valuation, the Comparison Approach to value is eminently suitable and reliable as there are sufficient, recent market sales of very similar properties in order to establish an estimate of value for the Properties under consideration. Very few and not substantial adjustments are needed to be made to the comparables in order to render them useful to establish the Market Value for the Properties under consideration.

Our Ref No.: MV(G) 365/2017 (F)

1. Identification of Property:

The Property comprises 906 sub-divided building plots approved for 389 detached house lots, 453 terrace house lots, 56 terrace shop lots, 7 parcels of residential building land for medium-cost apartments and a parcel of commercial building land (also referred to as Cluster "A"); and 3 parcels of agricultural land with development potential, which are not approved for any development as yet (also referred to as Cluster "B").

2. Title Particulars:

Lot Nos. / Title Nos.	:	Held under 906 individual Documents of Title, all in the Mukim of Serendah / Seksyen 20, Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan
Category of Land Use	:	<u>Cluster A</u> - "Bangunan" <u>Cluster B</u> - "Pertanian"
Express Condition	:	<u>Cluster A</u> - "Bangunan Kediaman" / "Bangunan Perniagaan" / "Nil" <u>Cluster B</u> - "Tanaman Kelapa Sawit"
Tenure	:	<u>Custer A</u> - Leasehold for a term of 99 years expiring on 19 June 2099 (the unexpired term is about 81.83 years) except for Lot 28480 (formerly PT 1833) which expires on 20 June 2099 (the unexpired term is about 81.83 years). <u>Cluster B</u> - Leasehold for a term of 99 years expiring on 25 September 2080 (the unexpired term is about 63.01 years).
Total Title/Provisional Land Area	:	<u>Cluster A</u> - 202.906 acres (82.113 hectares) <u>Cluster B</u> - 17.180 acres (6.953 hectares)
Gross Land Area	:	<u>Cluster A</u> - 338.67 acres (137.055 hectares)
Registered Proprietors	:	<u>Cluster A</u> – ZURIAT WATAN SDN BHD (A subsidiary company of TRIplc Berhad) <u>Cluster B</u> :- Lot PT 103 - MOHD FADIL BIN MUSBAH – 2/9 share; MOHD FAIRUZ BIN MUSBAH – 2/9 share; RAFIDAH BINTI MUSBAH – 1/9 share; and MUSBAH BIN CHAPRIL (as Trustee) - 4/9 share Lot PT 115 - JALIAH BINTI HJ SUDIN Lot PT 117 - ROGAYAH BINTI MOHD YASIN
Beneficial Owner	:	<u>Cluster B</u> - ZURIAT WATAN SDN BHD (A subsidiary company of TRIplc Berhad) (vide three separate Sale and Purchase Agreements dated 28 February 1995 and 29 March 1996 and also the three separate private caveats entered by Zuriat Watan Sdn Bhd vide Presentation Nos. 763/2015, 764/205 and 765/2014 dated 18 June 2015.)

3. General Description:

3.1 The scheme within which the Properties are located was formerly part of FELCRA Sg. Choh Estate and is located off Jalan Sungai Buaya, Bandar Serendah.

<u>Cluster A</u>

3.2 Generally the terrain is flat to undulating and some portions are slightly hilly and the sites appear to have been cleared and partly cut and levelled. As at the date of inspection, we observed that some earthworks have been carried out at the eastern portion of the site. Presently the site is overgrown with shrubs and bushes whilst the remaining portion i.e. the western portion is still under secondary jungle regeneration.

3.3 Cluster A has been issued with individual Documents of Title and has a combined title/provisional land area of 202.906 acres (82.113 hectares) which is a net land area in the sense that it excludes areas from the Scheme such as school reserves, main roads, drains, a mosque, a hawker centre and car park, a health centre, TNB sub-stations, pump houses, a water tank reserve, a sewerage treatment plant site, open spaces, buffer zones, a retention pond and internal roads and lanes. The total gross land area of Cluster A is

338.67 acres (137.055 hectares), based on the area stated in the Approved Amended Site Layout Plan dated 18 January 2000.

3.4 It has been approved for development with 392 1½-storey terrace houses (22' x 75'), 22 2-storey terrace houses (22' x 75'), 33 1½-storey terrace houses (22' x 88.3'), 6 2-storey terrace houses (22' x 88.3'), 389 bungalow lots, 56 4-storey shop/offices (24' x 80'), 1,604 medium-cost apartments and a commercial site. This approval was conveyed by the Jabatan Perancang Bandar dan Desa, Negeri Selangor (JPBD) vide a Letter of Approval dated 18 January 2000 in line with an Approved Amended Site Layout Plan also dated 18 January 2000.

3.5 The saleable content of the Properties within Cluster A based on the Approved Amended Site Layout Plan dated 18 January 2000 are 389 detached house lots, 453 terrace house lots, 56 terrace shop lots, 7 parcels of residential building land (approved for 1,604 medium-cost apartments) and a parcel of commercial building land.

3.6 The allocation for Bumiputera purchasers is a minimum 60% of all the saleable development including low-cost houses and low-cost shophouses, as stipulated in the alienation letter from the Pentadbir Tanah Daerah Hulu Selangor dated 30 October 1995. The developer, however, has obtained a waiver from the YAB Menteri Besar Selangor from providing low-cost houses within the scheme vide a letter dated 18 January 1996.

3.7 The developer has received approvals from the Majlis Daerah Hulu Selangor for the earthworks plan and infrastructure plan vide two separate letters, both dated 17 January 1997.

3.8 In 1997 and 2000, the developer obtained building plan approvals for 4-storey shop/offices, 260 low-medium cost apartment units (Type H), 183 2-storey terrace houses and 270 1½-storey terrace houses. However, we were not furnished with any copy of the approved building plans as these building plan approvals have lapsed with the effluxion of time.

3.9 To-date the construction of the development has not commenced as yet.

<u>Cluster B</u>

3.10 Cluster B comprises three parcels of agricultural lands with residential development potential. They are pocket lands located within the scheme which have not been approved for any development as yet as they are not converted and are still held under the category of land use "Pertanian".

3.11 Generally the terrain is flat to undulating with some portions which are slightly hilly. Presently the site is overgrown with shrubs and bushes whilst the remaining portion is still under secondary jungle regeneration.

4. Town Planning:

4.1 In accordance with the Majlis Daerah Hulu Selangor, the Properties within Cluster A are presently zoned for residential use at a permissible density of 40 units per acre and commercial use with a permissible plot ratio of 1:3 whilst the Properties within Cluster B are zoned for agricultural use.

4.2 Our further enquiries revealed that the Approved Amended Site Layout Plan dated 18 January 2000 is still valid as the Properties have been sub-divided and issued with 906 individual Documents of Title. The developer has to submit new building plans to the relevant authorities in accordance with the Approved Amended Site Layout Plan dated 18 January 2000 in order to revive and proceed with the development.

5. Market Value:

The **Market Value** of the leasehold Properties having unexpired terms of about 63.01 years (Cluster B) and 81.83 years (Cluster A), with benefit of the planning approval and Approved Amended Site Layout Plan,, with vacant possession and subject to the respective Titles being free from encumbrances good marketable and registrable is **RM153,900,000** (Malaysian Ringgit One Hundred Fifty-Three Million And Nine Hundred Thousand Only) made up as follows:-

Description	Combined Title/ Provisional Land Area (in acres)	Market Value
Cluster A	202.906	RM145,000,000
Cluster B	17.180	RM8,900,000
Market Value of the Properties		**RM153,900,000**

5.1 Since the Properties have already been sub-divided and issued with sub-divisional titles, we have firstly, proceeded to undertake the Comparison Approach to Value based on such similar comparables (for example detached house lots, terrace house lots, terrace shoplots, etc.) in the larger neighbourhood.

5.2 We have also made a comparison of the Properties as a development land on the gross land area and compared it with similar schemes in the neighbourhood. In particular we have considered the neighbouring land which was purchased by Jubilant Courtyard Sdn Bhd (a wholly-owned subsidiary of WCT Land Sdn Bhd) on 20 October 2014 for a total consideration of RM115,380,567 or equivalent to RM12 per square foot based on the total land area of 220.731 acres (gross) or RM20 per square foot based on the calculated net land area of 132.439 acres.

5.3 For the first method in the Comparison Approach to Value is based on comparing the individual sub-divided lots, we have broken it down by firstly comparing with each type of component located within Cluster A and subsequently comparing the 3 parcels of unconverted land in Cluster B.

5.4 A summary of the Market Value of Cluster A is shown hereunder:-

Description	No. of Lots	Combined Title Land Area (in sq.ft.)	Market Value	
			Rate psf	Total
Detached House Lot	389	5,919,168	RM15	RM88,787,520
Terrace House Lot	453	881,801	RM25	RM22,045,025
Terrace Shop Lot	56	118,338	RM30	RM3,550,140
Residential Building Land approved for medium cost apartments	7	1,679,585	RM15.43	RM25,919,301
Commercial Building Land	1	239,712	RM20	RM4,794,240
Total		8,838,604		RM145,096,226
			Say	**RM145,000,000**

5.5 The above estimate of values is arrived at principally by the Comparison Approach to Value.

5.6 The following adjustments are made to the selected comparables to arrive at an indicative value for the Properties under consideration:

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

Detached House Lots

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lots PT 10357, PT 10359, PT 10361, PT 10363, PT 10365, PT 10367, PT 10369, PT 10371, PT 10373, PT 10377, PT 10383, PT 10385, PT 10390, PT 10392, PT 10404, PT 10406, PT 10408, PT 10412 and PT 10414, Mukim of Serendah, District of Ulu Selangor, Selangor Darul Ehsan (19 lots)	Lots PT 10402, PT 10418, PT 10420, PT 10422, PT 10424, PT 10426, PT 10428, PT 10430, PT 10432, PT 10434, PT 10436, PT 10438 and PT 10442, Mukim of Serendah, District of Ulu Selangor, Selangor Darul Ehsan (13 lots)	Lot 5665, Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan (1 lot)
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Vacant detached house lots		
Land Use	Building (Residential) use		
Location	Off Jalan Teratai, within Taman Tasik Teratai, Serendah		No. 1, Jalan Cempaka, Bandar Bukit Beruntung
Date of Transaction	8 April 2015	28 August 2014	4 July 2016
Vendor(s)	SAP Holdings Bhd	SAP Holdings Bhd	Europlus Corporation Sdn Bhd
Purchaser(s)	Indah Perak Sdn Bhd	Indah Perak Sdn Bhd	Chia Sing Fu
Tenure	Leasehold tenure of 99 years with an unexpired term of about 98.91 years		Freehold
Land Area	13,859 square metres (149,177 square feet)	9,792 square metres (105,400 square feet)	2,057 square metres (22,141 square feet)
Consideration	RM2,368,100	RM1,646,900	RM354,320
Analysis of the consideration	RM15.90 per square foot	RM15.60 per square foot	RM16.00 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are time, location, size, physical attributes and tenure.		
Adjusted value	**RM15.03 psf**	**RM15.44 psf**	**RM14.28 psf**

5.7 We have placed higher reliance on Comparable No. 1 because it has the most similar features with the Properties under consideration. Therefore, we have considered RM15.00 per square foot as the indicative value for detached house lots.

Terrace House Lots

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lots PT 4920 to 4957 (inclusive) and PT 4959 to 4967), Bandar Serendah, District of Hulu Selangor, Selangor Darul Ehsan (48 lots)	Lots PT 5112, PT 5113, PT 110034 to 10065 (inclusive), PT 10068 to 10078 (inclusive), PT 10080 to 10088 (inclusive), PT 10090 to 10092 (inclusive), PT 10097 to 10100 (inclusive), PT 10104, PT 10106 to PT 10150 (inclusive), PT 10152, PT 10156, PT 10157, PT 10160, 10163 to 10175 (inclusive), 10177 to 10180 (inclusive) 10183, 10184, PT 10188 to PT 10208 (inclusive), PT 10210, PT 10212 to PT 10214 (inclusive) and PT 10217 to PT 10223 (inclusive),	Lots PT 10413, PT 10415 to PT 10420 (inclusive), PT 10423 to PT 10426 (inclusive), PT 10431 to PT 10433 (inclusive), PT 10437, PT 10438, PT10441 to PT 10444 (inclusive), PT 10446, PT 10451, PT 10454 to PT 10459 (inclusive), PT 10463 to PT 10467 (inclusive), PT 10470 to PT 10482 (inclusive), PT 10484 to PT 10487 (inclusive), PT 10489 to PT 10494 (inclusive), PT 10499 to PT 10501 (inclusive), PT 10503, PT 10504 and PT 10506, Mukim of

	Comparable No. 1	Comparable No. 2	Comparable No. 3
		Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan (162 lots)	Serendah, District of Ulu Selangor, Selangor Darul Ehsan (62 lots)
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Vacant terrace house lots		
Land Use	Building (Residential) use		
Location	Along Jalan Anggerik 2A/1, Prima Beruntung, in Bandar Bukit Beruntung	Along Jalan Mawar 2B, Prima Beruntung, in Bandar Bukit Beruntung	Along Jalan Mawar 3C, off Jalan Mawar, Prima Beruntung, Bandar Bukit Beruntung.
Date of Transaction	31 January 2017	17 November 2016	15 January 2015
Vendor(s)	Best Excel Sdn Bhd	Best Excel Sdn Bhd	Best Excel Sdn Bhd
Purchaser(s)	Setiatiwi Land Sdn Bhd	Setiatiwi Land Sdn Bhd	Setiatiwi Land Sdn Bhd
Tenure	Freehold		
Land Area	8,433 square metres (90,772 square feet)	18,656 square metres (200,811 square feet)	7,358 square metres (79,198 square feet)
Consideration	RM2,269,351	RM5,084,005	RM1,977,682
Analysis of the consideration	RM25.00 per square foot	RM25.30 per square foot	RM25.00 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are time, location, physical attributes and tenure.		
Adjusted value	**RM25.00 psf**	**RM24.04 psf**	**RM24.94 psf**

5.8 We have placed higher reliance on Comparable No. 1 because it has the most similar features with the Properties under consideration and it is also the most recent transaction. Therefore, we have considered RM25.00 per square foot as the indicative value for the terrace house lots.

Terrace Shop Lots

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lots 21365 to 21374 (inclusive), Lots 21377 to 21409 (inclusive) and Lots 21411 to 21420 (inclusive), Section 20, Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan (53 lots)	Lots PT 18770 to PT 18773, PT 18781 to PT 18783, PT 18785 to PT 18788 (inclusive), PT 18795, PT 18799 to PT 18829 (inclusive), PT 18832 and PT 18834 to PT 18872 (inclusive), Mukim of Rawang, District of Gombak, Selangor Darul Ehsan (83 lots)	Lots PT 25893 to PT 25897 (inclusive), Section 20, Bandar Serendah, Dstrict of Ulu Selangor, Selangor Darul Ehsan (5 lots)
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Vacant terrace shop lots		
Land Use	Building (Commercial) use		
Location	Along Jalan Bunga Kertas and Jalan Bunga Kertas 1D, Bukit Sentosa in Bandar Bukit Beruntung.	Off Jalan Kundang Tasik Puteri, Bandar Baru Kundang.	Along Jalan Semarak 1 and Jalan Semarak 1A, Bandar Bukit Beruntung
Date of Transaction	9 May 2016	26 December 2014	27 November 2013
Vendor(s)	Talam Industries Sdn Bhd	TNG Sdn Bhd	Low An Thing
Purchaser(s)	Tanjung Malim Development Sdn Bhd	Little Resources Sdn Bhd	Hoh Lai Yet, Yap Meng Chiou, Lim Shing Luh, Lai Kim Hau and Hoh Lee Ming
Tenure	Freehold	Leasehold tenure of 99 years with unexpired term of about 81.70 years	Freehold

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Land Area	7,146 square metres (76,919 square feet)	12,080 square metres (130,028 square feet)	875 square metres (9,418 square feet)
Consideration	RM5,632,588	RM5,174,970	RM350,000
Analysis of the consideration	RM73.20 per square foot	RM39.80 per square foot	RM37.20 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are time, location, physical attributes and tenure.		
Adjusted value	**RM30.74 psf**	**RM31.34 psf**	**RM28.64 psf**

5.9 We have placed higher reliance on Comparable No. 2 because it has the most similar features with the Properties under consideration. Therefore, we have considered the indicative land value of RM31.34 per square foot and we have rounded down this adjusted value to RM30.00 per square foot as the indicative value for the terrace shop lots.

Vacant Commercial Building Land

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lot PT 16058, Section 20, Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan	Lot PT 16059 Section 20, Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan	Lot PT 19313, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Vacant commercial building land		
Land Use	Building (commercial use)		
Location	Along Persiaran Camelia, Bukit Sentosa, Rawang.	Along Persiaran Camelia, Bukit Sentosa, Rawang.	Off Jalan Kundang, Bandar Baru Kundang, Rawang.
Date of Transaction	25 July 2014	8 July 2014	26 December 2014
Vendor(s)	Bebas Modulasi Sdn Bhd	Bebas Modulasi Sdn Bhd	TNG Sdn Bhd
Purchaser(s)	Lee Harta Sdn Bhd	Ong Chuan Hin Sdn Bhd	Little Resources Sdn Bhd
Tenure	Freehold		Leasehold tenure of 99 years with an unexpired term of about 81.70 years
Land Area	5,024.74 square metres (54,086 square feet)	7,640.46 square metres (82,241 square feet)	11,988 square metres (129,038 square feet)
Consideration	RM2,433,884	RM3,454,132	RM5,080,867
Analysis of the consideration	RM45.00 per square foot	RM42.00 per square foot	RM39.40 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are time, location, size, physical attributes, tenure and development approvals.		
Adjusted value	**RM19.80 psf**	**RM20.79 psf**	**RM20.69 psf**

5.10 We have placed higher reliance on Comparable No. 3 because it has the most similar features with the Properties under consideration. Therefore, we have considered the indicative land value of RM20.69 per square foot and we have rounded down this adjusted value to RM20.00 per square foot as the indicative value for a vacant commercial site.

Vacant Residential Building Land

5.11 The following adjustments are made to the comparables to arrive at a base value for Lot 28470 with a land area of 4.11 acres:-

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lots 24143 and 24146, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Lot 3508, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Lot PT 3255, Bandar Kundang, District of Gombak, Selangor Darul Ehsan
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Vacant development land zoned for residential use		Building land
Land Use	Agricultural use with development potential		Building (residential) use
Location	Off Jalan Sungai Serai, Sungai Serai, Rawang.	Off Jalan Sungai Serai, Sungai Serai, Rawang.	Bandar Baru Kundang, Rawang.
Date of Transaction	6 April 2014	10 July 2014	26 December 2014
Vendor(s)	Loong Peng Holdings Sdn Bhd	Mathew a/l K V Joh	TNG Sdn Bhd
Purchaser(s)	Emerald Domain Development Sdn Bhd	Lagenda Nusajaya Sdn Bhd	Little Resources Sdn Bhd
Tenure	Freehold		Leasehold tenure of 99 years with an unexpired term of about 81.70 years
Land Area	126,590 square metres (1,362,603 square feet)	37,104.56 square metres (399,390 square feet)	10,645 square metres (114,582 square feet)
Consideration	RM20,894,326	RM6,390,476	RM4,510,816
Analysis of the consideration	RM15.30 per square foot	RM16.00 per square foot	RM39.40 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are time, location, size, physical attributes, category of land use, tenure and planning aspect.		
Adjusted value	**RM15.27 psf**	**RM15.96 psf**	**RM18.62 psf**

5.12 We have placed higher reliance on Comparable No. 1 because it has similar features with the Properties under consideration, although the land area of the Comparable No. 1 is larger than the Properties under consideration. Therefore, we have considered RM15.30 per square foot as a base value.

5.13 From the base value of RM15.30 per square foot, we have made further adjustments based on the land size, location and access for each of the Properties under consideration to ascertain the Market Value of the individual lots.

5.14 We have adopted for size, a downward adjustment of 5% for Lots 27548, 28385 and 28339 which is about 1.55, 1.43 and 1.93 times respectively larger than the base Lot 28470 which in our professional judgement is reasonable. We have also adopted for location/accessibility an upward adjustment of 5% for Lots 28385 and 28339, which are better located than the base Lot 28470 which in our professional judgement is reasonable. For Lot 27548, we have adopted an upward adjustment of 10% because it is better located on the north-eastern corner of the scheme.

5.15 On the second method in the Comparison Approach to Value for Cluster A i.e. comparing the Properties under consideration as a large parcel of development land with similar properties in the neighbourhood, to start with, we have identified the dissimilarities.

5.16 Since the Properties will be acquired on a net land area basis, for the Comparison Approach to Value for this case, in the absence of the gross land area (as commonly referred to in analysis of sales transactions of large parcels of land), we have analysed the comparables on a similar net land area basis i.e. by firstly identifying the comparable market sale transactions and thereafter determining the net land areas of the respective comparables, as defined above. We are of the opinion that in order to undertake a proper Comparison Approach to Value, that this is the correct approach.

5.17 The following adjustments are made to the selected comparables to arrive at an indicative value for the overall Cluster A:-.

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lots 4456, 4465, 27504 and 27506, Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan	Lots 16531 and 16532, Section 20, Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan	Lot 27507, Section 20, Bandar Serendah, District of Ulu Selangor, Selangor Darul Ehsan
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Four vacant parcels of building land for residential development	Two vacant parcels of building land for commercial development	Freehold vacant parcel of building land for residential development
Land Use	Building (residential) use	Building (commercial) use	Building (residential) use
Location	Located at a short distance north-east of the Properties, near the Sungai Buaya Interchange.	Located within Bandar Bukit Beruntung at about 12 kilometres north-east of the Properties.	Located at a short distance north-east of the Properties.
Date of Transaction	20 October 2014	20 March 2015	26 September 2013
Vendor(s)	Matad Sdn Bhd	Europlus Corporation Sdn Bhd	Halaman Perdana Sdn Bhd
Purchaser(s)	Jubilant Courtyard Sdn Bhd (a wholly-owned subsidiary of WCT Land Sdn Bhd)	Metro Ingenious Sdn Bhd	NBH Realty Sdn Bhd
Tenure	Freehold		
Planning Aspect	Zoned for residential use	Zoned for commercial use	Zoned for residential use
Title Land Area	220.731 acres (i.e. approximately 89.327 hectares)	189.828 acres (i.e. approximately 76.82 hectares),	76.962 acres (i.e. approximately 31.145 hectares)
Computed in Net Land Area	132.439 acres (i.e. approximately 53.596 hectares)	113.897 acres (i.e. approximately 46.093 hectares)	46.177 acres (i.e. approximately 18.687 hectares)
Consideration	RM115,380,567	RM106,860,000	RM39,182,593
Analysis of the consideration based on the computed Net Land Area	RM20.00 per square foot	RM21.54 per square foot	RM19.48 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are time, location and accessibility, size, physical attributes, category of land use, tenure and planning aspect/zoning and development approval.		
Adjusted value	**RM17.85 psf**	**RM16.97 psf**	**RM17.92 psf**

5.18 Based on the 3 comparables above, we find that after adjustments for dissimilarities, Comparable No. 1 is the most suitable because it is located at a short distance to the north east of the Properties under consideration. Having considered all relevant factors, we are of the opinion that the indicative land value for Cluster A is RM17.85 per square foot and we have rounded down this adjusted value to RM17.50 per square foot or RM154,700,000 based on the net land area of 202.906 acres.

5.19 As shown above, the first method in the Comparison Approach to Value for Cluster A is comparing the individual, sub-divided lots with similar sub-divided lots, for example detached house lots, terrace house lots, terrace shop lots etc, in the neighbourhood. We have relied more on this method as opposed to the second method (see below) because the Properties under consideration are in fact made up of individual, sub-divided lots and issued with 906 individual Documents of Title.

5.20 The second method in the Comparison Method to Value for Cluster A is comparing the Properties under consideration as a large parcel of development land which has a gross land area of 338.67 acres or 137.055 hectares with three of the neighbouring parcels of land which are also development lands but which are not sub-divided and held under individual Documents of Title for any sub-divisional lots. To effect the comparison, we have, since the Properties under consideration are held under individual Documents of Title, taken 60% to represent the net land area and made adjustments for all dissimilarities based on this net land area computation.

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

5.21 We have also counterchecked our valuation of Cluster A by the Income Approach to Value (Discounted Cash Flow Methodology) on account of the fact that the Properties are valued as a whole project with benefit of planning approval, with an approved site layout plan, already sub-divided and where some preliminary development works have been done.

5.22 A summary of the parameters adopted in our Discounted Cash Flow model is shown below:-

Component	No. of Units	Built-up Area (sq. ft.)	Selling Price	Gross Development Value	Building Cost	Development Period
a) 1½-storey Terrace House (22' x 75')	392	1,300	RM330,000	RM129,360,000	RM40,768,000	
b) 2-storey Terrace House (22' x 75')	22	1,600	RM420,000	RM9,240,000	RM3,960,000	
c) 1½-storey Terrace House (22' x 88.3')	33	1,500	RM380,000	RM12,540,000	RM3,344,000	
d) 2-storey Terrace House (22' x 88.3')	6	1,800	RM480,000	RM2,880,000	RM1,026,000	
e) Medium-Cost Apartment	1,604	850	RM120,000	RM192,480,000	RM81,804,000	5 years
f) Detached House Lot	389	-	RM365,184	RM142,056,576	-	
g) 4-storey Terrace Shop/Office (24' x 80')	56	7,680	RM1,200,000	RM67,200,000	RM32,256,000	
h) Commercial Site	1	-		RM6,174,625	-	
Sub-Total	2,503			RM561,931,201	RM163,158,000	
Allocation for Bumiputera Purchasers @ 7% discount on the selling price for 60% of all the residential units except the detached house lots and shop/office units				(RM17,375,400)		
Total				**RM544,555,801**		

5.23 The following is a breakdown of the cash flows from Year 1 to Year 5 in our Discounted Cash Flow model.

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Cash Inflow	RM116,602,341	RM127,587,419	RM150,251,147	RM93,922,446	RM56,192,448
Total Cash Outflow	RM89,685,265	RM84,310,660	RM104,007,336	RM44,960,753	RM41,124,985
Net Cash Flow	RM26,917,076	RM43,276, 760	RM46,243,811	RM48,961,693	RM15,067,463

5.24 The Gross Development Value in our Discounted Cash Flow model is RM561,931,201 based on the following selling prices:-

Type of Development	Adopted Selling Price	Remarks
1½-storey Terrace House (22' x 75') (22'x 88.3')	RM330,000 and RM380,000	Based on the sale transactions of the existing 1½-storey terrace houses in Taman Bukit Cahaya, Bandar Tasik Puteri and Kota Puteri ranging from RM 175,000 to RM255,000. Based on the sale transactions of the existing 2-storey terrace houses in Taman Anggerik in Bukit Sentosa, Taman Seroja, Taman Tanjung and Prima Beruntung, all in Bandar Bukit Beruntung ranging from RM110,000 to RM425,000 per unit; and Bandar Tasik Puteri and Phase 1 of M Residence ranging from RM280,000 to RM550,000. The current asking prices of the existing 2-storey terrace houses of Garden Heights in Bandar Tasik Puteri, Camellia in Saujana Rawang, Emerald East in Kota Emerald and Phase 1 of M Residence ranging from RM390,000 to RM693,800 per unit. Based on the current developer's selling prices of the ongoing projects of Taman Mawar and Taman Adenium, both in Bandar Bukit Beruntung, Puteri Daffina and Puteri Daffina 2 in Kota Puteri, Acacia Park (Phase 3B and 4A) in Bandar Tasik Puteri; and Alpine and Birch in M Residence 2; and Phase 1 of Bandar Country Homes ranging from RM330,000 to RM767,050 per unit.
2-storey Terrace House (22' x 75') (22' x 88.3')	RM420,000 and RM480,000	
Medium Cost Apartment	RM120,000	Based on the sale transaction of the existing medium-cost apartments in Lily Court, Rosewood and Perdana Park, all in Bandar Tasik Puteri; Las Palmas Apartments, Rumbia Apartments and Casa Ria Apartments, all in Bandar Country Homes and Warnasari 2 in Puncak Perdana ranging from RM78,000 to RM250,000 per unit and the current developer's selling prices of

		the ongoing projects of Cendana Apartments in M Residence 2, Astana Keruing, Rasa, Kampung Seri Temenggung in Gombak and Danau Perintis and Sentrove Apartments, both in Puncak Alam ranging from RM165,000 to RM367,000 per unit.
Detached House Lot	RM365,184 (RM24 per square foot based on average land area of 15,216 square feet)	Based on the sale transactions of detached house lots in Serendah Lake View, Taman Tasik Teratai in Serendah, Taman Bukit Rawang Jaya and Bandar Tasik Puteri ranging from RM13 to RM40 per square foot. The current developer's selling price of Puteri Homes, Bandar Tasik Puteri from RM22 to RM40 per square foot.
4-storey Terrace Shop/Office (24' x 80')	RM1,200,000 (RM156 per square foot based on saleable area)	Based on the sale transactions and current asking prices of shop/offices in Bukit Sentosa, Saujana Square in Bandar Country Homes and Laman Gapimas in Hulu Yam ranging from RM107 to RM286 per square foot based on the saleable area. The developer's selling prices of the ongoing projects of same in Gapi Avenue, Batang Kali ranging from RM171 and from RM202 per square foot; The Maisons Walk in Rawang from RM439 to RM 447 per square foot; M Avenue from RM403 to RM464 per square foot and Medan Puteri 2, in Bandar Tasik Puteri from RM339 per square foot.
Site for Commercial	RM25 per sq ft	Based on the sale transactions of commercial land in Bandar Tasik Puteri, Bandar Country Homes, Taman Jati in Rawang and Prima Beruntung ranging from RM50 to RM80 per square foot depending on the land size, physical attributes and location.

Source: Khong & Jaafar Research

5.25 The development period assumed in our Discounted Cash Flow model is 5 years, as in our opinion, this is the time frame required for construction and completion and the marketing of the 2,502 units in the development and we are cognizant of the fact that in accordance with the approval, 60% of the units are allotted for Bumiputera purchasers. Our checks with the Lembaga Perumahan Dan Hartanah Selangor reveal that in the event the Bumiputera units cannot be sold, it can be released progressively over the development period. The take up rate is estimate at about 500 units per annum or 41 units per month average. This yearly take-up rate is higher as compared with normal housing development schemes because the medium cost units are more affordable in this area than the landed houses. As such, the construction and sale periods within the Discounted Cash Flow Model is taken to be 3 to 5 years. The development period is essentially market derived and is also based on analyses of similar ongoing projects.

5.26 The annual cash outflow is based on the standard progressive payment schedule applicable for similar developments in the country.

5.27 The total Gross Development Cost is RM364,088,999. The gross development costs are based on industry average costs. The main items of costs are as follows:-

Description	Total Cost	Remarks
1. Titles/Survey Plans @ RM500 per title	RM802,000	Based on our records from our previous valuations of similar properties in Selangor and data compiled and kept in our records.
2. Estimated Statutory Contribution	RM15,406,735	
3. Site clearance & earthworks @ RM40,000 per acre (gross area)	RM13,546,800	The general rate for earthworks and site clearing based on industry average figures is between RM50,000 to RM200,000 per acre depending on the physical attributes of the land including its terrain. We are of the opinion that the rate adopted in our calculation at RM40,000 per acre is reasonable as a large portion of the site has been cleared and some of earthworks done whilst some parts are under secondary jungle regenerations.

Description	Total Cost	Remarks
4. Infrastructure & landscaping (local & common - inclusive of roads, drains, telecommunication, streetlights etc.) @ RM145,000 per acre (gross area)	RM49,107,150	Based on industry average figures i.e. between RM250,000 to RM750,000 per acre depending on the total infrastructure that needs to be provided, the size of the land, the physical attributes of the land and its surrounding lands and the landscape envisaged by the developer. We are of the opinion that the estimate of RM145,000 per acre for infrastructure and landscaping cost is reasonable to meet the cost required to provide the same, bearing in mind that the development would be a medium range development.
5. Building Cost	RM163,158,000	Based on industry average figures and data compiled from previous valuations of similar properties, the cost to construct terrace houses are in the region of RM80 to RM100 per square foot, for medium cost apartments are in the region of RM55 to RM65 per square foot and 4-storey terrace shop/offices are in the region of RM70 to RM80 per square foot. These rates are based on the location, land area, development concept, number of storeys and building specifications or grade.
6. Professional Fees (5% of items 3 to 5 above)	RM11,290,598	These are the fees payable to Architects, Engineers, Land Surveyors, Planners and Quantity Surveyors based on their scale fee, and have been arrived at by referring to records of similar developments and enquiries with the respective professionals which reveal that the professional fees normally range from about 5% to 8% depending on the size of the project and the development content.
7. Marketing and Management (2% of the GDV)	RM10,891,116	It is derived from analyses of sales of similar schemes as well as recognising rates used in our previous valuations and after taking into account the development content of the Properties under consideration.
8. Interest on Capital	RM13,210,120	The finance cost adopted is 10% per annum on 50% of the costs. This cost is the normal rate we use in all our DCF valuations for similar properties and is in line with the industry average borrowing cost from financial institutions.
9. Developer's Profit	RM86,676,480	We have adopted the developer's profit of 5% of the GDV for vacant detached house lots and a commercial land; and 20% of the GDV for the commercial and residential units. It is derived from analyses of similar properties over the years and from the continuous use of the Discounted Cash Flow model. We have always used about 20% developer's profit and sometimes small adjustments are made to this rate for example when we consider the saleable units of vacant land, we lower the 20% profit to as low as 5% as risk is lower.

5.28 The present value of the net cash flow from the Properties over 5 years at a discount rate of 10% per annum reflects adequately the time value of money and also the time frame required for construction and completion and the marketing of the units in the development.

5.29 Reconciliation of Values:-

Valuation Approach	Derivation of Values
Comparison Approach to Value	RM145,000,000
Income Approach to Value (Discounted Cash Flow Methodology)	RM144,200,000

5.30 We have relied more on the Comparison Approach to Value as compared to the Income Approach to Value (Discounted Cash Flow Methodology) as the Properties have been approved for development, sub-divided and issued with 906 sub-divided titles (Cluster A) and we have a number of suitable comparables. Nonetheless the Income Approach to Value can, in the circumstances, broadly act as a check. The model for the Income Approach to Value (Discounted Cash Flow Methodology) we have used is our standard model which we normally use to analyse transactions as well as value development properties.

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

5.31 A summary of the Market Value of Cluster B is shown hereunder:-

Lot No.	Title Land Area (in acres)	Equivalent in square feet	Analysis RM/psf	Market Value
PT 103	6.000	261,360	RM12	RM3,136,320
PT 115	5.360	233,482	RM12	RM2,801,784
PT 117	5.820	253,519	RM12	RM3,042,228
			Total	RM8,980,332
			Say	**RM8,900,000**

5.32 The above estimate of value is arrived at principally by the Comparison Approach to Value.

5.33 The following adjustments are made to the selected comparables to arrive at an indicative value for Cluster B:-

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Description	Lot 691, Mukim of Serendah, District of Ulu Selangor Darul Ehsan	Lot 869, Mukim of Serendah, District of Ulu Selangor, Selangor Darul Ehsan	Lot 6352, Mukim of Serendah, District of Ulu Selangor, Selangor Darul Ehsan
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia		
Type	Agricultural land with development potential		
Land Use	Agricultural use		
Location	Off Jalan Serendah Indah, Serendah.	Off Jalan Sg Choh/Bukit Beruntung	Located off 24th Mile, Jalan Ipoh/Kuala Lumpur, near the Taman Tasik Teratai, Serendah
Date of Transaction	22 July 2015	28 January 2015	5 January 2017
Vendor(s)	Malayan Bible Seminary	Seng Kong Tong	Mohd Yunus Bin Mohd Amin
Purchaser(s)	Lindhon Machinery Sdn Bhd	Hiep Hong Hardware Sdn Bhd	Gadang Engineering (M) Sdn Bhd
Tenure	Freehold		Leasehold tenure of 99 years with an unexpired term of about 76.42 years
Planning Aspect	Zoned for industrial use		Zoned for residential use
Land Area	5.344 acres (i.e. approximately 232,785 square feet)	4.0 acres (i.e. approximately 174,240 square feet)	2.50 acres (i.e. approximately 108,900 square feet)
Consideration	RM4,654,822	RM4,628,568	RM1,361,605
Analysis of the consideration	RM20.00 per square foot	RM26.60 per square foot	RM12.50 per square foot
Adjustment	Adjustment factors considered for all the above-mentioned comparables are location, size, physical attributes, planning aspect and tenure.		
Adjusted value	**RM12.00 psf**	**RM11.97 psf**	**RM11.88 psf**

5.34 We have placed higher reliance on Comparable No. 1 because it has the most similar features to the Properties under consideration. Therefore, we have considered RM12.00 per square foot as the indicative value for agricultural land with development potential.

5.35 As Cluster B is a parcel of agricultural land with development potential and in the absence of any development plans, the other two approaches i.e. the Income Approach and the Cost Approach are not applicable.

5.36 For this valuation the Comparison Approach to Value is eminently suitable and reliable as there are sufficient, recent market sales of very similar properties in order to establish an estimate of value for Cluster B within the Properties under consideration. Very few and not substantial adjustments are needed to be made to the comparables in order to render them useful to establish the Market Value for the Properties under consideration.

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

Our Ref No.: MV(G) 365/2017 (G)

1. Identification of Property:
Lot 267 (previously Lot PT 1152), Mukim Serting Ulu, Daerah Jempol, Negeri Sembilan Darul Khusus (Industrial Premises bearing address No. PT 1152, Batu 36, Jalan Pahang, 72200 Batu Kikir)

2. Title Particulars:

Lot No. / Title No.	:	Lot 267 (previously Lot PT 1152) / PN 10340 (previously H.S.(D) 10926), Mukim Serting Ulu, Daerah Jempol Negeri Sembilan Darul Khusus
Category of Land Use	:	"Perusahaan/Perindustrian"
Express Condition	:	"Tanah ini hendaklah digunakan untuk perusahaan sahaja"
Tenure	:	Leasehold for a term of 99 years expiring on 25 March 2093 (the unexpired term is about 75.51 years)
Provisional Land Area	:	231,704 square metres (2,494,041 square feet or 57.26 acres)
Registered Proprietor	:	PRINSIP BARISAN (M) SDN BHD (A subsidiary company of TRIplc Berhad)

3. General Description:

3.1 The Property is located at Batu 36, Jalan Pahang, Batu Kikir and lies off the west side of Jalan Pahang at about 15 kilometres north-east of the Town Centre of Kuala Pilah, 5 kilometres north of the Town of Batu Kikir and 60 kilometres north-east of the Town Centre of Seremban.

3.2 Generally the terrain of the site is flat to undulating and lies about level with the main frontage road i.e. Jalan Pahang.

3.3 For ease of reference, we have segmented the Property into two sections i.e. the developed section and the undeveloped section. The developed section of the site encompasses about 7.22 acres and the remaining undeveloped section of the site encompasses about 50.04 acres.

<u>Developed Section</u>

3.4 The developed section occupies the north-eastern portion of the site and is built upon with a single storey factory building with a 2-storey office section, a single storey workers' quarters and 2 car park sheds.

3.5 The land area of 7.22 acres is adopted from the Tenancy Agreement between Prinsip Barisan (M) Sdn Bhd and Plus Intervest Sdn Bhd dated 18 September 2015, which identifies the factory area as occupying 7.22 acres of the Property.

3.6 However, some parts of the buildings and structures within this section are not constructed in accordance with the Approved Building Plans. Therefore, we have excluded these unapproved extensions/additions from our computation of value.

3.7 The Gross Floor Area of the buildings and structures is as follows:-

Building / Structure	Gross Floor Area In Accordance With The Approved Building Plan (in Square Feet)	The Extension/Addition Constructed Not in Accordance with the Approved Building Plans
Single Storey Factory Building	303,398	The M&E Sections are not indicated in the Approved Building Plan. However, as these structures/ sections are within the factory building, in our valuation, we have considered these areas as part of the main floor area of the factory building and not as a separate section.
2-Storey Office Section	6,344	The 2-storey office section is situated in the eastern section of the factory area whereas approval was

		granted for it to be constructed at the north-east section of the factory area. The entrance porch is an extension which is not indicated in the Approved Building Plan. Since these areas are not constructed in accordance with the Approved Building Plan, we have excluded these areas in our computation of value in this valuation exercise.
Single Storey Workers' Quarters	11,758	This building is in accordance with the Approved Building Plan. However, the building is not well maintained and is in a poor state of repair with some parts of the ceiling and doors missing.
Car Park Shed No. 1	3,017	This structure is in accordance with the Approved Building Plan.
Car Park Shed No. 2	1,076	This is an additional structure. Since, this structure is constructed without an Approved Building Plan, we have excluded it in the computation of value in this valuation exercise.

3.8 Generally the buildings and structures are of sound construction and in fairly good repairing condition which commensurate with the respective use and age.

3.9 The buildings have been issued with a Certificate of Fitness for Occupation (CFO) on 23 August 1996 and the age of the buildings is about 21 years.

3.10 From our verbal enquiries with the Majlis Daerah Jempol, we have been informed that an application to approve the As-Built Building Plan of the Property has been submitted to the Majlis Daerah Jempol and to date it is pending approval.

3.11 The developed section is presently let to Plus Intervest Sdn Bhd at a rental of RM30,000 per month. This monthly rental has been confirmed by a letter dated 12 January 2017 issued by Prinsip Barisan (M) Sdn Bhd to Plus Intervest Sdn Bhd. We were further informed that the tenancy has been extended for a further term of 1 year commencing 1 April 2017 to 31 March 2018 at a monthly rental of RM33,000 which was agreed between both parties on 10 October 2017.

Undeveloped Section

3.12 The undeveloped section is the remaining part of the site located adjacent to the west and south of the developed section and is the surplus land to the industrial premises.

3.13 At present, this section is vacant and the site is overgrown with trees, shrubs and bushes.

4. Market Value:

4.1 The **Market Value** of the leasehold Property having an unexpired term of 75.51 years, excluding the plant, tools, machinery and equipment belonging to TRIplc Berhad, in its existing condition with vacant possession and subject to its Title being free from encumbrances good marketable and registrable is **RM24,640,000** (Malaysian Ringgit Twenty-Four Million Six Hundred And Forty Thousand Only) made up as follows:-

Description	Market Value
Developed Section	
a) Land Value	RM2,340,000
b) Depreciated Replacement Cost of the Buildings and Structures (Building Value)	RM14,600,000
Undeveloped Section (Land Value)	RM7,700,000
Market Value	**RM24,640,000**

4.2 The above estimate of land value is arrived at principally by the Comparison Approach to Value.

4.3 For both the developed and undeveloped sections, we are relying on two comparables for each section which are Comparables 1 and 2 for the developed section and Comparables 3 and 4 for the undeveloped section since there are no other suitable market evidence of industrial land transactions within Jempol, Kuala Pilah, Batu Kikir and Bahau areas.

4.4 The following adjustments are made to the following comparables to arrive at an indicative land value for the Property under consideration:-

Developed Section

	Comparable No. 1	**Comparable No. 2**
Description	Lot 3840, Bandar Kuala Pilah, District of Kuala Pilah, Negeri Sembilan Darul Khusus.	Lot 7562, Pekan Mahsan, District of Jempol, Negeri Sembilan Darul Khusus.
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia)	
Type	Vacant industrial land	
Land Use	Industrial use	
Location	Kawasan Perindustrian Dioh, Kuala Pilah	Adjacent to Pusat Indstri Bunga Raya, Pekan Mahsan
Date of Transaction	1 February 2014	8 November 2014
Vendor(s)	Kuala Pilah Rubber Factory Sdn Bhd	Seribu Gagasan Sdn Bhd
Purchaser(s)	Sun Wah (Wong's) Sdn Bhd	LCS Asfalt Sdn Bhd
Tenure	99-year leasehold with unexpired term of about 67.99 years	99-year leasehold with unexpired term of about 81.89 years
Land size	101,514 square feet (2.33 acres)	509,216 square feet (11.69 acres)
Consideration	RM600,000	RM4,835,487
Analysis of the transaction	RM5.91 per square foot	RM9.50 per square foot
Adjustments	Adjustment factors considered for all the above-mentioned comparables are time, location, accessibility, size, physical attributes, tenure and absence of a separate title for the developed section.	
Adjusted value	**RM4.97 psf**	**RM7.60 psf**

4.5 For the developed section, we have placed higher reliance on Comparable No. 2 as it has a land area of about 11.69 acres which is comparatively similar to the developed section of the Property under consideration of about 7.22 acres. Comparable No. 1 is significantly smaller in size i.e. about 2.33 acres.

4.6 After considering all relevant factors, we are of the opinion that the indicative land value for the developed section is RM7.60 per square foot (inclusive of the site improvements) and we have rounded down this adjusted value to RM7.50 per square foot.

Undeveloped Section

	Comparable No. 3	**Comparable No. 4**
Description	Lots 31267, 31268 and PT 17825, Mukim of Ampangan, District of Seremban, Negeri Sembilan Darul Khusus	Lots PT 2273, PT 2274 and PT 2275, Bandar Gemas, District of Tampin, Negeri Sembilan Darul Khusus
Source	Property Transaction Data, Valuation and Property Services Department, Ministry of Finance, Malaysia)	
Type	Vacant industrial land	
Land Use	Industrial use	
Location	Off Jalan Jelebu, Ampangan	Off Jalan Gemas, Gemas
Date of Transaction	26 January 2015	23 January 2014
Vendor(s)	Best Land Venture Sdn Bhd	Fairise Odyssey (M) Sdn Bhd
Purchaser(s)	Hoe Foong Builders Sdn Bhd	Classic Paradigm Sdn Bhd
Tenure	Freehold	99-year leasehold with unexpired term of about 77 years

	Comparable No. 3	Comparable No. 4
Land size	989,683 square feet (22.72 acres)	10,114,632 square feet (232.20 acres)
Consideration	RM13,198,000	RM14,000,000
Analysis of the transaction	RM13.34 per square foot	RM1.38 per square foot
Adjustments	Adjustment factors considered for all the above-mentioned comparables are time, location, accessibility, size, physical attributes, tenure and absence of a separate title for the undeveloped section.	
Adjusted value	**RM3.33 psf**	**RM1.67 psf**

4.7 For the undeveloped section, we have placed higher reliance on Comparable No. 3 as it has a land area of about 22.72 acres which is comparatively similar to the undeveloped section of the Property under consideration of about 50.04 acres. Comparable No. 4 is a substantially large sized industrial land i.e. 232.20 acres.

4.8 For the remaining undeveloped section, the adjusted value after making the adjustments for dissimilarities on Comparable No. 1 is RM3.33 per square foot, and we have rounded up this adjusted value to RM3.50 per square foot.

4.9 The building cost of the buildings are shown as follows:-

Description	Building Cost Per Square Foot	Depreciation Rate
Single Storey Factory Building	RM80	40%
Single Storey Workers' Quarters	RM50	90%
Car Park Shed No. 1	RM30	60%

4.10 For purposes of this valuation and on account of the fact that the approvals for the extensions and additions as stated earlier are not in hand, we have disregarded the value of those areas in our value computation.

4.11 We relied more on the Comparison Approach to Value and Cost Approach to Value as the Property is an industrial land partly erected with buildings and structures. The use of the Income Approach to Value, to arrive at the Market Value of the Property is not suitable nor reliable in this case.

4.12 The reason is because a large part of the land is undeveloped and does not generate income. The current rent-in-passing for the 7.22-acre parcel with buildings and structures is at RM0.10 per square foot (based on the total gross floor area) which does not accurately reflect the current asking rentals of general purpose industrial buildings which are utilised for plywood manufacturing. Moreover, this locality is largely still agricultural rather than industrial in character. Therefore, the Income Approach to Value is not applicable.

VALUATION CERTIFICATE BY KHONG & JAAFAR *(cont'd)*

In our opinion, the **Market Value** of all the Properties in this valuation exercise, as at the date of valuation free from encumbrances good marketable and registrable is **RM258,430,000** (Malaysian Ringgit Two Hundred Fifty-Eight Million Four Hundred And Thirty Thousand Only).

Yours faithfully

For and on behalf of
KHONG & JAAFAR SDN BHD

Sr ELVIN FERNANDEZ, PPRISM, FRISM, FRICS
REGISTERED VALUER, V-170
CHARTERED SURVEYOR
MANAGING DIRECTOR

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that, after having made all reasonable enquiries, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

The Board of the Vendor have seen and approved this Circular and they individually and collectively accept full responsibility for the accuracy of the information pertaining to the Vendor and the TRIplc Group given in this Circular and confirm that, after having made all reasonable enquiries, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTERESTS

2.1 HLIB

HLIB, being the Principal Adviser to the Proposed Acquisition, 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.

HLIB confirms that there are no circumstances that exist or that are likely to exist which would give rise to a possible conflict of interest situation in its capacity as the Principal Adviser for the Proposed Acquisition.

HLIB, its subsidiaries and associated companies, as well as its penultimate holding company and the subsidiaries and associated companies of its penultimate holding company ("**Hong Leong Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

The Hong Leong Group has engaged and may in the future, engage in transactions with and perform services for the Puncak Niaga Group, the TRIplc Group and/or their affiliates, in addition to the role undertaken in the Proposed Acquisition. In addition, in the ordinary course of business, any member of the Hong Leong Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the Puncak Niaga Group, the TRIplc Group and/or their affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of the Puncak Niaga Group, the TRIplc Group and/or their affiliates. This is a result of the businesses of the Hong Leong Group generally acting independently of each other, and accordingly there may be situations where parts of the Hong Leong Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of the Puncak Niaga Group, the TRIplc Group and/or their affiliates. Nonetheless, the Hong Leong Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, as part of the ordinary course of business, the Hong Leong Group has:

(i) extended term loans/term financing and bridging loan amounting to RM222.03 million and RM15.00 million to the TRIplc Group, respectively; and

(ii) held a RM50.00 million nominal value Senior Sukuk Murabahah, which was issued by TRIplc Medical.

Notwithstanding the foregoing, HLIB is of the view that the aforesaid exposure would not give rise to a conflict of interest situation in its capacity as the Principal Adviser as:

(i) the extension of credit facilities and investment in debt securities arose in the ordinary course of business of the Hong Leong Group;

(ii) the conduct of the Hong Leong Group in its banking business is regulated by the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and Hong Leong Group's own internal controls and checks; and

(iii) the total aggregate exposure by the Hong Leong Group to TRIplc Group of RM287.03 million, when compared to the latest audited consolidated NA of Hong Leong Financial Group Berhad as at 30 June 2017 of RM16.61 billion (representing about 1.73% of the latest audited consolidated NA of Hong Leong Financial Group Berhad), is not material.

2.2 KPMG PLT

KPMG PLT, being the Reporting Accountants for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the pro forma consolidated statements of financial position of our Company as at 31 December 2016 together with the Reporting Accountants' letter thereon, and all references to it in the form and context in which they so appear.

KPMG PLT confirms that there is no conflict of interest existing or is likely to exist in its capacity as the reporting accountants in respect of the Proposed Acquisition.

2.3 FHCA

FHCA has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its valuation letter and all references to it in the form and context in which they so appear.

FHCA confirms that there is no conflict of interest existing or is likely to exist in its capacity as the independent valuer for the valuation of the business of the TRIplc Group.

2.4 Khong & Jaafar

Khong & Jaafar has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its valuation certificates and all references to it in the form and context in which they so appear.

Khong & Jaafar confirms that there is no conflict of interest existing or is likely to exist in its capacity as the independent property valuer for the valuation of the properties of the TRIplc Group.

2.5 Smith Zander International Sdn Bhd

Smith Zander International Sdn Bhd has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its letter/report and all references to it in the form and context in which they so appear.

Smith Zander International Sdn Bhd confirms that there is no conflict of interest existing or is likely to exist in its capacity as the independent market researcher in respect of the Proposed Acquisition.

2.6 PIVB

PIVB has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its independent advice letter and all references to it in the form and context in which they so appear.

PIVB confirms that there is no conflict of interest existing or is likely to exist in its capacity as the Independent Adviser in respect of the Proposed Acquisition.

3. MATERIAL CONTRACTS

3.1 TRIplc Group

Save for the material contracts listed below, the TRIplc Group has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the past two years preceding the LPD:

(i) the HOA;

(ii) the NDA; and

(iii) the Internal Restructuring Agreement dated 16 December 2016 entered between TRIplc and Pimpinan Ehsan (as supplemented by the supplemental letter dated 15 September 2017) for the purpose of setting out the terms for the implementation of the Proposed TRIplc Internal Reorganisation.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments of Puncak Niaga Group

As at the LPD, save for the Proposed Acquisition, there are no material commitments incurred or known to be incurred by the Puncak Niaga Group which may have a material impact on the financial results/position of the Puncak Niaga Group.

4.2 Contingent liabilities of Puncak Niaga Group

As at the LPD, there are no contingent liabilities incurred or known to be incurred by the Puncak Niaga Group which may have a material impact on the financial results/position of the Puncak Niaga Group. However, we wish to highlight the following legal proceedings which the Puncak Niaga Group is involved in:

(i) **First Arbitration Proceedings**

Kris Heavy Engineering & Construction Sdn Bhd ("**KHEC**"), a sub-contractor for the Chennai Water Supply Augmentation Project 1 - Package III ("**Chennai Project**"), has initially referred certain disputed claims totalling Rs8,44,26,981 (equivalent to about RM6.75 million) against PNHB-Lanco-KHEC joint venture (the "**Consortium**"), a jointly controlled entity in India of our Company.

Arising from the arbitration proceedings initiated by KHEC ("**First Arbitration Proceedings**"), both KHEC and the Consortium have each appointed a qualified civil engineer as their arbitrator respectively, and both arbitrators have selected a retired Judge of the High Court in Chennai, India as the third arbitrator who will also act as the presiding arbitrator of the arbitral tribunal. The arbitral tribunal was officially constituted on 24 September 2005. On 28 September 2005, our Company was informed that the arbitral tribunal has fixed the dates for the filing of the arbitration cause papers as part of the preliminary procedural formalities.
The Consortium had on 2 January 2006, filed its counter-claim amounting to Rs13,61,61,931 (equivalent to about RM10.89 million) against KHEC's claim of Rs8,44,26,981 (equivalent to about RM6.75 million) to the arbitral tribunal in India.

The statement of claim lodged by KHEC had subsequently been revised from Rs8,44,26,981 (equivalent to about RM6.75 million) to Rs9,84,58,245 (equivalent to about RM7.88 million) whilst the counter-claim submitted by the Consortium, had also been revised as per the rejoinder, from Rs13,61,61,931 (equivalent to about RM10.89 million) to Rs13,63,39,505 (equivalent to about RM10.91 million).

Thereafter, there has been several hearings for the First Arbitration Proceedings and changes in the arbitration panel. The arbitration panel has fixed the next continued hearing date of the First Arbitration Proceedings on 6 and 7 January 2018;

(ii) **Second Arbitration Proceedings**

KHEC had commenced a second arbitration proceedings against the PNHB-Lanco members of the Consortium ("**Second Arbitration Proceedings**") on the basis of the terms of the Joint Venture Agreement dated 13 February 2003 entered into amongst our Company, Lanco Infratech Limited and KHEC (as supplemented by the Supplemental Agreement dated 26 March 2003). KHEC is claiming for loss of profit (inclusive of interest and other cost) amounting to Rs5,44,32,916 (equivalent to about RM4.35 million) as they allege that they, despite being a 10% shareowner, received only 4.31% out of the total value of the contract works of the Chennai Project. Subsequently, KHEC had filed an amended claim for damages and lost of profit from Rs5,44,32,916 to Rs55,44,32,916 (equivalent to about RM44.3 million). The counsel for the PNHB-Lanco members of the Consortium had filed an interim application to dismiss the claim of Rs50,00,00,000 (equivalent to about RM39.9 million) for compensation for loss of opportunity on the basis that it is frivolous and unreasonable.

The Second Arbitration Proceedings were heard by a single arbitrator. The parties submitted their respective written submissions on 1 December 2012.

On 1 April 2013, the PNHB-Lanco members of the Consortium received the arbitrator's final award dated 29 March 2013 ("**Final Award**') where the PNHB-Lanco members of the Consortium are to pay interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs14,62,503 (about RM83,627.38) only to the claimant, KHEC on or before 30 April 2013 and all other claims by the claimant were rejected.

The PNHB-Lanco members of Consortium had on 27 April 2013 complied with the Final Award by paying the interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs.14,62,503 to KHEC.

KHEC had on 4 November 2013 served the PNHB-Lanco members of the Consortium with a copy of the petition filed at the Madras High Court to appeal against the decision of the arbitrator's Final Award.

The Madras High Court had postponed the hearing of the petition several times and as at the LPD, has yet to fix the new hearing date;

(iii) **Notices of Adjudication issued under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") to our Company's wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd ("Puncak Niaga Construction")**

Our wholly-owned subsidiary, Puncak Niaga Construction, had received from its sub-contractor, Genbina Sdn Bhd ("**Genbina**"), the following Notices of Adjudication to refer disputes arising from alleged payment claims under Sections 7 and 8 of the CIPAA for the project "Pakej D44 - Pembinaan Rangkaian Paip Pembetungan Di Bunus, Kuala Lumpur (Reka Dan Bina)" ("**D44 Project**") against Puncak Niaga Construction:

(a) on 27 May 2016, two Notices of Adjudication dated 27 May 2016 for the sum of RM6,169,197.67 and RM5,022,336.65, respectively;

(b) on 14 June 2016, the Notice of Adjudication dated 14 June 2016 for the sum of RM4,529,523.04;

(c) on 12 July 2016, the Notice of Adjudication dated 12 July 2016 for the sum of RM3,546,977.09; and

(d) on 17 August 2016, the Notice of Adjudication dated 16 August 2016 for the sum of RM3,775,805.83,

together with interest, cost and/or any other relief against Puncak Niaga Construction in relation to the alleged payment claims as may be appropriate.

Puncak Niaga Construction defended a substantial portion of Genbina's claims in relation to the adjudications (for the Notices of Adjudication dated 27 May 2016 and 14 June 2016) where Puncak Niaga Construction was only required to pay Genbina RM5,906,394.10 (inclusive interests and costs) ("**Sum**") out of a principal claim sum of RM15,721,057.36.

Genbina's remaining adjudications (for the Notices of Adjudication dated 12 July 2016 and 17 August 2016) where Genbina has claimed for a principal claim sum of RM7,322,782.92 were dismissed with a combined costs of RM158,000 awarded in Puncak Niaga Construction's favour.

On 8 March 2017, Puncak Niaga Construction entered into a consent order with Genbina and its financier cum co-plaintiff, Malaysia Debt Ventures Berhad ("**MDV**") in relation to Genbina's application to enforce the adjudication award that the Sum will be paid to MDV on or before 15 March 2017 upon MDV's undertaking to refund the Sum to Puncak Niaga Construction if Puncak Niaga Construction is successful in the arbitration against Genbina. The Sum has been remitted to MDV by Puncak Niaga Construction's solicitors on 14 March 2017;

(iv) **Notice of Adjudication issued under CIPAA to Puncak Niaga Construction**

On 31 July 2017, Puncak Niaga Construction had received from Genbina a Notice of Adjudication dated 31 July 2017 to refer the disputes arising from an alleged payment claim under Sections 7 and 8 of the CIPAA for the sum of RM25,413,723.45 for the D44 Project together with interest, cost and/or any other relief against Puncak Niaga Construction in relation to the alleged payment claim as may be appropriate. Puncak Niaga Construction had instructed its solicitors to contest this matter.

On 5 October 2017, an adjudicator has been appointed by the Director of Kuala Lumpur Regional Centre for Arbitration in respect of the Notice of Adjudication dated 31 July 2017;

(v) **Notices of Arbitration issued under the Kuala Lumpur Regional Centre for Arbitration ("KLRCA") in accordance with the Arbitraton Act 2005 ("AA 2005") and Arbitration (Amendment) Act 2011 ("AA 2011") to Puncak Niaga Construction**

On 20 June 2016, Puncak Niaga Construction had received from Genbina two separate Notices of Arbitration dated 17 June 2016 to refer the disputes or differences arising from the termination of a contract contained in a letter of award and its addendums ("**Contract**") and an operate, maintain and service agreement under the Contract ("**OMSA**") for the D44 Project to arbitration under KLRCA in accordance with the AA 2005 and the AA 2011 for the alleged sum of RM119,699,168.11 and RM24,171,671.43, respectively together with damages, interests, costs and such other relief as the learned arbitrator deems fit or proper. Puncak Niaga Construction has instructed its solicitor to contest the matters.

On 18 July 2016, Puncak Niaga Construction had issued two responses to Genbina's Notices of Arbitration 17 June 2016 through its solicitors denying the claims asserted by Genbina in its Notices of Arbitration dated 17 June 2016 and raising numerous set-offs and/or counterclaim against Genbina's claims;

(vi) **Notices of Arbitration issued under the KLRCA in accordance with the AA 2005 and AA 2011 by Puncak Niaga Construction**

On 18 July 2016, Puncak Niaga Construction had issued to Genbina three separate Notices of Arbitration dated 18 July 2016 to refer the disputes or differences arising from the termination of the Contract, the OMSA and the Workers' Agreement dated 12 October 2015 relating to the D44 Project to arbitration. Puncak Niaga Construction seeks to recover the loss and damage suffered by Puncak Niaga Construction from Genbina in the arbitration. The two separate arbitrations initiated by Genbina (referred in item (v) above) and these three separate arbitrations initiated by Puncak Niaga Construction will be consolidated into a single arbitration proceeding.

The arbitral tribunal has been constituted and a preliminary meeting was called on 5 July 2017 where parties have been given directions to move the arbitration forward; and

(vii) **Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn Bhd ("PASSB") vs Puncak Niaga & 5 Others ("Suit")**

Our Company had, on 9 May 2017, received a sealed copy of the amended writ and the amended statement of claim ("**Amended Statement of Claim**"), both dated 28 April 2017, from PASSB's solicitors.

The Suit arose from alleged breaches on the Sale and Purchase Agreement dated 11 November 2014 between our Company and PASSB ("**PNSB-SYABAS SPA**") relating to the disposals by our Company of the entire equity interest and cumulative convertible redeemable preference shares held in PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) ("**PNSB**") and 70% equity interest and RM212.0 million nominal value of redeemable convertible unsecured loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd ("**SYABAS**") to PASSB for RM1,555.3 million following the consolidation/restructuring of the water industry in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya by the State Government and the Federal Government. The disposals of PNSB and SYABAS were completed on 15 October 2015.

In the Suit, our Company is named as the first defendant.

The relief sought by PASSB against our Company is as follows:

(a) a sum of RM63,237,583.05 ("**Suit Sum**") to be paid within 14 days from the date of the Honourable Court judgment;

(b) interests on the Suit Sum at the rate of 5% per annum to be calculated from 22 August 2016 until full payment;

(c) a declaration that our Company continues to indemnify PASSB for all losses which arises after the filing of the Amended Statement of Claim that PASSB may suffer as a result of the breaches in the action, including but not limited to future real property gains tax in relation to the transfer of properties of PNSB to our Group under the PNSB-SYABAS SPA;

(d) general damages to be assessed ("**Assessed Damages**") and interests on the Assessed Damages at the rate of 5% per annum to be calculated from the date of assessment until full payment;

(e) an order that our Company do deliver to PASSB the original or photocopies of PNSB's documents within seven days from the date of the Honourable Court order. These PNSB's documents comprise mainly, among others:

    (A) certain agreements entered into by PNSB in relation to PNSB's Non-Concession Agreement ("**Non-CA**") related business; and

    (B) all documents in connection with PNSB, SYABAS and Perbadanan Urus Air Selangor Berhad which have to be statutorily retained under Malaysian laws; and

(f) costs and interests at the rate of 5% and other reliefs or orders that the Honourable Court may deem fit and proper to grant.

The alleged breaches are said to arise from a breach of the PNSB-SYABAS SPA, among others, Clauses 7.2(c) and 7.2(d) and the representations and warranties of our Company in Schedule 2, Clause 10.1.5.

The Suit Sum is made out of, among others, alleged payments made in respect of the Non-CA related business such as payment of emoluments to Non-CA related employees and settlement of hire purchase facilities for vehicle relating to PNSB's Non-CA related business.

Our Company filed an appearance on 16 May 2017.

At the pre-trial case management on 17 May 2017, the Court fixed another pre-trial case management on 18 July 2017.

On 20 June 2017, our Company filed our defence and a copy of the defence was served on PASSB's solicitors on 21 June 2017. On 14 July 2017, our Company received a copy of PASSB's reply to the defence in relation to the Suit.

On 5 July 2017, PASSB served a sealed application to restrain our solicitors from acting in the proceeding for the Suit ("**Restrain Application**"). On 17 July 2017, our Company and its solicitors had filed and served their affidavit in replies to oppose the Restrain Application. At the case management for the Restrain Application on 18 July 2017, the Court scheduled the Restrain Application on 24 August 2017.

At the case management on 21 August 2017, the Court adjourned the hearing of the Restrain Application to 14 September 2017 and fixed the due date for the respective submission in reply on 4 September 2017.

At the hearing held on 26 September 2017, the Court adjourned the hearing of the Restrain Application to 30 November 2017.

The hearing of the Restrain Application was part heard on 9 November 2017 and 30 November 2017 and will continue on 29 December 2017 and 15 January 2018.

(viii) **Shah Alam High Court Suit No: BA-21NCVC-72-10/2017 Puncak Niaga vs Tan Sri Dato' Seri Abdul Khalid bin Ismail, Dato' Seri Mohamed Azmin bin Ali and the Selangor State Government**

Our solicitor served a sealed writ of summons vide Shah Alam High Court Suit No. BA-21NCVC-72-10/2017 together with the statement of claim dated 27 October 2017 on:

(a) the solicitors of Tan Sri Dato' Seri Abdul Khalid bin Ibrahim ("**Tan Sri Khalid**"), the former Menteri Besar of Selangor on 2 November 2017;

(b) Dato' Seri Mohamed Azmin bin Ali ("**Dato' Seri Azmin**"), the present Menteri Besar of Selangor on 21 November 2017; and;

(c) the Selangor State Government ("**Selangor State Government**") on 6 November 2017,

(collectively, the "**Defendants**")

We had initiated the suit against the Defendants including the Selangor State Government, whom we asserted vicariously liable, for the tortious acts of Tan Sri Khalid and Dato' Seri Azmin in abusing their powers in public office/misfeasance by threatening to cause and/or requesting or attempting to cause the Federal Government to invoke use of the Water Services Industry Act 2006 to force a take-over of the State's water industry.

Our Company claims damages, interest on damages and costs of:

(a) the difference between the value of PNSB and SYABAS at the range of RM2,081,000,000.00 to RM2,353,000,000.00 and the actual purchase consideration of RM1,555,300,000.00 under the PNSB-SYABAS SPA; and;

(b) loss of business opportunities (local and foreign) totalling RM13,496,009,000.00.

At the case management held on 28 November 2017, the Court made directions for the filing of pleadings, the exchange of affidavits and submissions in respect of the first defendant's (being Tan Sri Khalid) application to strike out the claim ("**Striking Out Application**") as well as pre-trial case management directions as follows:

(a) Tan Sri Khalid's Striking Out Application is fixed for decision on 23 January 2018;

(b) the next case management for parties to comply with pre-trial case management directions is on 12 February 2018; and

(c) the trial dates are scheduled on 28 March 2018 to 30 March 2018.

Meanwhile, the Court directed the parties to attempt mediation in January 2018.

On 19 December 2017, the Selangor State Government served its sealed striking out application together with its affdavit in support to our solicitor ("**Selangor State Government's Striking Out Application**"). The Selangor State Government's Striking Out Application was fixed for case management on 20 December 2017.

On 20 December 2017, at the case management for the Selangor State Government's Striking Out Application, the Court made direction for the filing of pleadings, the exchange of affidavits and submissions in respect of the same with a date for delivery of decision on 23 January 2018. Meanwhile, both Tan Sri Khalid and Dato' Seri Azmin filed and served their respective defences, with Dato' Seri Azmin also filling a counterclaim against our Company by alledging that our claim is an abuse of process, and in turn, he claims general damanges, interest and costs.

4.3 Material commitments and contingent liabilities of TRIplc Group

Save for the capital expenditures as disclosed in Section 13(ii), Appendix I(B) of this Circular, as at the LPD, there are no material commitments or contingent liabilities incurred or known to be incurred by the TRIplc Group, which upon becoming enforceable, may have a material impact on the financial results/position of the TRIplc Group.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION OF TRIplc GROUP

As at the LPD, the TRIplc Group is not involved in any material litigation, claims or arbitration, pending or threatened, either as plaintiff or defendant, which has or would have a material and/or adverse effect on the financial position of the TRIplc Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at 10th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except for public holidays) from the date of this Circular to the date of the forthcoming EGM:

(i) the constitution (currently known as Memorandum and Articles of Association) of our Company and TRIplc;

(ii) our audited financial statements for the two FYE 31 December 2016 and FYE 31 December 2015;

(iii) the audited financial statements of TRIplc for the two FYE 31 May 2017 and FYE 31 May 2016 and latest unaudited financial statements of TRIplc for 3-months FPE 31 August 2017;

(iv) the ISAE 3420 Assurance Report by BDO for the restatement of certain financial information of the TRIplc Group for FYE 31 May 2014 and FYE 31 May 2015;

(v) the pro forma consolidated statements of financial position of our Company together with the reporting accountants' letter thereon referrred to in Appendix V of this Circular;

(vi) the valuation report by FHCA referred to in Appendix VI of this Circular;

(vii) the valuation certificate by Khong & Jaafar referrred to in Appendix VII of this Circular;

(viii) the valuation reports by Khong & Jaafar in relation to the properties held by the TRIplc Group;

(ix) the independent market research report by Smith Zander International Sdn Bhd;

(x) the SSA;

(xi) letters of consent referred to in Section 2 above;

(xii) the material contracts referred to in Section 3 above; and

(xiii) the relevant cause papers in respect of the legal proceedings referred to in Section 4.2 above.

Puncak Niaga Holdings Berhad
(Company No. 416087-U)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Puncak Niaga Holdings Berhad (the "**Company**") will be held at Concorde I, Level 2, Concorde Hotel Shah Alam, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 13 February 2018 at 9.30 a.m. or any adjournment of the Extraordinary General Meeting, whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications the following resolution:

ORDINARY RESOLUTION
PROPOSED ACQUISITION

"**THAT** subject to all other relevant approvals being obtained from the relevant authorities/parties (if any), approval be and is hereby given for the Company to acquire the entire issued share capital of TRIplc Berhad ("**TRIplc**") from Pimpinan Ehsan Berhad ("**Pimpinan Ehsan**") for a cash consideration of RM210,000,000 only ("**Proposed Acquisition**"), in accordance with the terms and conditions of the conditional Share Sale Agreement dated 16 December 2016 entered between Pimpinan Ehsan and the Company for the Proposed Acquisition (as supplemented by the supplemental agreement dated 15 September 2017) and any amendments, variations, modifications and additions thereto from time to time ("**SSA**") **AND THAT** in order to implement, complete and give full effect to the Proposed Acquisition, any one (1) Director of the Company (other than the Directors of the Company interested in the Proposed Acquisition), be and is hereby authorised to do or to procure to be done all such acts, deeds and things and to execute, sign and deliver, for and on behalf of the Company, all relevant documents and to enter into any arrangements, agreements and/or undertakings with any party or parties as deemed necessary, expedient and/or appropriate, with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be agreed to/required by any relevant authorities or parties (if any) or as a consequence of any such requirements or as he may in his absolute discretion deem fit, necessary, expedient and/or appropriate in connection with the SSA and/or the Proposed Acquisition and in the best interest of the Company."

By Order of the Board
PUNCAK NIAGA HOLDINGS BERHAD

Tan Bee Lian (MAICSA 7006285)
Lim Shook Nyee (MAICSA 7007640)
Lee Siew Yoke (MAICSA 7053733)
Company Secretaries

Shah Alam
18 January 2018

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 30 January 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Extraordinary General Meeting.

2. A Member entitled to attend and vote at the Meeting is entitled to appoint another person to attend and vote in his stead.

3. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.

4. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that:

   (a) where a Member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account;

   (b) where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account.

   Where a Member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If the Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If the Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with the Proxy Form.

6. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 82 of the Company's constitution (currently known as Memorandum and Articles of Association).

7. The instrument appointing the proxy must be completed and returned, either by hand or post, so as to reach the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice will be put to vote by poll.

PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

Proxy Form

CDS Account Number
- -

Number of Shares Held

I/We ______________________________

NRIC/Passport/Company No.:______________________ Tel/Mobile Phone No.: ______________________

Address: ______________________________

being a Member/Members of Puncak Niaga Holdings Berhad, hereby appoint:

1) Name of Proxy: ______________________ NRIC/Passport No.:______________________

Address: ______________________________

______________________ Number of Shares Represented: ______________

and/or:

2) Name of Proxy: ______________________ NRIC/Passport No.:______________________

Address: ______________________________

______________________ Number of Shares Represented: ______________

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Extraordinary General Meeting of Puncak Niaga Holdings Berhad to be held on Tuesday, 13 February 2018 at 9.30 a.m. at Concorde I, Level 2, Concorde Hotel Shah Alam, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan and at any adjournment thereof, as indicated below:

RESOLUTION	FOR	AGAINST
Ordinary Resolution: Proposed Acquisition		

Please indicate with a cross (X) how you wish your votes to be cast in respect of the above Resolution. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Signed this ________day of ____________________2018

____
Signature(s)/Common Seal of Shareholder

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 30 January 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the Extraordinary General Meeting ("EGM").
2. A Member entitled to attend and vote at the Meeting is entitled to appoint another person to attend and vote in his stead.
3. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.
4. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that:
   (a) where a Member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account;
   (b) where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account.

   Where a Member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.
6. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 82 of the Company's constitution (currently known as Memorandum and Articles of Association).
7. The instrument appointing the proxy must be completed and returned, either by hand or post, so as to reach the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.

Fold this flap for sealing

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of Extraordinary General Meeting will be put to vote by poll.
9. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Member accepts and agrees to the personal data privacy terms set out below:

   Personal data privacy terms pursuant to the Personal Data Protection Act 2010:

   By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agent) of the personal data for such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX
STAMP

Share Registrar for
Puncak Niaga Holdings Berhad (416087-U)
c/o Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

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